

SOUTH HARBOR
PROPERTY OWNERS ASSOCIATION, INC.
DISCLOSURE PACKAGE

Created November 11, 2016

Common Interest Community Board
VIRGINIA PROPERTY OWNERS' ASSOCIATION DISCLOSURE PACKET NOTICE

The lot being purchased is in a development subject to the Virginia Property Owners' Association Act. The contract to purchase a lot shall disclose that the lot is located in a property owners' association. The purchaser may have the right to cancel the contract after receiving the disclosure packet and the purchaser may request an update of the disclosure packet pursuant to § 55.509.4 of the Code of Virginia.

Living in a common interest community carries with it certain rights, responsibilities and benefits. Benefits include the right to use common areas, which may include swimming pools, parks, playgrounds and other recreational facilities. In order to finance the operation of the common interest community association, each owner is responsible for and obligated to pay periodic assessments, and if necessary, special assessments to ensure that the financial requirements are met.

Use of common areas, financial obligations of lot owners and other rights, responsibilities and benefits associated with the ownership of a lot in this common interest community are subject to the provisions of governing documents that typically include a declaration, articles of incorporation, bylaws and rules and regulations. These documents are important and should be reviewed carefully prior to purchase.

Some decisions are made by the association board of directors, while other decisions are reserved to a vote of association members. The purchaser is bound by all decisions of the association and the board of directors and the provisions of the governing documents.

Failure to comply with the association governing documents can result in legal action taken against the lot owner. Failure to pay assessments and mandatory fees may result in the association filing a lien and/or lawsuit against the lot owner, foreclosing the lien, and other actions permitted by the governing documents and the Property Owners' Association Act.

Documents and information contained in the disclosure packet describe the basis for living in a common interest community and should be reviewed carefully prior to purchase of the lot.

The Association Disclosure Packet must include the following statements:

- ☐ Association name, and if incorporated, the state of incorporation and the name and address of the registered agent;
- ☐ A statement of any approved expenditures that require an additional assessment during the current year or the immediately succeeding fiscal year;
- ☐ A statement of all assessments and other mandatory fees currently imposed by the association;
- ☐ A statement whether there is any other entity or facility to which the lot owner may be liable for fees or charges;
- ☐ The current reserve study report (or a summary thereof), a statement of the status and amount of any reserve or replacement fund and any portion of the fund allocated by the governing board for a specified project;
- ☐ A copy of the association's current budget (or a summary thereof) and a copy of its statement of income and expenses or financial condition for the last fiscal year available, including a statement of the balance due of any outstanding loans of the association;
- ☐ A statement of the nature and status of any pending suit or unpaid judgment to which the association is a party and that either could or would have a material impact on the association or its members or that relates to the lot being purchased;
- ☐ A statement setting forth the insurance coverage provided for all lot owners by the association, including any fidelity bond maintained by the association, and what additional insurance would normally be secured by each individual lot owner;
- ☐ A statement that any improvement or alteration made to the lot, or uses made of the lot or common area assigned thereto by the prior lot owner, are not in violation of any of the instruments referred to in this disclosure notice;
- ☐ A statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to place a sign on the owner's lot advertising the lot for sale;
- ☐ A statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to display any flag on the owner's lot, including, but not limited to reasonable restrictions as to the size, place and manner of placement or display of such flag and the installation of any flagpole or similar structure necessary to display such flag;
- ☐ A statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to install or use solar energy collection devices on the owner's property;
- ☐ A statement indicating any known project approvals currently in effect by secondary mortgage market agencies;
- ☐ Certification, if applicable, that the association has filed with the Common Interest Community Board the annual report required by §55-516.1 of the Code of Virginia including the filing number assigned by the Common Interest Community Board and the expiration date of the filing; and
- ☐ The association complaint procedure as required by 18 VAC 48-70-60 and pursuant to 18 VAC 48-70-40 and 18 VAC 48-70-50.

