

BY-LAWS OF THE
MILL RUN AT LAKE ANNA PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

Definitions

The terms as used in these By-Laws are defined as follows:

- a. "Association" means Mill Run at Lake Anna Property Owners Association, Inc., a Virginia non-stock corporation.
- b. "Board" means the Board of Directors of the Association.
- c. "By-Laws" means the By-Laws of the Association.
- d. "Common Area" shall mean that area entitled "Common Area" together with the shoreland area immediately adjacent thereto and all improvements located thereon, including entrance, median and fencing.
- e. "Director(s)" means member(s) of the Board.
- f. "Lot" means any lot included from time to time in the definition of lot set forth in the Declaration.
- g. "Declaration" means the Mill Run Declaration of Protective Restrictions and Covenants recorded in the Clerk's Office of the Circuit Court of Louisa County, Virginia in Deed Book _____, at page _____, as the same may be supplemented or amended from time to time.
- h. "Declarant" means Mill Run, Inc., a Virginia Corporation.
- i. "Developer" means Mill Run, Inc. and any other successor entity or entities which may acquire substantially in bulk the then existing or former interest of Mill Run, Inc., in its capacity as Developer in the Development.
- j. "Development" means Mill Run Subdivision as the same may be shown on the plats thereof recorded in the Clerk's Office of the Circuit Court of Louisa County, Virginia, in Plat Book _____ at page _____ *et seq.*, herein the "Plat"
- k. "Owner" means:
 1. Any person, including the Developer and/or any of the Declarants, who holds fee simple title to any lot.

2. Any person or legal entity who has contracted to purchase fee simple title to a lot pursuant to a written agreement, in which case seller under said agreement shall cease to be the owner while said agreement is in effect, after written notice to the Association.

ARTICLE II
Association Membership

Section 1. Classes of Members. There shall be members, associate members, and the developer.

Section 2. Members. Each Owner shall become a member of the Association. The Declarant retains one (1) vote for each lot within the Development owned in fee by each of the Declarants until the entire development is sold out or anytime prior thereto, at the discretion of each of the Declarant.

Section 3. Associate Members. If not otherwise a member, each of the following shall be entitled to associate membership in the Association:

(a) The spouse and children of a member who have the same principal residence as the member.

(b) Tenants and members of tenants' immediate family.

(c) Jeff C. Bane and Jeff C. Bane, Jr. and members of their immediate family.

(d) The owners of a certain parcel of land adjoining Mill Run, known as TMS ___ Parcel ___.

(e) Persons who by virtue of a contractual agreement with Mill Run, Inc. are extended an associate membership.

Associate members shall have no vote or right to notice of any regular or special meeting of members. The privileges and duties of associate members shall be established from time to time by the Board by resolution. The privileges and duties of associate members need not be the same as those of members; provided, however, nothing herein shall empower the Board to restrict the reasonable use of the Common Areas by associate members.

Section 4. Privileges of Members. Members and associate members shall have exclusive use of the area on the Plat entitled "Common Area" together with the immediately adjoining shoreland, as said shoreland has been divided and shown on said Plat; and Members and associate members to whom a boat slip has been assigned,

shall have exclusive use of said slip, as developed in accordance with a site plan to be submitted to, and approved by, Louisa County for the establishment of boat slips and other improvements as the same may from time to time be amended, altered, modified or enlarged by the Developer.

Section 5. Suspension of Privileges of Membership. The Board may suspend the voting privileges of any member and license of any member or associate member to use the Common Area for:

a. Any period during which any Association charge on such member's lot remains unpaid for sixty (60) days.

b. The period of any continuing violation by such member or associate member of the provisions of the Declaration after the existence thereof shall have been declared by the Board;

c. A period to be determined by the Board not to exceed one (1) year, for repeated violations of the By-Laws or the rules and regulations of the Association;

ARTICLE III

Evidence of Membership and Transfer

Section 1. Membership Certificates. Certificates of membership in the Association may be issued to members and associate members. Such certificates shall be in such form as the Board shall from time to time designate and shall be issued over the signature of the President or other officer of the Association. Such certificate shall indicate whether or not the holder is a member or an associate member and shall also indicate the lot the ownership of which gives rise to membership. Such certificate shall also clearly state on its face that the Association is a not-for-profit corporation. Adequate records shall be maintained by the Association showing the names of the members and associate members of the Association, the type of membership and the date of membership.

Section 2. Transfer. When a member ceases to be an Owner, such person's membership, and those associate memberships existing through relationships to such person, shall cease, but such person shall remain liable for all accrued Association charges.

ARTICLE IV

Meetings of Members

Section 1. Place of Meetings. Any meeting of the members of the Association shall be held in the State of Virginia at such place therein as may be stated in the notice of such meeting. All meetings shall be conducted under Roberts Rules of Order.

Section 2. The Annual Meetings. The annual meetings of the Association shall

be held on such day in the month of May of each year as the Board of Directors by resolution may determine.

Section 3. Special Meetings of the Association. Special meetings of the Association may be called by the Board at any time in the manner herein provided. A special meeting may also be called upon the written petition of not less than one-third (1/3) of the members of the Association who would have the right to vote at such meeting. Such petition shall set forth the purpose of the special meeting.

Section 4. Notice of Meetings of the Association. Written notice stating the place, date and hour of the meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than thirty (30) nor more than forty (40) days before the date of the meeting either personally or by mail, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of the Association, with postage prepaid; or such notice may be published in any newspaper or publication printed under the auspices of the Association and distributed generally among members of the Association. At a special meeting, no business shall be conducted except that stated in the notice of said meeting.

