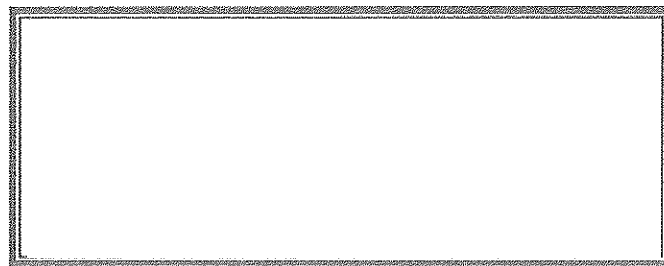


Settlers Mill Association

Certificate of Resale



ADDRESS CHANGE FORM

Please complete this form if your mailing address will not be the property address you are purchasing. You can return to melissaa@lcbm.com, by fax at 757-534-7765 or mail at 603 Pilot House Drive, Suite 300, Newport News, VA 23606.

Association: _____

Address of Lot: _____

Date: ____ / ____ / ____

Time: _____ am/pm

Homeowner Name: _____

New Mailing Address: _____

Phone Number(s): (_____) - _____

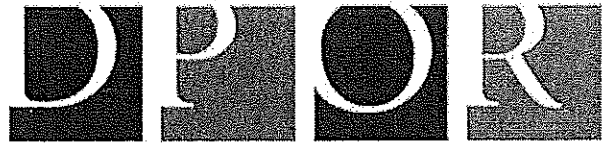
(_____) - _____

(_____) - _____

(_____) - _____

E-Mail Address(s) _____

Commonwealth of Virginia
Department of Professional and Occupational Regulation
Post Office Box 29570
Richmond, Virginia 23242-0570
(804) 367-8510
cic@dpor.virginia.gov
www.dpor.virginia.gov



Department of Professional and Occupational Regulation

**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.

This form was developed by the Common Interest Community Board in accordance with § 54.1-2350 of the Code of Virginia and is to accompany the association disclosure packet required by § 55-509.5 of the Code of Virginia.

09/17/13

EXHIBIT 1

BUDGET

Settlers' Mill 2014 Budget - APPROVED BUDGET
\$175 per Lot per quarter
Optional trash Service - additional \$42.75 / Quarter

Acct#	INCOME	2014 Budget	2013 Budget	Notes
6310	HOA Dues (Assessment Income \$175/Quarter)	\$133,700	\$133,700	
6320	Trash Fees Income (Optional \$42.75/Quarter)	\$19,836	\$19,836	
6325	Capital Contributions / Purchaser Fee	\$3,500	\$3,000	6 sales at \$500 each
6340	Late Fees	\$0	\$0	
6365	Insurance Claim Income	\$0	\$0	
6380	Owner Admin Fees Income	\$0	\$0	
6385	Pool Party Income	\$0	\$0	
6390	Interest Income	\$1,200	\$1,220	
6393	Interest Income- Replacement Reserves	\$0	\$0	
6915	Charge for Non -compliance	\$0	\$0	
	TOTAL INCOME	\$ 158,236	\$ 157,756	
ADMINISTRATIVE EXPENSES				
7010	Management Fees	\$17,829	\$17,276	per management contract
7020	Accounting Fees	\$1,950	\$3,200	financial review in 2014 of 2013 financials
7030	Welcome Committee	\$200	\$200	
7040	Social Committee	\$4,000	\$4,620	
7050	Website	\$285	\$285	
7150	SCC/OCC Licenses	\$180	\$210	SCC \$25 / DPOR \$147
7160	Legal	\$800	\$800	
7170	Reserve Study	\$0	\$3,200	Update reserve study 2013
7180	Storage Unit	\$1,100	\$1,100	association storage unit
7280	Insurance	\$5,318	\$4,320	common assets, liability, umbrella & D&O
7430	Taxes	\$100	\$500	
7890	General Administration	\$2,400	\$2,400	incl. \$1092 storage unit
	TOTAL ADMINISTRATIVE EXPENSES	\$ 34,162	\$ 38,111	
PROPERTY EXPENSES				
8210	Pool Management	\$29,900	\$30,109	contract+341/mo wnt r mnt + addl hrs 2014
8220	Pool Maintenance	\$2,000	\$1,500	
8340	Clubhouse phone	\$400	\$400	
8910	Electricity	\$5,800	\$5,500	
8920	Trash removal	\$20,563	\$19,836	
8930	Water/Sewer	\$2,600	\$3,000	
8950	Gas	\$325	\$375	
9015	Tree Removal & Maint -Common Area	\$1,500	\$3,000	
9020	Maintenance and Repairs	\$6,000	\$6,000	misc repairs, electrical & plumbing repairs
9040	BMP Maintenance	\$3,826	\$3,000	
9050	Tennis Court Maintenance	\$500	\$500	
9605	Safety & Security	\$200	\$1,000	
9610	Landscaping Contract	\$21,470	\$21,466	
9620	Playground Mulch	\$950	\$935	annual playground mulch
9611	Irrigation Maintenance	\$1,800	\$2,200	
9612	Additional Landscaping	\$1,500	\$1,500	
9750	Pest Control	\$225	\$225	clubhouse pest trmt & termite inspection
	TOTAL COMMON AREA EXPENSES	\$ 99,559	\$ 100,546	
RESERVE CONTRIBUTIONS:				
9910	Replacement Reserve - Deposits	\$21,000	\$15,650	
9920	Replacement Reserve - Interest	\$1,000	\$1,200	
9915	Maintenance Reserve - Deposits	\$2,500	\$2,229	
9925	Maintenance Reserve - Interest	\$15	\$20	
	TOTAL RESERVE CONTRIBUTIONS:	\$ 24,515	\$ 19,099	
	TOTAL OPERATING EXPENSES	\$ 158,236	\$ 157,756	
Summary				
		2014 Budget	2013 Budget	
	TOTAL INCOME	\$ 158,236	\$ 157,756	
	TOTAL OPERATING EXPENSES	\$ 158,236	\$ 157,756	
RESERVE (PRIOR YEAR CONTRIBUTION)				

SURPLUS

\$0.00

\$0.00

REPLACEMENT RESERVE BALANCE AS OF 9/30/13:

\$208,733.83 actual cash balance

MAINTENANCE RESERVE BALANCE AS OF 9/30/13:

\$ 4,571.56 actual cash balance

2013

MAINTENANCE RESERVE EXPENSES:

pool sand filter & railing

\$4,250

BMP Engineering Surveys

\$4,200

2013

REPLACEMENT RESERVE EXPENSES:

Budgeted pool resurfacing fall 2012

\$11,750.00

pool renovation additional repairs

\$1,305.00

pool cover repairs

\$2,928

parking lot sealing and striping (October 2013 expense)

\$2,330.00

2014

MAINTENANCE RESERVE EXPENSES:

no budgeted expenditures

2014

REPLACEMENT RESERVE EXPENSES:

no budgeted expenditures

FOR ADDITIONAL INFORMATION SEE THE FULL RESERVE STUDY ON THE SETTLERS MILL WEBSITE AT
WWW.SETTLERSMILL.NET

SETTLERS MILL ASSOCIATION

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2010

Unaudited

During 2008, the Board of Directors hired a professional firm to perform a study to estimate the remaining useful lives and the replacement costs of the components of common property. The methods used to determine replacement costs were based on estimates of current costs as of the date of the study. The study provides for a 2.5% annual rate earned on the average replacement fund balance and a 3.0% annual rate of anticipated inflation.

The following table is a summary of information contained in the professional study concerning the components of common property. The data contained below is for informational purposes only and has not been subjected to auditing procedures. All data is as of the effective date of the study, September 27, 2008.

Component	Estimated Remaining Useful Life	Current Replacement Cost
Asphalt pavement	16 years	\$ 14,700
Asphalt sealcoat	3 years	1,540
Concrete curb and gutter	16 years	1,125
Concrete sidewalks	16 years	2,695
Community and traffic signage	6 years	22,615
Perimeter fence	6 years	60,760
Retention lakes	20 years	33,000
Site furniture	3 years	3,150
Irrigation system controller	1 year	2,000
Tennis court	19 years	18,000
Basketball court	2 years	5,000
Tennis court fence	26 years	10,260
Clubhouse carpet	9 years	1,800
Clubhouse furniture, toilets and showers	15-16 years	15,950
Pool liner and cover	6-10 years	31,900
Pool equipment	22 years	11,000
Wood pool fence	8 years	17,100
Pool deck	16 years	7,200
Pool furniture	5 years	10,115
Pool pumps	2 years	1,600
Clubhouse hot water heaters	6 years	1,900
Clubhouse HVAC	19 years	3,900
Clubhouse asphalt shingles	11 years	8,460
Clubhouse lighting	6 years	2,800
Clubhouse sealants	5 years	1,250
		\$ 289,820

The Association's 2011 minimum recommended annual reserve contribution as stated in the reserve study totals \$14,752.