The Association Disclosure Packet must include the following attachments, if any:

- ☐ A copy of the current declaration, the association's articles of incorporation and bylaws, and any rules and regulations or architectural guidelines adopted by the association;
- ☐ A copy of notice given to the lot owner by the association of any current or pending rule or architectural violation; and
- ☐ A copy of any approved minutes of the board of directors and association meetings for the six calendar months preceding the request for the disclosure packet.

**SOUTH HARBOR PROPERTY OWNERS ASSOCIATION, INC.
VIRGINIA PROPERTY OWNERS' ASSOCIATION
DISCLOSURE STATEMENTS**

1. **CORPORATE STATUS:** The name of the Association is SOUTH HARBOR PROPERTY OWNERS ASSOCIATION, INC. It is incorporated under the laws of the Commonwealth of Virginia. The registered agent is George I. Vogel, III whose address is 204 McClanahan Street, SW, Roanoke, Virginia 24014.
2. **ASSESSMENTS:**
 - a. There are no expenditures that require an additional assessment during the current year or the immediately succeeding fiscal year.
 - b. The annual assessments of the Association are FIVE HUNDRED AND 00/100 DOLLARS (\$500.00). Upon the purchase of a lot in the subdivision the Purchase shall pay a transfer fee of FIVE HUNDRED AND 00/100 DOLLARS (\$500.00).
 - c. There is no other entity or facility to which the lot owner may be liable for fees or charges.
3. **LAWSUITS:** There are no pending suits or unpaid judgments to which the association is a party that either could or would have a material impact on the association or its members or that relates to the lot being purchased.
4. **INSURANCE COVERAGE:** The Association currently carries General Liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate. Includes also property coverage for community dock and Director/Officers coverage for wrongful acts of \$1,000,000. Each Lot Owner shall obtain and maintain fire insurance and insurance against the perils customarily covered by an extended coverage endorsement.
5. **CURRENT VIOLATIONS:** There are no current violations of the 1) declaration, 2) bylaws, 3) rules and regulations, 4) architectural guidelines or articles of incorporation of the Association with respect to the Lot.
6. **SIGNS:** Realtors' "For Sale" signs (not to exceed 2 feet x 2 feet) may be placed upon, erected or maintained on any lot offered for sale provided the Owner of such Lot first obtains permission of the Architectural Review Committee ("ARC").

7. **FLAGS**: There is no restriction, limitation or prohibition on the right of an owner to display flags, except that the erection of a flagpole shall be subject to review by the Architectural Review Committee.
8. **SOLAR**: The right of a lot owner to install or use solar energy collection devices is subject to the approval by the Architectural Review Committee.
9. **RESERVE STUDY REPORT**: There is no current reserve study
10. **BUDGET**: A copy of the association's current budget (or a summary thereof) and a copy of its statement of income and expenses or financial condition for the last fiscal year is attached, including a statement of the balance due of any outstanding loans of the association;
11. **COMMON INTEREST COMMUNITY BOARD**: The association has filed the annual report required by Va. Code §55-516.1 with the Common Interest Community Board. The filing number assigned by the Common Interest Community Board is _____ and it expires on _____.
12. **TABLE OF CONTENTS OF THE DISCLOSURE PACKAGE**:
 - a. Disclosure Package Notice Cover Sheet
 - b. Disclosure Statements
 - c. Budget
 - d. Profit and Loss Statement
 - e. Declaration of Covenants, Conditions and Restrictions
 - f. The association complaint procedure as required by 18 VAC 48-70-60 and pursuant to 18 VAC 48-70-40 and 18 VAC 48-70-50
 - g. Articles of Incorporation
 - h. Bylaws
 - i. Minutes of Meetings for the past six months

SOUTH HARBOUR 2016 BUDGET

2016

I. Grounds Maintenance:

a. Mowing 18" along road edge @ \$250 based on 28 mowings.	\$ 7,000.00
b. Mowing of lots and open space 3 times a year @ \$1800 each May, July & October	\$ 5,460.00
c. Mulch around willow oaks along road, entrance and observation deck once a year	\$ 1,200.00
d. Fertilize roads and entrance spring and fall @ \$550 each	\$ 1,100.00
e. Irrigation-spring start up, winterization & monitoring	\$ 575.00