Section 5. Quorum. A quorum at either a special meeting or the annual meeting shall be one-third (1/3) of the members entitled to vote at such meeting in person or by proxy. The vote of a majority of the votes entitled to be cast at any meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by law.

ARTICLE V The Directors

Section 1. Powers. The Board shall:

- a. Manage and control the affairs of the Association.
- b. Adopt a corporate seal as the seal of the corporation.
- c. Designate a banking institution or institutions as depository for the Association's funds; the officer or officers authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.
- d. Perform other acts and authority which has been granted herein or by law, including the borrowing of money for Association purposes. A resolution by the Board that the interests of the Association require that borrowing of money shall be sufficient evidence for any person that the borrowing is for a proper corporate

purpose. The Board may, if it determines that the same shall be reasonably necessary, assign, pledge, mortgage or encumber any Association property as security for such borrowings, and they may pledge or assign future revenues of the Association as security therefore.

e. Adopt such rules and regulations relating to the use of Association property, and sanctions for noncompliance therewith, as it may deem reasonably necessary for the best interest of the Association and its members. The Board may also establish and levy reasonable fees for the issuance of permits for erecting or placing improvements on any lot, and also for the use of Association property.

f. Cause the Association to employ sufficient personnel to adequately perform the responsibilities of the Association.

g. Adopt reasonable rules of order for the conduct of the meetings of the Association, and with reference thereto, on procedural questions upon which no rules have been adopted, the ruling of the Chairman of the meeting shall be final.

h. Select the officers of the Association. It may establish committees of the Association and appoint the members thereof. It may assign to such committees such responsibilities and duties not inconsistent with the provisions of these By-Laws or with law as it may deem appropriate.

i. In order to facilitate the business of the Association and to further the interests of the members of the Association, the Board may enter into agreements with the Developer and/or Declarant relating to the orderly transfer of Common Area from the Developer and/or Declarant to the Association. Such agreements may contain such provisions as the Directors believe are appropriate and in the best interests of the Association and its members. However, the existence of such agreements and provisions and terms thereof shall be made known to the general membership in such manner as may be deemed appropriate by the Board but in no event later than the next annual meeting following the creation of such contract or agreement.

j. The Board may enter into an agreement or agreements with other organizations having the same or similar corporate purposes for reciprocal rights between the respective members thereof under such terms and conditions as the Board may deem proper.

k. The Board shall, prior to the annual meeting of the Association in each year, adopt an operating budget. The Board shall, after taking into consideration all sources of income that the Association may have, levy an annual assessment upon each lot for the following year. The operating budget shall be

presented to the members at the annual meetings of members and members shall be entitled to comment thereon. For the years 2009, 2010, and 2011, the assessment shall be \$100.00, \$200.00 and \$300.00 respectively for waterfront lots and \$100.00, \$200.00 and \$450.00 respectively for water access lots and/or boat slip holder assignees. Annual dues shall be due and payable in advance on February 1 of each year, or such later date as may from time to time be established by the Board. After all the facilities are completed; under normal circumstances any increase in the annual assessment shall not exceed ten (10%) percent of the charge for the preceding year and the Board is authorized to approve such an increase. Any increase made beyond said limitation may be made only with the approval of a majority of the Members of the Association voting on the increase. Beginning in 2011, annual dues for water access lots shall be fifty (50%) percent more than annual dues for waterfront lots. No assessment dues or any other charges may be charged or levied against any lots owned by Mill Run, Inc.

1. The Board shall appoint members of the Architectural Review Committee to carry out the applicable provisions of the Declaration. The Committee shall serve at the pleasure of the Board of Directors.

Section 2. Number of Directors. The number of the initial Directors shall be two (2), however, at the first annual meeting of the members where the Members elect the Directors, the number of Directors shall be increased to five (5).

Section 3. Term. The initial Board shall serve for a term from the organization of the Association until their successor Directors are duly elected and qualified at the first annual meeting of Members where the Members elect the Directors. The number of Directors shall be increased to five (5).

Section 4. Qualification of Directors. The initial Board shall be appointed by the Developer until seventy-five (75%) percent of the lots within Mill Run have been sold and conveyed at which time the Board shall thereafter be elected by the lot owners at the annual meeting of members, which shall occur not later than six (6) months after Mill Run, Inc. deeds the Common Area to Mill Run Property Owners Association. In the election of Directors, each member shall be entitled to as many votes as shall equal the number of votes which he is entitled to cast on any matter other than the election of Directors multiplied by the number of Directors to be elected, and he may cast all of such votes for a single Director or may distribute them among the number to be voted for, or for any two or more of them, as he may see fit. The persons receiving the largest number of votes shall be elected to fill the number of Directors then to be elected. Unless otherwise provided by resolutions of the Board, elections for Directors shall be by written ballot.

Section 5. Proxies. Except in connection with the election of Directors, every member entitled to vote shall have the right to do so either in person or by an agent or

agents authorized by a written proxy executed by such member or his duly authorized agent filed with the Secretary of the Association. No such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time from which in no event shall exceed three (3) years from the date of its execution.

Section 6. Meetings of the Board of Directors. The Board shall meet at such times as the Board shall determine. Special meetings of the Board may be called by a majority of the Board or by the President of the Association and shall be held at such place and at such time as the call or notice of the meeting shall designate. Notice of a special meeting may be given in writing or orally at least seventy-two (72) hours prior to the date of said special meeting, or notice thereof may be waived by the Directors in writing. After adoption of a resolution setting forth the times of regular meetings, no notice of such meeting shall be required, or waived, but notice of special meetings of the Board shall be given.

Section 7. Action Without Meeting. Unless prohibited by law, any action which may be taken at a meeting of the Board may be taken without a meeting if authorized in a writing signed by all of the Directors who would be entitled to vote upon said action at a meeting, and filed with the Secretary of the Association.