EXHIBIT 2

SETTLERS MILL ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
BALANCE SHEET	3
STATEMENT OF REVENUES AND EXPENSES	4
STATEMENT OF CHANGES IN MEMBERS' EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-8
SUPPLEMENTARY INFORMATION:	
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS	9



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Settlers Mill Association

Report on the Financial Statements

We have audited the accompanying financial statements of Settlers Mill Association which comprise the balance sheet as of December 31, 2012, and the related statements of revenues and expenses, changes in members' equity, and of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Settlers Mill Association as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of future major repairs and replacements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. Such procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

June 7, 2013

DeeRoches & Company

SETTLERS MILL ASSOCIATION

BALANCE SHEET

December 31, 2012

ASSETS

Cash and cash equivalents:	
Operating	\$ 58,049
For future major repairs and replacements	57,762
Certificates of deposit for future major repairs and replacements	<u>154,219</u>
Total cash and cash equivalents	270,030
Assessments receivable	1,277
Prepaid expenses, including \$11,750 for future major repairs and replacements	<u>15,267</u>
Total assets	<u>\$ 286,574</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts payable	\$ 694
Prepaid assessments	<u>17,596</u>
Total liabilities	<u>18,290</u>
Members' equity:	
Undesignated	44,553
Designated for future major repairs and replacements	<u>223,731</u>
Total members' equity	<u>268,284</u>
Total liabilities and members' equity	<u>\$ 286,574</u>

See notes to financial statements
and independent auditors' report.

SETTLERS MILL ASSOCIATION

STATEMENT OF REVENUES AND EXPENSES

For the year ended December 31, 2012

	<u>Operating Undesignated</u>	<u>Designated for Replacements</u>	<u>Total</u>
Revenues:			
Member assessments	\$ 118,506	\$ 15,194	\$ 133,700
Trash assessments	20,990	0	20,990
Capital contributions	2,000	0	2,000
Interest income	100	1,650	1,750
Late and legal fees	1,240	0	1,240
Other income	240	0	240
	<u>143,076</u>	<u>16,844</u>	<u>159,920</u>
Total revenues			
Expenses:			
Accounting	1,885	0	1,885
Committees	4,189	0	4,189
Electricity	6,168	0	6,168
Gas	262	0	262
General repairs and maintenance	9,560	0	9,560
Grounds improvements	5,303	0	5,303
Income taxes	23	0	23
Insurance	3,727	0	3,727
Irrigation maintenance	1,335	0	1,335
Lawn maintenance	20,800	0	20,800
Legal	375	0	375
Management	16,918	0	16,918
Miscellaneous	3,748	0	3,748
Pest control	220	0	220
Pool	30,314	0	30,314
Printing	380	0	380
Telephone	414	0	414
Trash	20,563	0	20,563
Water and sewer	2,454	0	2,454
	<u>128,638</u>	<u>0</u>	<u>128,638</u>
Total expenses			
Excess revenues over expenses	<u>\$ 14,438</u>	<u>\$ 16,844</u>	<u>\$ 31,282</u>

See notes to financial statements
and independent auditors' report.

SETTLERS MILL ASSOCIATION
STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31, 2012

	<u>Operating Undesignated</u>	<u>Designated for Replacements</u>	<u>Total</u>
Members' equity - beginning of year	\$ 30,115	\$ 206,887	\$ 237,002
Excess revenues over expenses	<u>14,438</u>	<u>16,844</u>	<u>31,282</u>
Members' equity - end of year	<u>\$ 44,553</u>	<u>\$ 223,731</u>	<u>\$ 268,284</u>

See notes to financial statements
and independent auditors' report.

SETTLERS MILL ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess revenues over expenses	\$ 31,282
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in assessments receivable	227
Increase in prepaid expenses	(14,188)
Increase in accounts payable	582
Decrease in prepaid assessments	<u>(3,540)</u>
Net cash provided by operating activities	14,363

CASH FLOWS FROM INVESTING ACTIVITIES:

Net cash provided by investing activities	0
---	---

CASH FLOWS FROM FINANCING ACTIVITIES:

Net cash provided by financing activities	<u>0</u>
Increase in cash and cash equivalents	14,363
Cash and cash equivalents at beginning of year	<u>255,667</u>
Cash and cash equivalents at end of year	<u><u>\$ 270,030</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for income taxes	<u><u>\$ 0</u></u>
Cash paid during the year for interest	<u><u>\$ 0</u></u>

See notes to financial statements
and independent auditors' report.

SETTLERS MILL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2012

[1] **NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business Settlers Mill Association (“the Association”) is a management association formed as a corporation and organized for the specific purpose of maintaining, preserving and architecturally controlling the individual properties and common areas for the benefit of its members. The Association consists of 191 homes and is located in James City County, Virginia.

Method of Accounting The Association follows the accrual method of accounting in which revenues are recognized when earned and expenses are recognized when incurred.

Member Assessments Association members are subject to quarterly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from homeowners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are several months delinquent. Member assessments in the statement of revenues and expenses have been allocated between undesignated (operating) and designated (replacements) equity based upon the Association's 2012 budget reserve requirements. The Association retains excess operating funds at the end of the year, if any, for use in future periods.

Allowance for Uncollectible Assessments The Association's policy is to record an allowance for uncollectible assessments for those accounts which are substantially delinquent that management feels are doubtful of collection. As of December 31, 2012, no material accounts were considered to be uncollectible; thus, no allowance for uncollectible assessments has been made.

Recognition of Assets During the organization of the Association, certain real common property was received from the Declarant. The property contributed included land and related improvements. This property has not been recognized on the Association's financial statements because the Association cannot dispose of the property at the discretion of its Board of Directors, for cash. In addition, the property is not used by the Association to generate significant cash flow from members or nonmembers on the basis of usage.

Cash and Cash Equivalents The Association includes all cash accounts, money market accounts, and certificates of deposit with an original maturity of three months or less or that do not include a substantial penalty for early withdrawal, to be cash and cash equivalents.

Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

SETTLERS MILL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2012

[2] INCOME TAXES

The Association has elected to be tax-exempt with respect to its exempt function income under Internal Revenue Code Section 528. However, income tax is due on its non-exempt function income, such as interest earnings. Accordingly, a provision for income taxes of \$23 has been made for the year ended December 31, 2012.

As of December 31, 2012, the tax years that remain subject to examination by taxing authorities begin with 2009. The Association believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

[3] FUTURE MAJOR REPAIRS AND REPLACEMENTS

During 2008, the Board of Directors hired an outside professional firm to conduct a study to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary information of future major repairs and replacements is based on this study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacements fund. A funding requirement of \$15,650 has been included in the 2013 budget. Subsequent to year-end, the Association engaged an outside professional firm to conduct an updated study of the Association's common property; the study is expected to be completed during 2013.

Funds are being accumulated in the replacements fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacements fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, under certain circumstances, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

[4] CAPITAL CONTRIBUTIONS

This contribution represents the payments to the working capital of the Association which are collected at the time of closing from all purchasers.

[5] SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date that the financial statements were available to be issued, June 7, 2013.

SUPPLEMENTARY INFORMATION

SETTLERS MILL ASSOCIATION

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2012

Unaudited

During 2008, the Board of Directors hired a professional firm to perform a study to estimate the remaining useful lives and the replacement costs of the components of common property. The methods used to determine replacement costs were based on estimates of current costs as of the date of the study. The study provides for a 2.5% annual rate earned on the average replacement fund balance and a 3.0% annual rate of anticipated inflation.

The following table is a summary of information contained in the professional study concerning the components of common property. The data contained below is for informational purposes only and has not been subjected to auditing procedures. All data is as of the effective date of the study, September 27, 2008.

<u>Component</u>	<u>Estimated Remaining Useful Life</u>	<u>Current Replacement Cost</u>
Asphalt pavement	16 years	\$ 14,700
Asphalt sealcoat	3 years	1,540
Concrete curb and gutter	16 years	1,125
Concrete sidewalks	16 years	2,695
Community and traffic signage	6 years	22,615
Perimeter fence	6 years	60,760
Retention lakes	20 years	33,000
Site furniture	3 years	3,150
Irrigation system controller	1 year	2,000
Tennis court	19 years	18,000
Basketball court	2 years	5,000
Tennis court fence	26 years	10,260
Clubhouse carpet	9 years	1,800
Clubhouse furniture, toilets and showers	15-16 years	15,950
Pool liner and cover	6-10 years	31,900
Pool equipment	22 years	11,000
Wood pool fence	8 years	17,100
Pool deck	16 years	7,200
Pool furniture	5 years	10,115
Pool pumps	2 years	1,600
Clubhouse hot water heaters	6 years	1,900
Clubhouse HVAC	19 years	3,900
Clubhouse asphalt shingles	11 years	8,460
Clubhouse lighting	6 years	2,800
Clubhouse sealants	5 years	1,250
		<u>\$ 289,820</u>

The Association's 2013 minimum recommended annual reserve contribution as stated in the reserve study totals \$15,650.

EXHIBIT 3

Certificate of Annual Report



COMMONWEALTH of VIRGINIA
Department of Professional and Occupational Regulation

RECEIVED
BY: B.H.

Robert F. McDonnell
Governor

January 28, 2014

James S. Cheng
Secretary of
Commerce and Trade

Gordon N. Dixon
Director

ANNE INGRAM
SETTLERS MILL ASSOCIATION, INC
3705 STRAWBERRY PLAINS ROAD
SUITE C
WILLIAMSBURG, VA 23188

Re: SETTLERS MILL ASSOCIATION, INC
Association Registration Number 0550003548

Dear Community Representative:

Enclosed is the association registration card. The registration card is valid through the expiration date shown on the card.