Any additional work will be done based upon time and materials

II. Utilities

a. Water for irrigation minimum charge \$30 monthly	\$ 360.00
b. Street & entrance lights based upon \$35 meter per month x 2 meters	\$ 840.00

III. Professional Service \$ 500.00

IV. Snow removal - roads only, no driveways - total of \$800 allocated \$ 800.00

V. Administrative supplies \$ 300.00

VI. Insurance liability \$ 1,582.00

VII. Taxes for common areas \$ 283.00

\$ 20,000.00

Each Unit Annual Dues \$500.00

Each Unit Monthly Dues \$41.67

Each Unit Qtrly. Dues \$125.00

SOUTH HARBOUR POA
PROFIT & LOSS STMT
10/31/2016

	2016	2015		
INCOME:				
DUES INCOME	18,782.77	22,266.72		
INITIATION FEES	-	2,000.00		
LATE FEES	-			
INTEREST	-	-		
TOTAL INCOME	18,782.77	24,266.72	-	-
EXPENSES:				
GROUND MAINTANANCE	13,676.90	16,509.30		
SNOW REMOVAL	100.00			
UTILITIES - AEP	493.29	344.50		
UTILITIES - WVWA	435.53	753.95		
POA INSURANCE	1,675.00	1,582.00		
CHECKS/DEP BOOK ORDER		188.94		
POSTAGE/COPIES	27.60			
REAL ESTATE TAXES	38.49	282.70		
TAXES & LICENSES	25.00			
PROFESSIONAL FEES	560.00			
BANK S/C		-		
TOTAL EXPENSES	17,031.81	19,661.39	-	-
NET PROFIT / (LOSS)	1,750.96	4,605.33	-	-

10/31/2016

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
SOUTH HARBOUR
FRANKLIN COUNTY, VIRGINIA**

This Declaration of Covenants, Conditions and Restrictions made and entered into this, the 22nd day of December, 2014, by CLARK PROPERTY, L.L.C., A Virginia Limited Liability Company, BARBARA W. AMOS, BARBARA AMOS CANNADAY, GAIL AMOS MELTON and MCBN, LLC, A Virginia Limited Liability Company, (hereinafter referred to as the "Declarant"), Party of the First Part; BARBARA W. AMOS, TRUSTEES OF THE AMOS LIVING TRUST, DATED MAY 4, 2005, Party of the Second Part; SMLJD, LLC, A Virginia Limited Liability Company, LLC, Party of the Third Part; JAMES G. PETRINE and DEBORAH L. PETRINE, husband and wife, Party of the Fourth Part, RONALD R. SPOEHEL and DEBORAH B. SPOEHEL, husband and wife, Party of the Fifth Part; CRAIG S. MITCHELL and GINA A. MITCHELL, husband and wife, Party of the Sixth Part; BRIAN A. ABT and LORI E. ABT, husband and wife, Party of the Seventh Part; JPGA-2, LLC, A Virginia Limited Liability Company, Party of the Eighth Part; CARTER BANK AND TRUST COMPANY, Party of the Ninth Part; and WORTH H. CARTER, JR. and GEORGE I. VOGEL, III, Trustee Party of the Tenth Part.

RECITALS:

1. That, certain property located on Smith Mountain Lake in the County of Franklin, Virginia described in Exhibit A, attached hereto and made a part hereof, was originally developed as a residential subdivision known as The Lakewatch Club more particularly shown on that "Survey for The Lakewatch Club" dated September 24, 2008, Revised January 23, 2009, prepared by Philip W. Nester and recorded in the Clerk's Office of the Circuit Court for the County of Franklin, Virginia in Deed Book 952, Pages 1857 thru (1858) (hereinafter "The Property").
2. That, The Property was made subject to that Declaration of Covenants, Conditions and Restrictions dated February 4, 2009 which is recorded in the aforesaid Clerk's Office in Deed Book 952, Page 1859 as amended by the First Amendment to Declaration of Covenants, Conditions and Restrictions dated June 30, 2009 recorded in the aforesaid Clerk's Office in Deed Book 963, Page 357 and by the Second Amendment to Declaration of Covenants, Conditions and Restrictions dated February 3, 2010 recorded in the aforesaid Clerk's Office in Deed Book 974, Page 2382.
3. That the Party of the First Part, or their predecessors in title, foreclosed upon that Deed of Trust dated January 21,