Section 8. Quorum. A majority of the Directors shall constitute a quorum to transact business of the Board, and the act of the majority of the Directors present at any meeting shall be deemed to be the act of the Board.

Section 9. Vacancies. If any vacancy exists on the Board, such vacancy shall be filled by the remaining Directors even though those remaining Directors might be less than a quorum. Any person so elected a Director shall serve out the unexpired term of the Director whom he has replaced.

Section 10. Financial Reports. The Board of Directors shall prepare an annual balance sheet and operating statement for each fiscal year and shall distribute a copy thereof to each member of the Association in good standing within ninety (90) days after the end of each calendar year, which shall be the fiscal year for the Association.

Section 11. Virginia Common Interest Community. The Board shall take such action as may be necessary from time to time to comply with all mandates of Virginia law, including but not limited to the appointment or designation of a common community interest manager.

ARTICLE VI
The Officers

Section 1. Officers. The officers of the Association shall be the President, one or two Vice-Presidents, the Secretary, the Treasurer, and such other officers and assistant officers as the Board may from time to time elect. Officers shall serve at the will of the Board. The office of the Secretary and Treasurer may be held by the same person.

Section 2. President. The President shall be general managerial officer of the Association, except as otherwise determined by the Board, and he shall be vested with the powers and duties generally incident to the office of President of a not-for-profit corporation, except as otherwise determined by the Board, or as may be otherwise set forth in these By-Laws.

Section 3. Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice-President is empowered to act and shall thereupon be vested with the powers and duties of the President. In the event that there is more than one (1) Vice-President, the Board shall establish the order in which they serve.

Section 4. Secretary. The Secretary of the Association shall keep the minutes of the business and other matters transacted at the meetings of the members and of the Board. He shall mail, or cause to be mailed, all notices required under the By-Laws. He shall have the custody of the corporate seal and records and maintain a list of the members and their addresses and perform all other duties incident to the office of Secretary.

Section 5. Treasurer. The Treasurer shall have custody of funds of the Association, collect monies due, pay the obligations of the Association out of its funds, and perform such other duties as are incident to the office of Treasurer. The Board shall require that the Treasurer be bonded for such amount and under such conditions as the Board may require; or the Board shall require two (2) signatories on all checks.

Section 6. Removal of Officers. Any officers may be removed when, in the judgment of the Board, the best interests of the Association will be served by such removal.

ARTICLE VII Duties of Members

Section 1. Payment of Assessments. The charges or assessments levied by the Association as provided in Article II of the Articles of Incorporation shall be paid to the Association on or before February 1 of each year or by such later date as may be established by the Board. Written notice of the charge and the date of payment shall be sent to each Owner (Member) at the address last given by such Owner to the

Association, stating the amount of the annual charge and its due date.

Section 2. Collection and Lien. The amount of the assessment levied by the Association shall be paid to it on or before February 1 of each calendar year, or such later date as may from time to time be established by the Board. Beginning in 2012, the annual charge shall be in such amount as the Board of Directors may authorize as set forth in Paragraph 16 of the Declaration. In the event any assessment is not paid within sixty (60) days of the due date, then there shall be a late charge of \$20.00 plus interest at the rate of twelve (12%) percent per annum from the date of the delinquency on the assessment plus actual attorney's fees and cost of collection, plus interest at the rate of twelve (12%) percent per annum on any such actual attorney's fees and cost of collection from the date the same are incurred, all of which shall be due and payable to the Association and shall constitute a lien on the applicable lot. The Association shall cause said lien to be filed in the Clerk's Office of the Circuit Court of Louisa County, Virginia, which notice shall state the amount of the assessment and other such charges and a description of the lot which has been assessed. The Board may seek to recover sums by any other available judicial or other procedure and shall be entitled to its internal costs, attorney's fees aforesaid, and costs of suits in said collection. If the Association does claim a lien on the lot, upon payment of said assessment and charges or other satisfaction thereof, the Board shall, within a reasonable time, cause to be recorded a further notice stating the satisfaction and the release of said lien.

Section 3. Priority of Lien. Conveyance of any lot shall not affect any lien for assessments provided herein. Such liens shall be prior to all other liens recorded subsequent to said notice of assessment.

Section 4. Enforcement. The lien provided for herein may be enforced by suit by the Association or in such other manner as the Board of Directors or the President of the Association may elect, and all enforcement remedies may be exercised independently, successively or concurrently and in such event the Association may be a bidder at any foreclosure or creditor's sale. The Association may also pursue any other remedy against any owner owing money to it which is available to it by law or equity for the collection of debt.

Section 5. Proof of Payment. Upon request, the Association shall furnish a statement certifying that all assessments then due have been paid or indicating the amount then due.

Section 6. Suspension. The Association shall not be required to transfer membership on its books or to allow the exercise of any rights or privileges of membership on account thereof to any owner or to any person claiming under them unless or until all assessments and charges to which they or their lot are subject have been paid.

ARTICLE VIII
Amendments

These By-Laws may be amended by a majority vote of the Board.

**COVENANTS, CONDITIONS AND RESTRICTIONS
MILL RUN SUBDIVISION**

KNOW ALL MEN BY THESE PRESENTS: That MILL RUN, INC., does hereby declare and make known that the lots in Mill Run Subdivision, as shown on the plat by Bell Surveyors, Inc., dated February 8, 2007, and recorded in the Clerk's Office of the Circuit Court of Louisa County, Virginia, in Subdivision Plat Book 8, page 2458, et seq, are held by it subject to the following covenants, conditions, restrictions, easements and rights of way, which shall run with the land and be binding upon MILL RUN, INC., and all persons, firms and corporations claiming under said corporation.