Due to an agency-wide computer database conversion that took place on October 15, 2013, the contact person of record and address are not currently printing on the association registration card. We are working to correct this issue and should have it corrected in the next few months.

If you have any questions or require further assistance, please visit our website at www.dpor.virginia.gov or contact the Board office by email at cic@dpor.virginia.gov or telephone at 804-367-8510.

Sincerely,

Common Interest Community Board

Enclosure

0550_REGPR
Rev. 10/23/2013
pmealy

EXPIRES ON
12-31-2014

DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION
COMMONWEALTH OF VIRGINIA
9960 Mayland Dr., Suite 400, Richmond, VA 23233
Telephone: (804) 367-8500

NUMBER
0550003548

COMMON INTEREST COMMUNITY BOARD
COMMON INTEREST COMMUNITY ASSOCIATION REGISTRATION

SETTLERS MILL ASSOCIATION, INC



Gordon N. Dixon
Gordon N. Dixon, Director

ALTERATION OF THIS DOCUMENT, USE AFTER EXPIRATION, OR USE BY PERSONS OR FIRMS OTHER THAN THOSE NAMED MAY RESULT IN CRIMINAL PROSECUTION UNDER THE CODE OF VIRGINIA.

(SEE REVERSE SIDE FOR NAME AND/OR ADDRESS CHANGE)

(POCKET CARD)
COMMONWEALTH OF VIRGINIA
COMMON INTEREST COMMUNITY BOARD
COMMON INTEREST COMMUNITY ASSOCIATION REGISTRATION
NUMBER: 0550003548 EXPIRES: 12-31-2014

(DETACH HERE)
DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION
9960 Mayland Dr., Suite 400, Richmond, VA 23233

(FOLD)



ALTERATION OF THIS DOCUMENT, USE AFTER EXPIRATION, OR USE BY PERSONS OR FIRMS OTHER THAN THOSE NAMED MAY RESULT IN CRIMINAL PROSECUTION UNDER THE CODE OF VIRGINIA.

EXHIBIT 4

Insurance Information

COMMERCIAL LIABILITY UMBRELLA POLICY
COVERAGE IS PROVIDED BY SOUTHERN INSURANCE CO OF VIRGINIA
POLICY NUMBER: CXS8033000
Amended Policy Effective: 01/02/2014

NAMED INSURED AND MAILING ADDRESS		AGENT NAME AND ADDRESS
Settlers Mill Assn C/O Chesapeake Bay Mgmt 603 Pilot House Dr Ste 300 Newport News VA 23606		Middle Peninsula Ins Agy Inc Suite 101a 5360 Discovery Park Boulevard Williamsburg VA 23188 (757)229-0841 AGENT NUMBER: 450027200
FORM OF NAMED INSURED'S BUSINESS: ASSOCIATION	NAMED INSURED'S BUSINESS: Homeowners Association	POLICY PERIOD: FROM:01/02/2014 TO: 01/02/2015 12:01 A.M. STANDARD TIME AT THE NAMED INSURED S ADDRESS SHOWN.

IN RETURN FOR THE PAYMENT OF PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.


LIMITS OF INSURANCE		
EACH OCCURRENCE LIMIT	\$2,000,000	
PERSONAL AND ADVERTISING INJURY LIMIT	\$2,000,000	ANY ONE PERSON OR ORGANIZATION
AGGREGATE LIMIT (except with respect to "covered autos")	\$2,000,000	
OTHER		

PREMIUM	
CERTIFIED ACTS OF TERRORISM COVERAGE PREMIUM	Included
POLICY PREMIUM	\$1,350 *

* Minimum premium applies

NO PREMIUM CHANGE THIS ENDORSEMENT

RETAINED LIMIT	
SELF-INSURED RETENTION	\$10,000


 Arnold Nicholas President

SCHEDULE OF UNDERLYING INSURANCE

Commercial General Liability

Company	Donegal Mutual Insurance Company
Policy Number	CPP8033000
Policy Period	01/02/2014 to 01/02/2015
Minimum Applicable Limits	
General Aggregate	\$2,000,000
Products-Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000

FORMS AND ENDORSEMENTS CONTAINED IN THIS POLICY

CMOF 600 (01-08)	Important Notice To Policyholders - Policyholder Disclosure Notice
	Regarding Terrorism Insurance Coverage
CU 00 01 (12-01)	Commercial Liability Umbrella Coverage Form
CU 00 02 (12-02)	War Liability Exclusion
CU 02 25 (01-12)	Virginia Changes - Cancellation and Nonrenewal
CU 21 12 (09-00)	Abuse or Molestation Exclusion
CU 21 23 (02-02)	Nuclear Energy Liability Exclusion
CU 21 25 (12-01)	Total Pollution Exclusion Endorsement
CU 21 58 (05-09)	Communicable Disease Exclusion
CU 24 30 (04-13)	Amendment Of Insured Contract Definition
CUD 00 03 (07-09)	Excl - Violation of Communications and Info Privacy
CUD 01 57 (03-06)	Virginia Changes
CUD 21 13 (04-13)	Amendment Of Liquor Liability Exclusion
CUD 21 30 (01-08)	Cap on Losses From Certified Acts of Terrorism
CUD 21 36 (01-08)	Exclusion of Punitive Damages Related to a Certified Act of Terrorism
CUD 21 56 (06-06)	Auto Exclusion of Terrorism Coverage
CUD 90 02 (08-05)	Biological and Chemical Contaminants Exclusion
CUD 90 03 (03-06)	Auto Liability Exclusion
CUD 90 06 (03-06)	Punitive Damages Exclusion
CUD 90 13 (02-07)	Mobile Equipment Subject to Motor Vehicle Insurance Laws
CUD 90 15 (04-09)	Amendments To Policy Definitions
CUD 90 23 (11-02)	Exclusion - Real Estate Managers
CUD 90 28 (01 08)	Amendment - Employment-Related Practices Exclusion
CUD 90 36 (04-13)	Amendment - Professional Services Exclusion
IL 00 17 (11-98)	Common Policy Conditions

PAYMENT PLAN: Direct/Annual

Samuel Nicholas President

POLICIES/COVERAGE PARTS AFFECTED:

COMMERCIAL LIABILITY UMBRELLA POLICY

COVERAGE PART	CHANGES
	Changed Entity to: ASSOCIATION



DONEGAL

INSURANCE GROUP

MARIETTA, PENNSYLVANIA 17547-0302

COMMERCIAL PACKAGE POLICY COMMON DECLARATIONS

COVERAGE IS PROVIDED BY DONEGAL MUTUAL INSURANCE COMPANY

POLICY NUMBER: CPP8033000

Renewal Policy of CPP8033000 08

NAMED INSURED AND MAILING ADDRESS		AGENT NAME AND ADDRESS
Settlers Mill Assn C/O Chesapeake Bay Mgmt Inc 603 Pilot House Dr Ste 300 Newport News VA 23606		Middle Peninsula Ins Agy Inc Suite 101a 5360 Discovery Park Boulevard Williamsburg VA 23188 (757)229-0841 AGENT NUMBER: 450027200
FORM OF NAMED INSURED'S BUSINESS: HOMEOWNERS ASSOCIATION	NAMED INSURED'S BUSINESS: HOMEOWNERS ASSOCIATION	POLICY PERIOD: FROM: 01/02/2014 TO: 01/02/2015 12:01 A.M. STANDARD TIME AT THE NAMED INSURED S ADDRESS SHOWN.

IN RETURN FOR THE PAYMENT OF PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

COVERAGE PART	
This policy consists of the following coverage part(s) for which a premium is indicated. This premium may be subject to adjustment.	
Commercial Property	\$954
Commercial General Liability	\$836
Commercial Crime	\$322
Certified Acts of Terrorism Coverage Premium Total:	\$46
TOTAL POLICY PREMIUM:	\$2,158

Arnell Nicholas President

COMMON POLICY FORMS, COVERAGES AND ENDORSEMENTS	
COMMON POLICY FORMS AND ENDORSEMENTS ARE APPLICABLE TO ALL COVERAGE PARTS, UNLESS OTHERWISE STATED IN THE FORM OR ENDORSEMENT.	
CMOF-600 (01-08)	Policyholder Disclosure Notice Regarding Terrorism Insurance Coverage
IL 00 03 (07-02)	Calculation of Premium
IL 00 17 (11-98)	Common Policy Conditions
IL 00 21 (11-85)	Nuclear Energy Liability Exclusion Endorsement Broad Form
IL 00 22 (05-87)	Effective Time Changes - Replacement of 12 noon (VA)

Commercial Policy Endorsement Schedule

PAYMENT PLAN: Direct/Semi-Annual

A. M. I. L. President

Commercial Property Coverage Part Declarations

BLANKET SUMMARY INFORMATION	
BLANKET RATING METHOD:	Building and Contents Combined Average Rates
BLANKET COMBINED BUILDING AND BUSINESS PERSONAL PROPERTY LIMIT:	\$354,000