2009 recorded in the aforesaid Clerk's Office in Deed Book 951, Page 2443. BK 1057 PG 1954

4. That the aforementioned Declaration of Covenants, Conditions and Restrictions of Lakewatch provided that the Declarant may amend the Restrictions so long as it, or its successors, own lots in the subdivision, and the Party of the First Part, as successor in interest to the original Developer and Declarant of The Lakewatch Club wishes to amend and restate the Restrictions.
5. That the Parties of the Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Part are the owners of the lots that were conveyed out by the former developer and declarant of The Lakewatch Club and wish to join into this Declaration consenting to replacement of the former Declarations with this Declaration.
6. That the Party of the Ninth Part and Party of the Tenth Part as Beneficiary and Trustees under the aforementioned Deed of Trust, dated September 9, 2014 and recorded in the aforesaid Clerk's Office in Deed Book 1052, Page 1897, wish to join into and consent to this Declaration.
7. That all of the Parties hereto wish to change the name of the subdivision from "The Lakewatch Club" to "South Harbour," and to change the name of "Amos Island Road" to "South Harbour Drive" and "Bruce Bay Drive" to "Harbour

Crossing Drive."

BK1057PG1955

8. That, in order to accomplish all of the Parties hereto desire to subject the property to the covenants, conditions and restrictions as set forth herein.

P R E A M B L E:

The Declarant the Parties of the Second, Third, Fourth, Fifth, Sixth, and Seventh Part are the owners of all of the land located in the subdivision formerly known as The Lakewatch Club and wish to give the Party of the First Part all of the right, title and interest necessary to fulfill its duties and obligations contained herein as if the Party of the First was the original developer. The parties hereby agree that any and all references on the Plat of the Subdivision to "The Lakewatch Club" shall be amended and replaced with the name "South Harbour" and all conveyance of property or Lots in the future shall reference the property as being a part of South Harbour being more particularly shown on that plat of survey prepared by Philip W. Nester, L.S. dated September 24, 2008, revised January 23, 2009 of record in the Clerks' Office of the Circuit Court for the County of Franklin, Virginia in Deed Book 952, Page 1852. Furthermore, the parties agree that the roads located in the subdivision currently named Amos Island Road and Bruce Bay Drive shall be amended and changed to South Harbour Drive and Harbour

Crossing Drive, respectively.

The Declarant hereby subjects and imposes as a condition of ownership that the property known as SOUTH HARBOUR, LOTS 1 thru 40, INCLUSIVE (together with all such right, title and interest as it is appurtenant unto each waterfront lot in and unto the waters of Smith Mountain Lake), all of which is more particularly shown and described on plat of survey prepared by Philip W. Nester, L.S., dated September 24, 2008, revised January 23, 2009, and of record in the Clerk's Office of the Circuit Court of Franklin County, Virginia, in Deed Book 952, at Pages 1852 thru 1858, shall be held, transferred, sold and conveyed subject to the following covenants, conditions, assessments and restrictions which are for the purpose of protecting the value and desirability of, and which shall run with, the property and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors in interest and assigns, and shall inure to the benefit of each Owner thereof. Lots 1 - 28 are Waterfront Lots and 29 - 40 are Cottage Lots with access to SML over the common area between Lots 7 and 8.

ARTICLE I
Definitions

Section 1. "Common Area" or "Common Areas" shall mean that portion(s) of the South Harbour Community over which the

Declarant or the Association shall have obligations and duties, and specifically included is all "open space", "developed open space", walking trails, the private roads, street lights, signage, community landscaping and irrigation, and community day boat dock, as shown on the recorded subdivision plat and/or shown and filed with the Franklin County Planning Department for the rezoning of this land from A-1 zone to RPD.

Section 2. "Declarant" shall mean and refer to the Party of the First Part.