1. **Permitted Improvements:** The lots in Mill Run Subdivision shall be used for residential purposes only, and no structures shall be erected on any lot except a detached single-family dwelling, usual outbuildings, and private garage. Said outbuildings and/or garage may be approved for construction prior to the dwelling house being constructed if it is determined that the lot elevation is such that these buildings must be constructed prior to the construction of the dwelling house. Only one such dwelling shall be erected on any lot, and only one outbuilding plus private garage shall be erected on any lot. No dwelling shall be located nearer to the front street line, the side street line, or any other side lot line than permitted by the applicable governmental regulations or laws.
 - 1.1 A dwelling shall not be more than two stories above ground level, excluding a basement (or excluding a piling foundation when permitted) and shall not exceed thirty-six (36) feet in height as measured from the lowest floor level, excluding the basement (or piling foundation when applicable), unless otherwise approved.
 - 1.2 All steps facing any street must have closed treads.
 - 1.3 No structure with the exception of a single family dwelling shall be erected on any property so as to unreasonably obstruct the view of the lake from any other single family dwelling.
2. **Approval of Dwelling and Structures on Lots:** Before any structure, well or drainfield is erected, placed or altered on a lot, including piers or any structures built over the water, and seawalls, the building plans, specifications and plot plan for same must be submitted in duplicate to, and approved in writing by, MILL RUN, INC., its authorized representative, its assigns, or agents appointed for the purpose, in order to assure the design of same to be in harmony with the existing structures and improvements in the subdivision, and properly located to conform with the topography and finished ground elevations of the subdivision. All plans submitted for approval must be a duplicate of documents subsequently submitted to County or other approving authority. All septic systems shall be of AOSE certified design.

One (1) set of plans, specifications and plot plan will be returned to the owner and one (1) set retained by MILL RUN, INC., its authorized representative, its assigns, or agents appointed for the purpose. Approval or disapproval by the approving authority shall be final and binding.

3. **Minimum Square Footage of Dwellings:** On TIER ONE LOTS 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 23, 24, 25, 98, 99, 100, 101, 102, 103, 104, 105, 106, and 107, no dwelling house shall be erected upon any lot with a total floor or living space, exclusive of all basements, seasonal porches, breezeways, garages, and unfinished storage spaces, of less than 1650 square feet for a one-story house; or less than 1250 square feet for first level of any multi-level house. All attached garages shall have vehicle entrances to rear or side, unless otherwise approved. A reasonable variance may be allowed from all of the above requirements, due to other amenities, at the sole discretion of the approving authority.

On TIER TWO LOTS 1, 2, 3, 4, 5, 6, 26, 27, 28, 29, 30, 52, 53, 54, 60, 69, 71, 72, 73, 74, 75, 76, 78, 79, 80, 81, 82, 83, 84, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, and 97, no dwelling house shall be erected upon any lot with a total floor or living space, exclusive of all basements, seasonal porches, breezeways, garages, and unfinished storage spaces, of less than 1800 square feet for a one-story house; or less than 1400 square feet for first level of any multi-level house. All attached garages shall have vehicle entrances to rear or side, unless otherwise approved. A reasonable variance may be allowed from all of the above requirements, due to other amenities, at the sole discretion of the approving authority.

On TIER THREE, WATERFRONT LOTS 20, 21, 22, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 55, 56, 57, 58, 59, 61, 62, 63, 64, 65, 66, 67, 68, 70, and 77, no dwelling house shall be erected upon any lot with a total floor or living space, exclusive of all basements, seasonal porches, breezeways, garages, and unfinished storage spaces, of less than 2400 square feet for a one-story house; or less than 1650 square feet for first level of any multi-level house. All attached garages shall have vehicle entrances to rear or side, unless otherwise approved. A reasonable variance may be allowed from all of the above requirements, due to other amenities, at the sole discretion of the approving authority. All detached garages on waterfront lots shall have rear or side entrances only.

4. **Exterior Structures:** All garages and other permanent structures, such as storage rooms, outbuildings, retaining walls, etc., shall be built of the same material and similar architectural design as permitted for any dwelling. No cinder block, concrete block, cement, solite block, stucco, T1-11 or asphalt shingle siding shall be permitted for the finished exterior of any structure. All sewage must be disposed of in septic tanks meeting local government standards. All fuel tanks over 100 gallons must be buried. All above ground tanks shall be screened from view. No building shall be nearer than fifteen (15) feet to any property line.

- 4.1 No more than two (2) gazebos may be placed on any lot.
 - 4.2 All structures erected on any lot within Mill Run shall be constructed entirely of new material, except where used materials, such as barn board, old wood beams, used brick, etc., are to be used in the interior of the living areas. The Committee, as hereinafter set forth, shall have the authority to relax this covenant when, in the judgment of the Committee, to do so would enhance the aesthetics of any structure.
 - 4.3 Exterior siding, roofs, architectural features and exterior paint or stain shall be earth tones or Williamsburg colors to blend with the natural environment or white. For this purpose, brick, natural stone and prefinished logs shall be considered earth tone.
 - 4.4 All metal windows, window frames, storm doors and storm door frames shall be clad or have a baked finish in a color compatible with the building exterior. No metal awnings shall be affixed to any building.
 - 4.5 Roofing on all buildings shall be either natural slate, wood shake, asphalt or fiberglass shingle, with standing seam coated steel (tin roof), or concrete shingles. The roof of any dwelling and any detached garage shall have a minimum 5/12 roof pitch. All dwellings shall include a minimum of three (3) elevations of roof lines, each of which must be visually substantial and which may be step down or opposing roof angles, excluding detached garages. Roof elevations of detached garages must be complimentary in design with the detached dwelling.
 - 4.6 The only improvements which shall be permitted on the Lake Anna shoreland appurtenant to any lot shall be dock structures which may include one boat house with slips and other appurtenant improvements such as an open deck, screened-in porch, and/or an enclosed room, provided they meet the following criteria: All materials shall be designed to resist rot and the dock shall be constructed in a workmanlike manner. No boathouse or appurtenant improvement shall exceed one story in height and all observation decks shall be open with no roof.
5. **Material Deliveries:** Prior to the beginning of clearing or construction on a lot, and prior to the delivery of materials for such construction, an entrance driveway shall be constructed to afford access to said lot, which entrance shall include any culverts or other structures designed to provide sufficient drainage along the front property line, in accordance with the applicable State Highway Department, County and other governmental specifications, except the length of said culvert shall be a minimum of twenty-four (24) feet. All materials shall be stored on the lot and not on any street, drainage ditch, road or highway. Property owner shall be responsible for any damages to roads and ditches caused by them or anyone they hire for building or delivery of materials to their lot.