LOCATION OF DESCRIBED PREMISES:		
PREMISES 1; BUILDING 1:	179 Lakewood Dr, Williamsburg VA 23185	
OCCUPANCY:	Homeowners Assoc - Incl Drainage Structures (Bmp'S)	
COVERAGES		
BUILDING LIMIT:	SEE BLANKET SUMMARY	INFLATION GUARD: N/A
DEDUCTIBLE:	\$1,000	COINSURANCE: 90%
VALUATION:	Replacement Cost	
COVERED CAUSE OF LOSS:	Sp. Form Incl. Theft	
BUSINESS PERSONAL PROPERTY INCL. STOCK LIMIT:	SEE BLANKET SUMMARY	INFLATION GUARD: N/A
DEDUCTIBLE:	\$1,000	COINSURANCE: 90%
VALUATION:	Replacement Cost	
COVERED CAUSE OF LOSS:	Sp. Form Incl. Theft	
TOTAL COMMERCIAL PROPERTY PREMIUM AT DESCRIBED PREMISES:		\$276

LOCATION OF DESCRIBED PREMISES:		
PREMISES 1; BUILDING 2:	179 Lakewood Dr, Williamsburg VA 23185	
OCCUPANCY:	Homeowners Assoc - Incl Drainage Structures (Bmp'S)	
COVERAGES		
AMUSEMENT EQUIP IN THE OPEN - METAL OR OTHER NON COMBUS EQUIP LIMIT:	SEE BLANKET SUMMARY	INFLATION GUARD: N/A
DEDUCTIBLE:	\$1,000	COINSURANCE: 90%
VALUATION:	Replacement Cost	
COVERED CAUSE OF LOSS:	Sp. Form Incl. Theft	
TOTAL COMMERCIAL PROPERTY PREMIUM AT DESCRIBED PREMISES:		\$41

LOCATION OF DESCRIBED PREMISES:		
PREMISES 1; BUILDING 3:	179 Lakewood Dr, Williamsburg VA 23185	
OCCUPANCY:	Homeowners Assoc - Incl Drainage Structures (Bmp'S)	
COVERAGES		
SWIMMING POOLS IN THE OPEN IN GROUND CONCRETE OR METAL LIMIT:	SEE BLANKET SUMMARY	INFLATION GUARD: N/A
DEDUCTIBLE:	\$1,000	COINSURANCE: 90%
VALUATION:	Replacement Cost	
COVERED CAUSE OF LOSS:	Sp. Form Incl. Theft	
TOTAL COMMERCIAL PROPERTY PREMIUM AT DESCRIBED PREMISES:		\$165

LOCATION OF DESCRIBED PREMISES:		
PREMISES 1; BUILDING 4:	179 Lakewood Dr, Williamsburg VA 23185	
OCCUPANCY:	Homeowners Assoc - Incl Drainage Structures (Bmp'S)	
COVERAGES		
FENCES OR ARBORS - METAL OR MASONRY LIMIT:	SEE BLANKET SUMMARY	INFLATION GUARD: N/A
DEDUCTIBLE:	\$1,000	COINSURANCE: 90%
VALUATION:	Replacement Cost	
COVERED CAUSE OF LOSS:	Sp. Form Incl. Theft	
TOTAL COMMERCIAL PROPERTY PREMIUM AT DESCRIBED PREMISES:		\$165

LOCATION OF DESCRIBED PREMISES:		
PREMISES 1; BUILDING 5:	179 Lakewood Dr, Williamsburg VA 23185	
OCCUPANCY:	Homeowners Assoc - Incl Drainage Structures (Bmp'S)	
COVERAGES		
BILLBOARDS AND SIGNS -NOT ON BLDG- ENTIRELY METAL, INCLUDING FR LIMIT:	SEE BLANKET SUMMARY	INFLATION GUARD: N/A
DEDUCTIBLE:	\$1,000	COINSURANCE: 90%
VALUATION:	Replacement Cost	
COVERED CAUSE OF LOSS:	Sp. Form Incl. Theft	
TOTAL COMMERCIAL PROPERTY PREMIUM AT DESCRIBED PREMISES:		\$25

LOCATION OF DESCRIBED PREMISES:	
PREMISES 1; BUILDING 6:	179 Lakewood Dr, Williamsburg VA 23185
OCCUPANCY:	Homeowners Assoc - Incl Drainage Structures (Bmp'S)
COVERAGES	
AMUSEMENT EQUIP IN THE OPEN - METAL OR OTHER NON COMBUS EQUIP LIMIT:	SEE BLANKET SUMMARY
DEDUCTIBLE:	\$1,000
VALUATION:	Replacement Cost
COVERED CAUSE OF LOSS:	Sp. Form Incl. Theft
	INFLATION GUARD: N/A
	COINSURANCE: 90%
TOTAL COMMERCIAL PROPERTY PREMIUM AT DESCRIBED PREMISES:	
\$57	

COMMERCIAL PROPERTY FORMS, COVERAGES AND ENDORSEMENTS	PREMIUM
CP 00 10 (06-95) Building & Personal Property	
CP 00 90 (07-88) Commercial Property Conditions	
CP 10 30 (06-95) Causes of Loss Special Form	
CP 10 62 (04-98) Exclusion of Certain Computer-Related Losses - Virginia	
CP 14 40 (07-88) Outdoor Signs	
CPD 90 03 (08-05) Biological And Chemical Contaminants Exclusion With Limited Exception For Certain Fire Losses	
CPD 90 06 (01-09) Amendment - Water Exclusion	
CPD 90 07 (01-09) Amendment - Earth Movement Exclusion	
CPD 90 08 (06-10) Amendatory Endorsement Gutters and Downspouts	
CPD 906 (06-10) Silver Series Plus Property Coverage Enhancement - Standard	\$225
ILD 09 52 (01-08) Cap On Losses From Certified Acts of Terrorism	
ILD N 029 (01-13) VA PHN Earthquake Exclusion	
Property Certified Acts of Terrorism Coverage Premium:	
\$29	
TOTAL COMMERCIAL PROPERTY PREMIUM:	
\$983	

Commercial Property Form, Coverage and Endorsement Supplemental Information

CP 14 40 (07-88) Outdoor Signs	
Premises 1 Building 5	Construction of Sign: Cause of Loss Form Applicable: Sp. Form Incl. Theft Limit of Insurance: \$12,000 Coinsurance: 90%

CPD-906 (06-10) Silver Series Plus Property Coverage Enhancement - Standard			
Coverage	Limit(s) of Insurance	Deductible(s)	Page
Accounts Receivable Coverage Extension	\$25,000	Applicable Your Business Personal Property Deductible	15
Arson, Theft and Vandalism Reward Additional Coverage	\$5,000	None	3
Brands and Labels Additional Coverage	\$10,000	None	3
Broadened Building Coverage	Included in applicable Building Limit of Insurance	Applicable Building Deductible	2
Broadened Debris Removal Additional Coverage	\$25,000	None	2
Broadened Fire Department Service Charge Additional Coverage	\$2,000	None	2
Broadened Newly Acquired or Constructed Property Coverage Extension - Building	\$500,000	Highest Building Deductible Shown In Declarations	13
Broadened Newly Acquired or Constructed Property Coverage Extension - Your Business Personal Property	\$250,000	Highest Your Business Personal Property Deductible Shown In Declarations	14
Broadened Outdoor Property Coverage Extension - Antennas, Trees, Shrubs and Plants	\$5,000	Applicable Your Business Personal Property Deductible	14
Broadened Outdoor Property Coverage Extension - Fences, Signs and Retaining Walls	\$10,000	Applicable Your Business Personal Property Deductible	14
Broadened Personal Effects and Property of Others Coverage Extension	\$25,000	Applicable Your Business Personal Property Deductible	14
Broadened Personal Property In Transit Additional Coverage Extension	\$25,000 Per Occurrence \$25,000 Policy Year	Highest Your Business Personal Property Deductible Shown In Declarations	19
Broadened Pollutant Clean Up and Removal Additional Coverage	\$25,000	None	3
Broadened Preservation of Property Additional Coverage (90 days)	Included in applicable Building and/or Your Business Personal Property Limit of Insurance	None	2
Broadened Property Off-Premises Coverage Extension	\$25,000	\$250	15
Building Ordinance or Law Additional Coverage Demolition Cost and Increased Cost of Construction	\$50,000	None	4
Building Ordinance or Law Additional Coverage - Loss to the Undamaged Portion of the Building	Included in applicable Building Limit of Insurance	Applicable Building Deductible	3
Business Income and Extra Expense Additional Coverage	\$25,000	72 hours	5