Section 3. "Declaration" or "Restrictions" shall mean these Covenants, Conditions and Restrictions and all the provisions set forth in this document, as same may from time to time be amended.

Section 4. "South Harbour" shall mean and refer to Lots 1 through 40, inclusive, of the subdivision known as South Harbour and all common areas, open space, developed open space, and the private roads, and all benefits and burdens appurtenant thereunto.

Section 5. "Lot" shall mean and refer to each individual lot, Lot 1 through 40, inclusive, (in Deed Book 952, at Pages 1852 thru 1858), and all appurtenant easements, benefits and burdens.

Section 6. "Owner" or "Owners" shall mean and refer to the record Owner of title of any Lot included within the subdivision. The foregoing does not include persons or entities who hold an

interest in any Lot merely as security for the performance of any obligation. Unless the context otherwise requires, "Owner" shall also include the family, invitees, licensees, and lessees of any Owner, together with any person or parties holding any possessory interest granted by such Owner in any Lot.

Section 7. "Property" or "Properties" or "Subdivision" or "Community" shall mean and refer to that certain real property known as South Harbour, as herein defined.

Section 8. "Association" or "Homeowners Association" shall mean the South Harbour Homeowners Association, or such similarly named homeowners or property owners association formed by the Declarant for the purpose of maintaining the common areas, septic system easements, and providing for architectural review.

ARTICLE II
STRUCTURES AND OTHER IMPROVEMENTS

Section 1. Architectural Review Committee.

There is hereby established an Architectural Review Committee (the "ARC"). The Declarant or its designee shall act as the sole member of the Architectural Review Committee until the earliest of the following:

- (a) conveyance by the Declarant of more than Seventy-Five Percent (75%) of the Lots within the subdivision; or
- (b) when the Declarant, in its sole discretion, decides to assign the architectural review duties to the

Homeowners Association. At the time of the termination of architectural review by the Declarant, the Declarant or the Board of Directors of the Homeowners Association, as the case may be, shall establish an Architectural Review Committee to perform all of the functions as set forth herein, until such time all architectural review and approval shall be solely by the Declarant (or its designee) acting as the ARC.

Section 2. Architectural Review and Approval.

(A) The Architectural Review Committee (the "ARC") shall have the exclusive authority to approve those licensed contractors that are permitted to perform construction services within South Harbour. The ARC may keep a list of pre-approved contractors from which a contractor may be selected. In the event that an Owner wishes to use a contractor not on list of pre-approved contractors, then the Owner may ask the ARC for permission to use the contractor. The Owner shall submit any and all information requested by the ARC for approval of the contractor and the approval of the contractor shall be in the sole discretion of the ARC.

(B) The ARC shall have the exclusive authority to review and approve the design and location of the residence and any other structures located on any Lot including features such as mailboxes and landscaping designs. All plans and specifications for the construction of dwellings, docks and any other

improvement upon any Lot or within any common area shall be submitted to the ARC, which shall have the exclusive power and authority to approve or reject the said plans or require changes in said plans and specifications prior to approval. The ARC maintains a land plan showing the general location of docks and houses which shall be relied upon by the ARC to ascertain the proper placement of any home or boat dock.

(C) All plans and specifications for any structure, or any improvement whatsoever to be erected on or placed upon or to any Lot or any individual dock, and the proposed location of any dock on or adjacent to any Lot, the construction material, the roof and exterior color schemes, and subsequent changes, alterations or additions to the exterior of any dwelling or boat dock, after initial approval thereof and any remodeling, reconstructions and/or alterations to the exterior of any dwelling or additions thereto on any Lot or any boat dock shall be subject to and shall require the approval, in writing, of the ARC, before any such work is commenced. Plans shall be prepared in a format and with specifications as required by the ARC.

(D) There shall be submitted to the ARC two (2) complete sets of 1/4" scale plans and specifications for any and all proposed improvements, the erection or alteration of which is desired, and no structures or improvements of any kind shall be erected, altered, placed or maintained upon any Lot unless and

until the final plans, elevations and specifications thereof have received written approval, as herein provided. The corners of all improvements must be staked on the Lot prior to submission of plans and specifications to the ARC for approval.