5.1 All construction vehicles and heavy equipment must be parked on the lot and not on the community roadways. Excavation and heavy equipment must be unloaded on the lot and substantial care must be exercised when such equipment is being unloaded adjacent to the surfaced road edge.

6. **Construction Time Frame:** Construction of improvements on the lots much be done in a workmanlike manner and once begun shall be continued to the point where all exterior work shall be completed within twelve (12) months.
7. **Allowed Fencing:** No chain link, wire or stockade fences shall be erected on any lot. Fences extending beyond front of residence are to be approved in writing by MILL RUN, INC., its authorized representative, its assigns, or agents appointed for the purpose. All fences erected on waterfront lots must be approved in writing by MILL RUN, INC., its authorized representative, its assigns, or agents appointed for the purpose, prior to construction. No fences are to be erected on any lot that would obstruct the view of Lake Anna from neighboring lots.
8. **Activities Not Allowed:** No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become any annoyance or nuisance to the neighborhood or injure the value of the neighboring property. Commercial activity, including the use or operation of a convalescent home, nursery, or child care center, is specifically prohibited.
 - 8.1 No fowl, swine, goats, cattle, horses, ponies, or mules shall be allowed or kept on any lot, and no dog or cat kennels, rabbit hutches, or pigeon lofts, temporary or permanent, shall be erected.
 - 8.2 No basement, tent, shack, garage, barn or other outbuilding shall be used or erected for use as a temporary residence on any lot, and no trailer shall be placed on a lot as a temporary or permanent residence.
 - 8.3 No bottles, cans, trash, garbage, stumps, waste, refuse, dirt, or any other material of any kind or description shall be thrown or dumped in any ditches or on any lots or roadways.
 - 8.4 Owners of lots within Mill Run Subdivision shall keep said lot free of junk at all times, including tires and junk vehicles. Junk vehicles shall be construed as any vehicle that is not road worthy or does not have displayed a current license plate and current inspection sticker. Said vehicles may be stored in a fully enclosed garage.
 - 8.5 After the conveyance of a lot by MILL RUN, INC., the area between the property line and the road surface shall be kept clear of all brush, tall grass and weeds, by the owner of said lot. All construction debris, including trash and dirt, shall be kept confined.

- 8.6 No party other than Mill Run, Inc. and its designated builders/developers shall place a "For Sale" sign on any lot not improved by a dwelling. No signs offering merchandise for sale may be placed on any lot.
- 8.7 No vehicles or boat trailers may be stored closer than One Hundred (100) feet to roadway on waterfront lots. On Tier One and Tier Two lots no vehicles or boat trailers shall be stored beyond front of the house, and must be on a driveway and not in the front yard. On any vacant lot watercraft and/or boat trailers must be parked at least 100 feet from front property line. No vehicles of any description may be stored on vacant lot.
- 8.8 Hunting and/or discharge of any firearm or weapon is strictly prohibited in Mill Run.
- 8.9 Camping of any sort within Mill Run is strictly prohibited.
- 8.10 No lots within Mill Run shall be used except for residential purposes. No commercial or business enterprises shall be allowed on any lot, other than arts, crafts, or professions operated and conducted solely by family members occupying the residents, and only when such product or service is not distributed to customers at the operators' residence or within Mill Run. Anything to the contrary notwithstanding, model homes and sales centers approved by the Declarant are permitted in Mill Run on any lot, which approval the Declarant shall not be obligated to grant.
- 8.11 All construction sites must be kept reasonably clear of construction debris during construction.
- 8.12 Burning of debris, brush, leaves and other trash shall be done in accordance with State law and in consideration of other lot occupants. All garbage and trash must be stored in covered containers placed where they are not visible from Lake Anna or any roadway or adjoining lot.
- 8.13 No operation of ATV (all terrain vehicles), off the road vehicles, go-carts or any vehicle not licensed to travel on the public highway of the Commonwealth of Virginia shall be permitted within Mill Run except as may be allowed under rules and regulations adopted from time to time by the Board of Directors of the Mill Run at Lake Anna Property Owners Association, Inc. (the "Association") Nothing herein shall preclude the use of golf carts except as may be prohibited by law.
- 8.14 Small satellite dishes and small residential wire/tube TV antennas shall be permitted. Other exposed communication receiving or transmitting devices shall be permitted on a particular lot but only upon a determination by the

Developer or Committee, as described in Paragraph 15, that the proposed device, including but not limited to its size, color, appearance and location, will not adversely impact upon adjoining or nearby property. No permanent outside clothes poles, clothes lines and similar equipment will be permitted; however, removable “pop-ups”, “folding dryers” may be used