A. M. I. P. President

CPD-906 (06-10) Silver Series Plus Property Coverage Enhancement - Standard			
Coverage	Limit(s) of Insurance	Deductible(s)	Page
Business Income and Extra Expense Additional Coverage - Alterations and New Buildings Extension	Included in Business Income and Extra Expense Limit of Insurance	72 hours	6
Business Income and Extra Expense Additional Coverage - Civil Authority Extension (3 weeks)	Included in Business Income and Extra Expense Limit of Insurance	72 hours	6
Business Income and Extra Expense Additional Coverage - Newly Acquired Properties Extension	Included in Business Income and Extra Expense Limit of Insurance	72 hours	6
Deferred Payments Additional Coverage	\$5,000	Applicable Your Business Personal Property Deductible	8
Employee Theft Additional Coverage (including coverage for welfare and pension plans that are subject to ERISA)	\$10,000	\$250	9
Fine Arts Coverage Extension	\$10,000	Applicable Your Business Personal Property Deductible	16
Fire Extinguishing Equipment Recharge Additional Coverage	\$5,000	None	10
Glass Additional Coverage Extension	Included in applicable Building Limit of Insurance	Applicable Building Deductible	21
Installation Coverage Extension	\$5,000	Highest Your Business Personal Property Deductible Shown In Declarations	16
Inventory and Appraisals Additional Coverage	\$5,000	None	11
Lock and Key Replacement Additional Coverage	\$1,000 Per Occurrence \$5,000 Policy Year	Applicable Building Deductible	11
Money and Securities Additional Coverage - Inside the Premises	\$10,000	\$250	11
Money and Securities Additional Coverage - Outside the Premises	\$10,000	\$250	
Personal Property At Exhibition Coverage Extension	\$5,000	Highest Your Business Personal Property Deductible Shown In Declarations	17
Salespersons Samples Coverage Extension	\$10,000	Highest Your Business Personal Property Deductible Shown In Declarations	17
Tenant Glass Additional Coverage	\$10,000	\$250	12
Valuable Papers and Records Coverage Extension	\$25,000	Applicable Your Business Personal Property Deductible	18

CPD-806 (06-10) Silver Series Plus Property Coverage Enhancement - Standard			
Coverage	Limit(s) of Insurance	Deductible(s)	Page
Water Backup of Sewers, Drains or Sumps Additional Coverage	\$10,000	Applicable Your Business Personal Property Deductible	13

Mortgageholders		
Premises 1	Building 1	First Mortgagee Principal Residential, Mortgage Inc ISAOA, Attn H4 711 High St, Des Moines IA 50392
Premises 1	Building 2	First Mortgagee Principal Residential, Mortgage Inc ISAOA, Attn H4 711 High St, Des Moines IA 50392
Premises 1	Building 3	First Mortgagee Principal Residential, Mortgage Inc ISAOA, Attn H4 711 High St, Des Moines IA 50392
Premises 1	Building 4	First Mortgagee Principal Residential, Mortgage Inc ISAOA, Attn H4 711 High St, Des Moines IA 50392
Premises 1	Building 5	First Mortgagee Principal Residential, Mortgage Inc ISAOA, Attn H4 711 High St, Des Moines IA 50392
Premises 1	Building 6	First Mortgagee Principal Residential, Mortgage Inc ISAOA, Attn H4 711 High St, Des Moines IA 50392

Commercial General Liability Coverage Part Declarations

LIMITS OF INSURANCE		
GENERAL AGGREGATE	\$2,000,000	
PRODUCTS - COMPLETED OPERATIONS AGGREGATE	\$2,000,000	
PERSONAL AND ADVERTISING INJURY EACH OCCURRENCE	\$1,000,000	ANY ONE PERSON OR ORGANIZATION
DAMAGE TO PREMISES RENTED TO YOU	\$100,000	ANY ONE PREMISES
MEDICAL EXPENSE	\$5,000	ANY ONE PERSON

DEDUCTIBLES	
BODILY INJURY - BODILY INJURY/PROPERTY DAMAGE:	Not Applicable
PROPERTY DAMAGE ONLY:	Not Applicable

LOCATION OF ALL PREMISES YOU OWN, RENT OR OCCUPY:	
Location 1	179 Lakewood Dr, Williamsburg VA 23185

General Liability Categories: Premises/Operations = P Products/Completed Operations = O

LOC	CLASSIFICATION	CLASS CODE	PREMIUM BASIS	EXPOSURE	RATE	PREMIUM
1	Buildings-Office-Ot-Nfp	61226	Area in Sq.Ft.	1,500	71.333 P	\$107
1	Buildings-Office-Ot-Nfp	61226	Area in Sq.Ft.	1,500	INCL O	INCL
1	Swimming Pools	48925	Units	1	379.000 P	\$379
1	Swimming Pools	48925	Units	1	INCL O	INCL

COMMERCIAL GENERAL LIABILITY FORMS, COVERAGES AND ENDORSEMENTS		PREMIUM
CG 00 01 (12-04)	Commercial General Liability Coverage Form	
CG 21 32 (05-09)	Communicable Disease Exclusion	
CG 21 46 (07-98)	Abuse or Molestation Exclusion	
CG 21 47 (12-07)	Employment - Related Practices Exclusion	
CG 21 50 (04-13)	Amendment of Liquor Liability	
CG 21 60 (09-98)	Exclusion - Year 2000 Computer-Related and Other Electronic Problems	
CG 24 26 (04-13)	Amendment Of Insured Contract Definition	
CGD 00 67 (07-09)	Exclusion - Violation of Communications and Information Privacy Laws	
CGD 09 05 (11-07)	Silver Series Plus General Liability Coverage Enhancement	\$350
CGD 21 70 (01-08)	Cap On Losses From Certified Acts Of Terrorism	

COMMERCIAL GENERAL LIABILITY FORMS, COVERAGES AND ENDORSEMENTS	PREMIUM
CGD 21 76 (01-08) Exclusion of Punitive Damages Related to a Certified Act of Terrorism	
CGD 90 01 (08-05) Biological And Chemical Contaminants Exclusion	
CGD 90 23 (09-00) Exclusion - Real Estate Managers	
CGD 90 33 (04-09) Amendments To Policy Definitions	
CGD 9065 (09-06) Total Pollution Exclusion With A Building Heating Equipment Exception	
ILD 01 38 (11-11) Virginia Changes - Cancellation and Nonrenewal	

MISCELLANEOUS COVERAGE ADJUSTMENT - PREMISES OPERATIONS:	\$0
General Liability Certified Acts of Terrorism Coverage Premium:	\$17
TOTAL COMMERCIAL GENERAL LIABILITY PREMIUM:	\$853

AUDIT FREQUENCY: Not Applicable

Commercial General Liability Form, Coverage and Endorsement Supplemental Information

CGD 09 05 (11-07) Silver Series Plus General Liability Coverage Enhancement		
Coverage	Limit(s) of Insurance	Page
Amendment of General Aggregate Limit of Insurance - Per Project and Per Location	Included	4
Broad Form Named Insured Coverage	Included in applicable Limit of Insurance	3
Broadened Damage to Premises Rented To You Coverage	\$300,000	2
Broadened Newly Formed or Acquired Organizations Coverage (180 days)	Included in applicable Limit of Insurance	3
Incidental Malpractice Liability - Nurse, EMT, or Paramedic Coverage	Included in applicable Building Limit of Insurance	3
Knowledge Of An Occurrence, Offense, Claim Or Suit	Included in applicable Limit of Insurance	4
Medical Expense Increased Limit	\$10,000	3
Non-Owned Watercraft Coverage	Included in applicable Limit of Insurance	1
Supplementary Payments - Coverages A and B		
Bail Bonds Increased Limit	\$2,000	2
Loss of Earnings Increased Limit	\$300 per day	2
Unintentional Failure To Disclose Hazards	Included in applicable Limit of Insurance	5

A. M. L. President

Commercial Crime Coverage Part Declarations

CANCELLATION OF PRIOR INSURANCE: By acceptance of this Policy, you will give us notice canceling prior policy Nos. _____
 The cancellation to be effective at the time this Policy becomes effective.

INSURING AGREEMENTS, LIMITS OF INSURANCE AND DEDUCTIBLES			
INSURING AGREEMENTS	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	PREMIUM
	Per Occurrence	Per Occurrence	
1. Employee Theft	\$275,000	\$2,000	\$322
2. Forgery Or Alteration	Not Covered		
3. Inside The Premises - Theft Of Money And Securities	Not Covered		
4. Inside The Premises - Robbery Or Safe Burglary Of Other Property	Not Covered		
5. Outside The Premises	Not Covered		
6. Computer Fraud	Not Covered		
7. Money Orders And Counterfeit Paper Currency	Not Covered		

If "Not Covered" is inserted above opposite any specified Insuring Agreement, such Insuring Agreement and any other reference thereto in this policy is deleted.