(E) The ARC shall approve or disapprove plans, specifications and details within forty-five (45) days from the receipt thereof. One (1) set of said plans, specifications and details with the approval or disapproval, endorsed thereon, shall be returned to the person submitting them and the other copy thereof shall be retained by the ARC for its permanent files.

(F) The ARC shall have the right to disapprove any plans, specifications or details submitted to it (i) in the event the same are not in accordance with all of the provisions of these Covenants, Conditions and Restrictions; or (ii) if the design or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such Lot or with the adjacent lot or other buildings or structures within the community; or (iii) if the plans and specifications submitted are incomplete, or (iv) in the event the ARC deems the plans, specifications or details, or any part thereof, to be contrary to the interests, welfare or rights of all or any part of the Community or any Lot Owner(s). The decision of the ARC shall be final.

(G) Neither the Declarant nor any agent of the ARC shall be

responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications. Nor shall the ARC or Declarant nor any agent of the ARC or the Declarant be responsible or liable to any Owner for any architectural approvals made by or refused or denied.

(H) Unless done at an earlier time, at such time as the Declarant has conveyed at least seventy-five percent (75%) of all of the Lots in South Harbour or any such earlier time the Declarant decides to transfer such authority to so act on its behalf, all decisions of architectural review and approval under these Restriction shall vest in the Architectural Review Committee to be established by the Board of Directors of the Association.

Section 3. Location of Buildings (House Location by ARC).

Except as hereinafter set out, no residence or other permanent structure shall be located on any Lot except as approved by the ARC and notwithstanding the above provision, fifteen (15) foot side yard shall be maintained on each Lot; provided, however, that the ARC shall have the right at anytime, to reduce the side yard set back to twelve (12) feet, provided such set back is allowed by County ordinance. If any Lot line fronts on more than one street, the ARC shall determine which is

the front Lot line and how improvements should be situated on such Lot. In the event the ARC fails to approve, modify or disapprove in writing an application within forty-five (45) days after the required documents have been submitted, in writing, to it in accordance with adopted procedures, approval will be deemed granted.

Section 4. Boat Docks.

All boat docks shall be located and constructed in accordance with the plans and specifications as approved by the ARC. In determining boat dock sites the ARC and Lot Owner will ensure that the location and design meet the requirements of the Shoreline Management Plan enforced by Appalachian Power and shall attempt to minimize the impact of any dock on other Lot Owners views. The final approval of any boat dock design and location shall be at the sole discretion of the ARC.

Section 5. Use of Land. No portion of any Lot shall be improved or occupied for other than single-family residential purposes and no commercial activity of any nature shall be carried on any Lot in the subdivision. Notwithstanding the foregoing sentence, a homeowner may conduct business from their home so long as no evidence thereof is visible on the exterior of the home or on the lot.

Section 6. Minimum Dwelling Size. All waterfront lots (being Lots 1 - 28) shall meet the following minimum size

requirements: one-story homes shall have a minimum square footage of two thousand five hundred (2,500) square feet; one and one-half story homes shall have a minimum square footage of three thousand (3,000) square feet, and two-story homes shall have a minimum square footage of three thousand six hundred (3,600) square feet.

All cottage lots (being Lots 29 - 40) shall meet the following minimum size requirements: one-story homes shall have a minimum square footage of two thousand (2,000) square feet, one and one-half story homes shall have a minimum square footage of two thousand five hundred 2,500 square feet, and two-story homes shall have a minimum square footage of three thousand (3,000) square feet. For determining the minimum square footage requirement, all calculations shall exclude any basement or garage area.

Section 7. Fencing. No fence shall be erected on any Lot except as otherwise set out herein and as approved by the ARC.

Section 8. Temporary Structures and Mobile Homes. No trailer, shack, tent, camping trailer or mobile home shall be erected on any Lot or used for living quarters either temporarily or permanently.

Section 9. Fees. An Owner making a request for approval by the ARC as required by this Article shall be required to pay an application fee. The application fee for approval of house plans