9. **Easements:** Easements are reserved as shown on the recorded subdivision plat, and the right is reserved by MILL RUN, INC., and its assigns to establish and grant, without the payment of any amount therefore, any and all additional easements along any street or property line for the purpose of drainage or furnishing lights, telephone, sewers, water, or gas to any owner. Certain utility easements have been granted and recorded.
 - 9.1 No owner of any lot in Mill Run shall convey an easement or grant the right of passage or in any way give anyone the right to traverse any lot in said subdivision for the purpose of entering upon the shorelands or waters of Lake Anna. Nothing herein shall be construed as prohibiting the granting of normal residential utility easements.
 - 9.2 Mill Run, Inc. has granted to Rappahannock Electric Cooperative and to Verizon residential utility easement to serve lots within Mill Run and to serve the Common Area, copies of which are of record in the Clerk’s Office of the Circuit Court of Louisa County, Virginia. In addition Mill Run, Inc. has reserved residential utility easements on the plat which shall be for the benefit of Mill Run, Inc., and lot owners.
 - 9.3 Drainage easements for the natural flow of surface water and/or for channeled surface water are hereby reserved over all lots where necessary for the flow of surface water within Mill Run, whether or not said drainage easements may be shown on plat.
 - 9.4 The aforesaid easements on each lot and all improvements thereon shall be maintained continuously by the owner of the lot except for those improvements for which a public authority or utility company is responsible.
10. **Subdivision of Lots:** No lot may be subdivided or re-subdivided or easements (other than normal residential utility easements) granted without the express written approval of Mill Run, Inc., or its successors or assigns provided, however, that Mill Run, Inc., reserves the right to resubdivide or reconfigure any of its unsold lots, or enlarge by merger or by adding additional land outside of Mill Run to any of its unsold lots, or to add additional lots to Mill Run, provided that any such action by Mill Run, Inc., is consistent with the existing caliber of the community and is in accordance with applicable County ordinances. If two or more adjoining lots are acquired by the same owner no part or parts of said lots shall be conveyed by said owner unless each lot being conveyed and each lot being retained are in compliance with all of these restrictions and covenants. Mill Run, Inc., further reserves the right

to create or to grant to others the right to create and otherwise establish a realignment, extension or relocation of any road within Mill Run to provide access to adjoining or nearby property, provided same does not reduce the road frontage or boundary line of any lot not owned by Mill Run, Inc. at the time of such action.

11. **Equipment Storage Restrictions:** Lawn maintenance equipment or other tools, paraphernalia and the like shall not be stored on any lot unless stored out of sight or in an enclosed garage. The Committee shall have the right to modify this restriction to prevent any undue hardship. Only boats, boat trailers and similar recreational equipment belonging to the lot owner or to a member of the lot owner's immediate family may be stored on any lot in accordance with such rules and regulations as the Association may from time to time adopt.

12. **Subdivision Roads:** All roads within Mill Run shall be public roads to be included in the Virginia Department of Transportation (VDOT) Secondary Highway System for ownership and maintenance with the exception of the road on the Common Area. Mill Run, Inc. shall be responsible for construction of said public roads in accordance with the Subdivision Street requirements of VDOT and shall take such actions as are necessary to assure that said roads are accepted into the VDOT system as subdivision streets for ownership and maintenance, including but not limited to the posting of any necessary bonds, letters of credit, or the like, with the County of Louisa or the Commonwealth of Virginia. Upon the completion of said public roads to VDOT specifications, the maintenance and repair of said roads shall thereafter become the responsibility of the Association until such time as the roads have been officially accepted into the VDOT system. Any lot owner (including but not limited to the lot owner, general contractors, subcontractors or material suppliers for whom the lot owner shall hereby be responsible) who damages a roadway or the shoulder thereof directly or indirectly resulting from constructing improvements on a lot, or otherwise damages a roadway or the shoulder thereof, shall be fully liable for the expense of repairing any such damage. PLEASE NOTE: Until such time as the roads within Mill Run are accepted into the VDOT system, school bus services and U. S. Mail will not be provided along said roads. School bus service is presently provided along State Route 652 and temporary mailboxes may be located at the entrance of Mill Run.

13. **Reserved Rights to Develop Additional Land:** These declarations, restrictions and easements shall not impose any restriction or restraint on any portion of land now owned or hereafter acquired by Mill Run, Inc., or its designated successor, and located outside of the plat of Mill Run. Mill Run, Inc. further reserves the right to develop in the future additional lands or to permit the development by others of additional lands and, in such an event, to connect such additional lands to Mill Run and/or to grant to such additional lands the right to use the Common Area, provided that, in the latter event, the owners of such additional lands shall be obligated to become members of the Association.