COMMERCIAL CRIME FORMS, COVERAGES AND ENDORSEMENTS		PREMIUM
CR 00 21 (03-00)	Commercial Crime Coverage Form (Loss Sustained Form)	
CR 01 37 (03-00)	Exclusion of Certain Computer-Related Losses - Virginia	
CRD 01 53 (01-12)	Virginia Changes	
CRD 07 30 (01-06)	Exclusion of Terrorism	

TOTAL COMMERCIAL CRIME PREMIUM:	\$322
--	--------------

Forms Inventory Schedule

FORMS AND ENDORSEMENTS MADE PART OF THIS POLICY

COMMON POLICY FORMS, COVERAGES AND ENDORSEMENTS	
CMOF-600 (01-08)	Policyholder Disclosure Notice Regarding Terrorism Insurance Coverage
IL 00 03 (07-02)	Calculation of Premium
IL 00 17 (11-98)	Common Policy Conditions
IL 00 21 (11-85)	Nuclear Energy Liability Exclusion Endorsement Broad Form
IL 00 22 (05-87)	Effective Time Changes - Replacement of 12 noon (VA)
COMMERCIAL PROPERTY FORMS, COVERAGES AND ENDORSEMENTS	
CP 00 10 (06-95)	Building & Personal Property
CP 00 90 (07-88)	Commercial Property Conditions
CP 10 30 (06-95)	Causes of Loss Special Form
CP 10 62 (04-98)	Exclusion of Certain Computer-Related Losses - Virginia
CP 14 40 (07-88)	Outdoor Signs
CPD 90 03 (08-05)	Biological And Chemical Contaminants Exclusion With Limited Exception For Certain Fire Losses
CPD 90 06 (01-09)	Amendment - Water Exclusion
CPD 90 07 (01-09)	Amendment - Earth Movement Exclusion
CPD 90 08 (06-10)	Amendatory Endorsement Gutters and Downspouts
CPD 906 (06-10)	Silver Series Plus Property Coverage Enhancement - Standard
ILD 09 52 (01-08)	Cap On Losses From Certified Acts of Terrorism
ILD N 029 (01-13)	VA PHN Earthquake Exclusion
COMMERCIAL GENERAL LIABILITY FORMS, COVERAGES AND ENDORSEMENTS	
CG 00 01 (12-04)	Commercial General Liability Coverage Form
CG 21 32 (05-09)	Communicable Disease Exclusion
CG 21 46 (07-98)	Abuse or Molestation Exclusion
CG 21 47 (12-07)	Employment - Related Practices Exclusion
CG 21 50 (04-13)	Amendment of Liquor Liability
CG 21 60 (09-98)	Exclusion - Year 2000 Computer-Related and Other Electronic Problems
CG 24 26 (04-13)	Amendment Of Insured Contract Definition
CGD 00 67 (07-09)	Exclusion - Violation of Communications and Information Privacy Laws
CGD 09 05 (11-07)	Silver Series Plus General Liability Coverage Enhancement
CGD 21 70 (01-08)	Cap On Losses From Certified Acts Of Terrorism
CGD 21 76 (01-08)	Exclusion of Punitive Damages Related to a Certified Act of Terrorism
CGD 90 01 (08-05)	Biological And Chemical Contaminants Exclusion
CGD 90 23 (09-00)	Exclusion - Real Estate Managers
CGD 90 33 (04-09)	Amendments To Policy Definitions
CGD 9065 (09-06)	Total Pollution Exclusion With A Building Heating Equipment Exception
ILD 01 38 (11-11)	Virginia Changes - Cancellation and Nonrenewal
COMMERCIAL CRIME FORMS, COVERAGES AND ENDORSEMENTS	
CR 00 21 (03-00)	Commercial Crime Coverage Form (Loss Sustained Form)
CR 01 37 (03-00)	Exclusion of Certain Computer-Related Losses - Virginia
CRD 01 53 (01-12)	Virginia Changes
CRD 07 30 (01-06)	Exclusion of Terrorism

Andrew M. ... President

CAP1007545G

Renewal of Number

*** RENEWAL CERTIFICATE ***

United States Liability Insurance Company

1190 Devon Park Drive, Wayne, Pennsylvania 19087

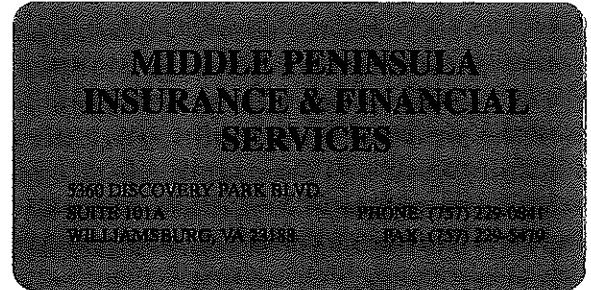
A Member Company of United States Liability Insurance Group

POLICY DECLARATIONS

No. CAP1007545H

PARENT ORGANIZATION AND PRINCIPAL ADDRESS:

Settlers Mill Homeowners Association
Attn: Ann Ingram, c/o Chesapeake bay Management
600 Thimble Shoals Boulevard, Suite 200
Newport News, VA 23606



POLICY PERIOD: (MO. DAY YR.) From: 01/02/2014 To: 01/02/2015

12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

BUSINESS DESCRIPTION: Community Association

IN CONSIDERATION OF THE RENEWAL PREMIUM STATED BELOW, EXPIRING POLICY NUMBER CAP1007545G IS RENEWED FOR THE POLICY PERIOD STATED ABOVE. PLEASE ATTACH THIS RENEWAL CERTIFICATE TO YOUR EXPIRING POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.

Table with 2 columns: Coverage Part, Premium. Row 1: Professional Liability Coverage Part, \$1,188.00. Row 2: TOTAL: \$1,188.00

Coverage Form(s) and Endorsement(s) made a part of this policy at time of issue
See Endorsement EOD (1/95)

Agent: ATLANTIC SPECIALTY LINES OF VIRGINIA, LLC. (1019)
9020 Stony Point Parkway, Suite 450
Richmond, VA 23235

Issued: 12/04/2013 8:48 AM

Broker: Middle Penninsula Insurance
5360 Discovery Park Boulevard
Suite 101A
Williamsburg, VA 23188

By: [Signature]
Authorized Representative

UPC (08-07) THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

EXTENSION OF DECLARATIONS

Policy No. CAP1007545H

Effective Date: 01/02/2014

12:01 AM STANDARD TIME

FORMS AND ENDORSEMENTS

The following forms apply to the Professional Liability coverage part

<i>Endt#</i>	<i>Revised</i>	<i>Description of Endorsements</i>
CAP	02/08	Community Association Professional Liability Insurance Policy
CAP-VA	05/08	Virginia State Amendatory Endorsement
CAP Jacket	09/10	Community Association Professional Liability Insurance Policy Jacket

Endorsements marked with an asterisk (*) have been added to this policy or have a new edition date and are attached with this certificate.

PROFESSIONAL LIABILITY COVERAGE PART DECLARATIONS

PLEASE READ YOUR POLICY CAREFULLY.

THIS IS A CLAIMS MADE POLICY COVERAGE FORM AND UNLESS OTHERWISE PROVIDED HEREIN, THE COVERAGE OF THIS FORM IS LIMITED TO LIABILITY FOR CLAIMS FIRST MADE DURING THE POLICY PERIOD, OR THE EXTENSION PERIOD, IF APPLICABLE. DEFENSE COSTS SHALL BE APPLIED AGAINST THE RETENTION.

No. CAP1007545H

Effective Date: 01/02/2014

12:01 AM STANDARD TIME

ITEM I. PARENT ORGANIZATION AND PRINCIPAL ADDRESS

Settlers Mill Homeowners Association
Attn: Ann Ingram, c/o Chesapeake bay Management
600 Thimble Shoals Boulevard, Suite 200
Newport News, VA 23606

ITEM II. POLICY PERIOD: (MM/DD/YYYY) From: 01/02/2014 To: 01/02/2015

Community Association Professional Liability - D&O/EPL

ITEM III. LIMITS OF LIABILITY	\$1,000,000	EACH CLAIM
	\$1,000,000	IN THE AGGREGATE

ITEM IV. RETENTION: \$1,000 EACH CLAIM

ITEM V. PREMIUM: \$1,188

ITEM VI. Coverage Form(s)/Part(s) and Endorsement(s) made a part of this policy at time of issue:
See Endorsement EOD (01/95)

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY
INSURANCE POLICY**



AR INFORMATION PAGE

175 Berkeley Street Boston, MA 02116

Issued by **LM INSURANCE CORPORATION** **27243**

Policy Number **WC5-35S-532114-014** Issuing Office **016C**
RENEWAL OF: **WC5-35S-532114-013** Issue Date **02-07-14**
 Account Number **5-532114** Sub Account **0000**

1. Insured and Mailing Address
SETTLERS MILL HOA

600 THIMBLE SHOALS BLVD STE 200

NEWPORT NEWS, VA 23606-2572

Status **43 - HOMEOWNERS ASSOCIATION**

Other workplaces not shown above: **SEE ITEM 4. PREMIUM - EXTENSION OF INFORMATION PAGE**

2. Policy Period: The policy period is from **03-13-2014** to **03-13-2015** 12:01 A.M. standard time at the Insured's mailing address.