14. **Common Area (Boat Dock Area):** All members of the Association shall be entitled to the reasonable use of the Common Area for recreational purposes, subject to such reasonable rules and regulations as Mill Run, Inc. or the Board of Directors of the Association may from time to time adopt. The Common Area shall be for exclusive use of the members of the Association as herein provided. Such exclusive use of the Common Area is hereby restricted to (1) members of the Association; (2) bona fide tenants of a dwelling house located on any member's lot; (3) the immediate family of a member of the Association (or immediate family of a bona fide tenant); (4) a reasonable number of guests of a member of the Association (or of a bona fide tenant) when accompanied by the member of the Association (or by the bona fide tenant) or accompanied by an immediate family member of the member of the Association (or by an immediate family member of the bona fide tenant). A member of the Association, and those having the right of use arising from said member, may be denied use of the Common Area if the member of the Association's dues and assessments owed to the Association are more than sixty (60) days in arrears. Members of the Association and bona fide tenants shall be responsible for any and all of their guests brought onto the Common Area.
 - 14.1 No overnight activity or function shall be permitted within the Common Area. No screen rooms, dock boxes, chains or any other items may be installed upon any dock, unless first approved by the approving authority.
 - 14.2 Mill Run, Inc. hereby reserves the exclusive right to lease and/or assign to third parties the use of boat slips constructed by Mill Run, Inc. located within the Common Area. Mill Run, Inc. shall also retain the ownership of said boat slips and the structural appurtenances thereto until seventy-five (75%) percent of the lots in Mill Run have been sold, at which time Mill Run, Inc. shall deed all of the Common Area to the Association. Said deed shall be subject to existing assignments and leases of boat slips and subject to the reservation of Mill Run, Inc. of the exclusive right to lease and/or assign to third parties all remaining boat slips. In no event shall Mill Run, Inc. deed the Common Area to the Association any sooner than two (2) years from the date Mill Run, Inc. sells its first lot within Mill Run.
 - 14.3 Mill Run, Inc. hereby reserves the right to establish easements for the construction, repair, maintenance and replacement of signs on lots or land owned by Mill Run, Inc., for the benefit of Mill Run, and Mill Run, Inc., shall have the right to convey said easement(s) to a third party or to the Association, in which event the Association is obligated to accept such conveyance and the obligation to repair, maintain and/or replace any such signs.
 - 14.4 Contractors, sub-contractors, laborers, materialmen, and maintenance personnel are not permitted to use the Common Area for recreational purposes at any time.

15. **Developer or Committee Approval of Plans:** When Mill Run, Inc. assigns the approving authority to the Association the Board of Directors shall appoint three (3) members of the Association to serve as a Committee to approve or disapprove plans, specifications and plot plans.
 - 15.1 The Committee shall approve or disapprove plans, specifications and plot plans within twenty-one (21) days from the receipt thereof, which submittals shall be in duplicate. One set of said plans, specifications and plot plan, with the approval endorsed thereon, shall be returned to the person submitting them and the other copy thereof shall be retained by the Committee for its permanent files. If the Committee does not act within the specified time, Mill Run, Inc. shall have full power to act on the request. If Mill Run, Inc. does not act within 21 days the submitted plans shall be deemed approved as submitted.
 - 15.2 The Committee shall have the right to disapprove any plans, specifications and plot plan submitted to it in the event the same are not, in the opinion of the Committee, in accordance with all of the provisions of these restrictions; if the design or color scheme of the proposed building or other structure is not in harmony with existing structures on the lot and with the general surroundings; and/or if the plans, specifications and plot plan submitted are incomplete. The decisions of the Committee shall be final, until and unless overturned or otherwise modified in writing by a majority of the owners of lots within the subdivision with each lot being entitled to one vote.
 - 15.3 Neither the Committee nor Mill Run, Inc., nor any agents thereof, shall be responsible in anyway for any defects in any plans, specifications or plot plans submitted, reviewed or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans, specifications and plot plans.
16. **Mill Run at Lake Anna Property Owners Association, Inc.:** All lot owners in Mill Run shall be required to become members of the Mill Run at Lake Anna Property Owners Association, Inc. ("the Association"). The Association shall have all the powers set forth in its Articles of Incorporation, and all other powers that belong to it by operation of law, including but not limited to the power to levy against every member of the Association uniform annual charges and assessments per member, except that no annual charges or assessments shall be levied against Mill Run, Inc. The amount of said charges shall be determined by Mill Run, Inc. after considering the needs for maintenance and repairs and future needs and requirements of the Association. For the years 2009, 2010 and 2011, the assessment shall be \$100.00, \$200.00 and \$300.00 per year, respectively, for waterfront lots and \$100.00, \$200.00 and \$450.00 per year, respectively, for water access lots. Any special assessments for capital improvements or otherwise shall require the written consent of two-thirds (2/3) of the members in good standing. Under normal circumstances, any increase in the annual charge shall not exceed ten (10%) per cent

of the charge for the preceding year, and the Board of Directors is authorized to approve such an increase. Any increase made beyond said limitation may be made only with the approval of a majority of the members of the Association voting on the increase.

- 16.1 The Association is empowered to assess members other than Mill Run, Inc., such sums of money as may be necessary to conduct its business, to impose a lien on any lot within Mill Run owned by a member who is delinquent in payment of any such assessment and to enforce such lien, in accordance with the Virginia Property Owners Association Act, without limiting any other rights which it may have in law or in equity or under the terms of its Articles of Incorporation or otherwise.
- 16.2 The Association shall be responsible for the repair, maintenance and upkeep of the Common Area, the Boat Slips and all other improvements located on the Common Area, and the entrance signs within Mill Run. The Association shall have the option to cut grass on lots and shoreland as previously provided. Mill Run, Inc. shall accept this responsibility until such time as ten (10) lots have been sold and conveyed by Mill Run, Inc.
- 16.3 The failure to inform or exercise any right, restriction, reservation or condition contained in this declaration, however long continued, shall not be deemed to be a waiver of the rights to do so thereafter, and shall not bar or affect its enforcement. Further, nothing herein is to be construed so as to prevent Mill Run, Inc. from placing further restrictions or easements on any of the Mill Run unsold lots.
- 16.4 The grantee of any lot subject to the coverage of this declaration, by acceptance of a deed conveying title thereto or the execution of a contract for the purchase thereof, whether from Mill Run, Inc. or any subsequent owner of such lot, shall for himself and his successors or assigns, accept such deed or contract upon and shall be subject to each and all of these restrictions and the agreements herein contained. A lot owner shall be deemed a member of the Association by virtue of the ownership of the lot.
- 16.5 Associate Members. If not otherwise a member, each of the following shall be entitled to Associate Membership in the Association:
 - (a) The spouse and children of a member who have the same principal residence as the member.
 - (b) Tenants and members of tenants' immediate family.
 - (c) Jeff C. Bane and Jeff C. Bane, Jr. and members of their immediate family.

- (d) The owners of a certain parcel of land adjoining Mill Run, known as TMS 46 Parcel 25-A, presently owned by Robert J. Lane and Mary D. Lane, husband and wife.
- (e) Persons who by virtue of a contractual agreement with Mill Run, Inc. are extended an Associate Membership.

Associate Members shall have no vote or right to notice of any regular or special meeting of members. The privileges and duties of Associate Members shall be established from time to time by the Board by resolution. The privileges and duties of Associate Members need not be the same as those of members; provided, however, nothing herein shall empower the Board to restrict the reasonable use of the Common Areas by Associate Members. Persons who become Associate Members pursuant to sub-paragraphs (d) and (e) above shall, as a condition of said Associate Membership, be obligated to pay normal and customary dues and assessments paid by members.

17. **Severability:** Every one of the covenants is hereby declared to be independent of and severable from the rest of the covenants and of and from every other one of the covenants and of and from every combination of the covenants. Therefore, if any of the covenants shall be held to be invalid or to be unenforceable or to lack the quality of running with the land, that holding shall be without effect on the validity, enforceability or "running" quality of any other one of the covenants.
18. **Term:** The aforementioned restrictions shall remain covenants that shall run with the land and shall be binding on all parties and all persons claiming under or through them for a period of twenty-five (25) years from the date hereof, after which these covenants shall be automatically extended for successive periods of Ten (10) years unless an instrument is signed by the then owners of two-thirds (2/3) of the lots within Mill Run and recorded in the Clerk's Office of the Circuit Court of Louisa County, Virginia, changing these covenants in whole or in part, provided, however, no right, privilege or reservation in favor of Mill Run, Inc. may be changed without the written consent of Mill Run, Inc.
19. **Waiver or Modification:** Any of the foregoing covenants, conditions and restrictions may be waived, modified or released by written instrument executed by Mill Run, Inc., or by its duly authorized representative, and by the owner of the lot or lots as to which the covenants, conditions and restrictions are waived, modified or released and by the owners of the lots immediately abutting said lot or lots; but no such waiver, modification or release shall affect any other covenants, conditions or restrictions which may affect the lot or lots.

20. **Amendment:** At any time during the period of the 25 years from the date hereof, the then recorded owners of 2/3 of the lots within Mill Run shall have the power to amend these covenants (except that any right, privilege or reservation in favor of Mill Run, Inc. is excluded) in any way by duly recorded instrument in writing. Provided, however, Mill Run, Inc., for so long as it owns any of the lots within Mill Run, further reserves the right to grant by appropriate written instrument, exceptions to the restrictive covenants herein contained when the soils, size, shape or topography of any particular lot indicates the need thereof, and to veto any amendment hereto by said lot owners as set forth hereinabove. Mill Run, Inc. further reserves the right to amend in any manner these restrictions and covenants as to any lots owned of record by Mill Run, Inc. at the time of the amendment, which amendment, in the discretion of Mill Run, Inc. is desirable to further protect the value, desirability and attractiveness of any such lot or lots.
21. **Enforcement:** The Association and/or any owner of a lot in Mill Run shall have the right to prosecute any proceedings at law or in equity against any person, firm, or corporation violating or attempting to violate any restrictions herein contained for the purpose of such proceedings or preventing such violation or recovering damages for such violation. The failure of the Association or an owner of a lot to bring any such proceedings shall not be considered as a waiver of any rights at law or in equity that any such party may have for past or future violation of any restriction herein contained.
22. **Action Taken by Agent:** Any action taken by the duly authorized agent, representative or assignee of Mill Run, Inc. with respect to the foregoing covenants, conditions and restrictions shall have the same effect as if taken by Mill Run, Inc.
23. **Invalidation:** The invalidation of any of the foregoing covenants, conditions and restrictions by a Court of competent jurisdiction shall in no way affect any of the other covenants, conditions and restrictions.
24. **Ordinances:** All covenants, conditions and restrictions and permitted uses hereunder are subject to such further more restrictive lawful limitations as may be imposed by Louisa County Ordinance.
25. **Purchasers' Acceptance:** The purchaser of any lot within Mill Run agrees to keep, observe, comply with and perform all covenants contained in this declaration. This acceptance applies to the purchaser, his heirs, personal representatives, successors and assigns.
26. **Captions:** The captions preceding the various paragraphs and sub-paragraphs of these covenants are for convenience of reference only and none of them shall be used as an aid to the construction of any provision of the covenants. Wherever

and whenever applicable, the singular form of any word shall be taken to mean or apply to the plural and the masculine form shall be taken to mean or apply to the feminine or to the neuter.

IN WITNESS WHEREOF, MILL RUN, INC. has caused the foregoing Covenants, Conditions and Restrictions to be executed in its name this 9th day of July, 2009.

MILL RUN, INC.

By: Jeff C. Bane Jr.
President

STATE OF VIRGINIA,
COUNTY OF HANOVER, to-wit:

The foregoing instrument was acknowledged before me this 9th day of July, 2009, by Jeff C. Bane, Jr., President of MILL RUN, INC., a Virginia corporation, on behalf of said corporation.

My commission expires: 12-31-2009 Reg.# 357880

Suzanne A. Conroy
Notary Public



INSTRUMENT #89905091
RECORDED IN THE CLERK'S OFFICE OF
LOUISA COUNTY, VA
JULY 18, 2009 AT 02:18:18M
SUSAN P. HOPKINS, CLERK
RECORDED BY: ELY