3. Coverage

A. Workers Compensation Insurance: Part One of the policy applies to the Workers Compensation Law of the states listed here: **VA**

B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident	\$	100,000	each accident
Bodily Injury by Disease	\$	500,000	policy limit
Bodily Injury by Disease	\$	100,000	each employee

C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here:

REFER TO RESIDUAL MARKET LIMITED OTHER STATES INSURANCE ENDORSEMENT WC 00 03 26A

D. This policy includes these endorsements and schedules: **SEE EXTENSION OF INFORMATION PAGE**

4. Premium: The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit.

Classifications	Code Number	Premium Basis Total Estimated Annual Remuneration	Rate per \$100 of Remuneration	Estimated Annual Premium
See Extension of Information Page				
Minimum Premium	\$	852 (VA)	Total Estimated Annual Premium \$	852
Premium will be billed	ANNUAL			

Producer **0004-022415**
**MIDDLE PENINSULA INSURANCE AGENCY
 INC
 5360 DISCOVERY PARK BLVD STE 101A
 WILLIAMSBURG VA 23188**

Classification of Operations Entries in this Item, except as specifically provided elsewhere in this policy; do not modify any of the other provisions of this policy	Code No.	Premium Basis Estimated Total Annual Remuneration	Rate Per \$100 Of Remuneration	Estimated Annual Premium
0001-01 SETTLERS MILL HOA FEIN # 54-1619644 SIC CODE 8641 NAIC CODE 813990 179 LAKEWOOD DR WILLAMSBURG VA 23185-0000				
BUILDINGS NOC-OPERATION BY OWNER OR LESSEE	9015	\$ 0	3.82	\$ 0.00
TOTAL CLASS PREMIUM				\$ 0.00
POLICY MINIMUM DIFFERENCE	0990			\$ 592.00
STANDARD TOTAL				\$ 592.00
EXPENSE CONSTANT	0900			\$ 260.00
TERRORISM .04	9740			\$ 0.00
FINAL TOTAL				\$ 852.00
POLICY TOTAL ESTIMATED COST				\$ 852.00

Experience Modification:

Policy No. WC5-35S-532114-014

Page No. 1

Endorsement Schedule

WC5-35S-532114-013

FORM NUMBER

FORM NAME

WORKERS COMPENSATION FORMS AND ENDORSEMENTS

GPO4632 R2

WC 00 03 08

WC 00 03 26 A

WC 00 04 14

WC 00 04 19

WC 00 04 22 A

WC 45 06 02

PRODUCER PACKAGE

PARTNERS, OFFICERS, AND OTHERS EXCL ENDT

RESIDUAL MKT LTD OTHER STATES INS ENDT

NOTIFICATION OF CHANGE IN OWNERSHIP ENDT

PREMIUM DUE DATE ENDORSEMENT

TERRORISM RISK PGM REAUTH ACT DISCL ENDT

VA AMENDATORY ENDT

EXHIBIT 5

**STATEMENT OF PENDING LITIGATION AND/OR THE
AMOUNT OF ANY UNPAID JUDGEMENT AGAINST THE
ASSOCIATION**

There is no pending litigation and there is no unpaid judgments against Settlers Mill Association,
Inc.

EXHIBIT 6

Articles of Incorporation

ARTICLES OF INCORPORATION
OF
SETTLERS MILL ASSOCIATION

In compliance with the requirements of Chapter 10 of Title 13.1 of the Code of Virginia, the undersigned, all of whom are residents of Virginia and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify:

ARTICLE I

The name of the corporation is the Settlers Mill Association, hereinafter called the "Association".

ARTICLE II

The registered office of the Association is located at 1200 Old Colony Lane, Williamsburg, Virginia 23185 (County of James City).

ARTICLE III

S. M. Franck, who is a resident of Virginia and a member of the Virginia State Bar and whose address is 1200 Old Colony Lane, Williamsburg, Virginia 23185 (County of James City), is hereby appointed the initial registered agent of this Association.

ARTICLE IV

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence Lots and Common Area within that certain tract of property described as:

All that certain piece or parcel of land situate, lying and being in Jamestown District of James City County, Virginia shown and designated as 104.71± acres, as shown on that certain plat of survey entitled "MAP OF 104.71± ACRES OWNED BY ROBERT T. ARMISTEAD AND LETITIA HANSON FOR CONVEYANCE TO VENTURE INVESTMENTS, INC., A VIRGINIA CORPORATION, JAMESTOWN DISTRICT, JAMES CITY COUNTY, VIRGINIA" made by AES, a professional corporation, 1761 Jamestown Road, Williamsburg, Virginia, dated 9/16/87 and recorded in the Circuit Court Clerk's Office for James City County, Virginia in Plat Book 46, Page 93, which said parcel is sold in gross and not by the acre.

and any additions thereto which may be brought within the jurisdiction of this Association and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association and for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of Clerk of the Circuit Court for the County of James City, Virginia, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) borrow money, and with the assent of two-thirds (2/3) of each class of members mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(d) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to each conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by more than two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

(e) have and to exercise any and all powers, rights and privileges which an Association organized under the Non-Profit Corporation Law of the State of Virginia by law may now or hereafter have or exercise.

ARTICLE V

VOTING RIGHTS

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

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

(b) Class B. The Class B member(s) shall be the Developer (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A

membership on the happening of either of the following events, whichever occurs earlier:

(i) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership or

(ii) on January 1, 2001.

ARTICLE VI

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of five (5) Directors, who need not be members of the Association. The number of Directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

Larry R. McCardle
910 S. Henry Street
Williamsburg, Virginia 23185

Sterling M. Nichols
100 Southpoint Drive
Williamsburg, Virginia 23185

Ronald T. Curtis
22 Whittaker's Mill
Williamsburg, Virginia 23185

Joel S. Sheppard
39 Whittaker's Mill
Williamsburg, Virginia 23185

L. Scott Trainum
105 Ambrose Hill
Williamsburg, Virginia 23185

At the first annual meeting the members shall elect two (2) Directors for a term of one (1) year and three (3) Directors for a term of two (2) years and at each annual meeting thereafter the members shall elect Directors to fill vacancies for a term of two (2) years.

ARTICLE VII

DISSOLUTION

The Association may be dissolved pursuant to and in accordance with Chapter 10 of Title 13.1 of the Code of Virginia. Upon dissolution of the

Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit association, association, trust or other organization to be devoted to such similar purposes.

ARTICLE VIII

DURATION

The Association shall exist perpetually.

ARTICLE IX

AMENDMENTS

Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Virginia, Ie, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this _____ day of _____, 1991.

S. M. Franck

EXHIBIT 7

Declaration

DECLARATION OF COVENANTS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS AND RESTRICTIONS, made this 15th day of May, 1991, by Settlers Mill, Inc., a Virginia Corporation (hereinafter called the "Developer").

W I T N E S S E T H ;

WHEREAS, the Developer is presently or will be the owner of certain real property in James City County, Virginia, briefly described as 31.814 acres located on Jamestown Road, and more particularly described as Section 2 on the Plat, as hereinafter defined (the "Plat"); and

WHEREAS, Developer desires to provide for the development, preservation and enhancement of the property values, amenities and opportunities in said community and for the maintenance of the Property and improvements thereon; and to this end, desires to subject the real property described on the Plat together with such additions as may hereafter be made thereto (as provided in Article IX) to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of said property and the owners thereof; and

WHEREAS, Developer has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an agency to which should be delegated and assigned the power of owning, maintaining and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created and promoting the recreation, health, safety and welfare of the residents; and

WHEREAS, Developer soon shall have incorporated under the laws of the Commonwealth of Virginia the Settlers Mill Association as a non-profit corporation for the purpose of exercising the functions aforesaid;

NOW, THEREFORE, in compliance with the Subdivision Ordinance of James City County, Virginia, the Developer declares that the real property described in the Plat and such additions thereto as may hereafter be made pursuant to Article IX hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as ("covenants and restrictions") hereinafter set forth.

DEFINITIONS

1.1 Definitions. In addition to other terms defined elsewhere in this Declaration, the following terms shall have the following meanings in this Declaration unless the context otherwise requires:

"Assessments" or "assessment" shall mean any Purchaser Fee, General Assessment or Special Assessment.

"Association" shall mean and refer to Settlers Mill Association, its successors and assigns.

"Basis for Assessment" shall mean the basis for making assessments of Purchaser Fees, General Assessments and Special Assessments set forth in Paragraph 4.2(b).

"Board of Directors" shall mean the then duly constituted Board of Directors of the Association.

"Common Area" shall mean and refer to those areas of land now or hereafter conveyed to the Association or shown on any recorded subdivision plat of the Property or additional property annexed pursuant to Article IX and improvements thereon, which are intended to be devoted to the common use and enjoyment of the Members.

"Declaration" shall mean the covenants, conditions and restrictions and all other provisions herein set forth in this Declaration of Covenants and Restrictions, as may from time to time be amended.

"Developer" shall mean and refer to Settlers Mill, Inc., and its assigns, together with any successor to all or substantially all of its business of developing the Property.

"General Assessments" shall mean assessments made by the Developer and/or its successor, the Association, in the manner set forth in Paragraph 4.2(d) to pay Common Expenses.

"Home Builder" shall mean any contractor licensed to do business within the State of Virginia engaged in the construction of residences for re-sale.

"Lot" shall mean and refer to any plot of land shown upon the Plat or any other recorded subdivision map of the Property with the exception of any Common Area as defined herein.

"Member" shall mean any Owner of a Lot.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including

contract sellers, but excluding the Developer and excluding those having such interest merely as security of the performance of an obligation.

"Plat" shall mean and refer to the real property and the graphic and written statement of concepts and principles pursuant to which the real property as subdivided thereon will be developed, being entitled, "PLAT OF SUBDIVISION SETTLERS MILL AT JAMESTOWN SECTION 2A OWNER: SETTLERS MILL INC, JAMESTOWN DISTRICT JAMES CITY COUNTY, VIRGINIA" dated June 1991, and made by AES, a Professional Corporation, Engineering, Planning and Surveying, a copy of which Plat is duly recorded herewith in the Clerk's Office of the Circuit Court of James City County, Virginia, immediately prior hereto, as the same may be revised from time to time.

"Property" shall mean and refer to all real property described on the Plat, together with such other real property as may from time to time be annexed thereto under the provisions of Article IX hereof.

"Purchaser Fee" shall mean the fee set forth in Paragraph 4.2(c) to be paid by each purchaser of a Lot.

"Resolutions" shall mean and refer to the documents containing rules and regulations and policies adopted from time to time by the Board of Directors as same may be amended.

"Settler's Mill, Section One" shall mean and refer to those lots along Lakewood Drive developed by Venture Investments, and shown on the drawing entitled "PLAT OF LAKEWOOD SECTION TWO, LOT 1 THROUGH LOT 29," prepared by AES, a Professional Corporation, dated June 2, 1987, and recorded in the Clerk's Office of the Circuit Court of James City County, Virginia, in Plat Book 47, Page 80.

"Special Assessments" shall mean assessments made by the Developer and/or its successor, the Association, for the purposes stated in Paragraph 4.2(f).

"Supplementary Declaration" shall mean any declaration of covenants, conditions and restrictions which may be recorded by the Developer, which amends the provisions of this Declaration.

ARTICLE II

BOOK 536 PAGE 561

PROPERTY SUBJECT TO THIS DECLARATION;
ADDITIONS THERETO

2.1 The Property. The property which is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in James City County, Virginia, and is more particularly described on the Plat.

2.2 Additions to Property; Mergers.

(a) Additional areas may be annexed to the real property shown on the Plat pursuant to the terms of Article IX herein.

(b) No merger or consolidation of this Declaration with any Supplemental Declaration(s) or of the Developer or the Association with any other entity shall affect any revocation, change or addition to the covenants established by this Declaration within the Property or any additional area annexed pursuant to any Supplemental Declaration, and, in the event of any merger or consolidation of the Developer or Association, the surviving or consolidated entity may administer the covenants and restrictions established by this Declaration within the Property together with the covenants and restrictions established upon any additional areas as one scheme.

PERIOD OF DEVELOPER CONTROL

3.1 Until such time as the Developer has conveyed all of the Common Area to the Association, the Developer shall exercise all of the rights of the Association with respect to:

- (a) control of the common area;
- (b) establishing and collecting assessments;
- (c) architectural control;
- (d) maintenance.

3.2 Association Funds. During the Developer Control Period, the Developer may collect all funds due the Association and expend such funds for the maintenance and improvement of the Common Areas, as well as any other proper purpose of the Association. At the end of the Developer Control Period, the Developer shall render a true accounting of such funds to the Board of Directors of the Association.

COMMON AREA

4.1 Obligation of the Association. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair.

4.2 Members' Rights of Enjoyment; Appurtenance of Common Area. Subject to the provisions hereof, every Member shall have a right of enjoyment in and to the Common Area. Such right of enjoyment to the Common Area shall pass with the title to every Lot.

4.3 Extent of Members' Easements. The Members' easements of enjoyment created hereby shall be subject to the following:

(a) the right of the Association to establish reasonable rules and to charge reasonable admission and other fees for the use of the common Area by guests of Members.

(b) the right of the Association to suspend the right of a Member to use any portion of its facilities for any period during which any assessment against his Lot remains unpaid for more than thirty (30) days after notice.

(c) the right of the Association to suspend the right of a Member to use any portions of its facilities for any other infraction of this Declaration or the Resolutions which remain uncorrected after the last day of a period established for correction by the Association, such period to be stated in a notice to the Member together with a statement of the infraction complained of and the manner of its correction.

(d) the right of the Association to mortgage any or all of the facilities constructed on the Common Area for the purposes of improvements or repair to Association land or facilities.

(e) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be desired by the Association.

4.4 Delegation of Use. Any Member may delegate his right of enjoyment to the Common Area and facilities to the members of his family and to his guests subject to such general regulations as may be established from time to time by the Association.

4.5 Damage or Destruction of Common Area by Owner. In the event any Common Area is damaged or destroyed by an Owner or any of the Owner's lessees, guests, invitees, licensees, agents or members of their families, the Owner does hereby authorize the Association to repair such damaged area. The Association shall repair said damaged area in a good workmanlike manner in conformity with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association in the discretion of the Association. The costs of such repairs shall become a Special Assessment upon the Lot or Lots of such Owner.

3.6 Title to Common Area. The Developer may retain the legal title to the Common Area until such time as it has completed improvements thereon, and determines, in its sole discretion, that the Common Area should be conveyed to the Association, but in any event not later than ten (10) years, except as otherwise expressly provided herein, from the date of this Declaration. Developer shall maintain control of the Common Area until so conveyed and shall take such actions as it in its sole discretion deems appropriate regarding the Common Area until such conveyance is recorded. Owners shall have all the obligations imposed by the Declaration prior to such conveyance including the payment of all Assessments.

COVENANTS FOR ASSESSMENTS

5.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed thereto, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Developer or its Successor, the Association, the following: (1) Purchaser Fee, (2) General Assessments, and (3) Special Assessments.

All such fees and assessments, together with interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such fee and assessment together with interest thereon and costs of collection thereof, shall also be the personal obligation of the person who was the Owner of such property at the time when the fee or assessment fell due. No Owner may waive or otherwise avoid liability for the fees or assessments provided herein by nonuse of the Common Area or abandonment of his Lot.

5.2 Assessments.

(a) Method and Purpose of Assessment. Prior to conveyance of all of the Common area to the Association, the Developer or its agent shall make and take all actions for and in the name of the Association with respect to Assessments under this Article IV in the manner specified therein. Thereafter, the Association shall make and take all actions with respect to Assessments. Any General Assessment levied by the Developer or its successor, the Association, hereunder shall be used exclusively to promote the recreation health, safety, and welfare of the residents of the Property, to enhance the environment, and, in particular of the improvement, maintenance and operation of the Common Area and facilities together with such Areas and facilities as may from time to time be designated as future Common Areas.

(b) Basis for Assessment. The basis for assessment of Purchaser Fees, General Assessments and Special Assessments hereunder shall be all Lots which have been conveyed to an Owner other than a Home Builder who has held the Lot for less than twenty-four (24) months or the Developer.

(c) Purchaser Fee. Every purchaser of a Lot from the Developer or a Home Builder that has not previously paid such fee shall pay to the Association a Purchaser Fee of THREE HUNDRED DOLLARS (\$300.00) on the date of such purchase. This shall be a one-time non-refundable fee to establish and maintain cash reserves for the Association and to provide for cash to meet Association expenses. All provisions set forth in this Article referring to liens and their enforcement shall also apply to such fees which, for purposes of establishing liens and enforcement thereof, shall be deemed to be

an assessment. Home Builders shall be initially exempt from this requirement. If a Home Builder holds a Lot for more than twenty-four (24) months, it shall pay the Purchaser Fee to the Association on the first day of the twenty-fifth month of its ownership.

(d) General Assessments. Each Owner (except the Home Builder during the first twenty-four (24) months of its ownership) shall pay to the Association an annual assessment for each Lot owned by such Owner. The annual assessment for each Lot shall be the same.

The Board of Directors shall determine and recommend to the Association the annual assessment for the coming year. Such recommendation shall be reported to each Owner not less than ten (10) days nor more than sixty (60) days prior to the annual meeting.

The Association may, at any special meeting duly called, assess such amounts as from time to time may be necessary to cover any insufficiency in the amount established at the annual meeting to meet the expenses of its required activities for the forthcoming year or for any previous year, or for any other purpose permitted by this Declaration, the Articles of Incorporation or the Bylaws of the Association; provided, that the amount assessed against each Lot shall be the same.

(e) Payment of General Assessments. General Assessments shall be payable in twelve (12) equal monthly installments or four (4) equal quarterly installments, as determined by the Developer or its successor, the Association, commencing on the first day of each assessment year, and continuing on the first day of each month or quarter thereafter.

(f) Special Assessments. In addition to the General Assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year and not more than the next five succeeding years 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 Common Area, including equipment, fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Developer (so long as the Developer owns a Lot) and a majority of the votes of the Owners who are voting in person or by proxy at a special meeting duly called for that purpose. Special Assessments shall be payable as determined by the Developer or its successor, the Board of Directors of the Association.

(g) Date of Commencement of General Assessments. The General Assessments provided for herein shall commence with respect to any Lot on the earlier of the first day of the month following conveyance of the first Lot to an Owner who is not the Developer or a Home Builder, or the first day of the twenty-fifth month after conveyance of a Lot to a Home Builder. The initial General

Assessment on any Lot shall be adjusted according to the number of whole months remaining in the fiscal year.

(h) Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum contract interest rate provided by law. The lien of the assessments provided for herein, whether or not notice has been made at the place of record as hereinafter provided, may be foreclosed by a bill of equity in the same manner as provided for the foreclosure of mortgages, vendor's liens, and liens of similar nature. A statement from the Association showing the balance due on any assessment shall be prima facie proof of the current assessment balance and delinquency, if any, due on a particular Lot.

The Association may bring an action at law against any Owner personally obligated to pay the same, either in the first instance or for deficiency following foreclosure, and interest and costs of any such action (including reasonable attorney's fees) shall be added to the amount of such assessment.

(i) Lien for Payment of Assessments and Subordination of Lien to First and Second Mortgages. There shall be a continuing lien upon each of the individual Lots or Units herein, in order to secure the payment of any of the assessments provided under this Declaration, but such lien shall be at all times subject and subordinate to any first or subordinate mortgages or deeds of trust placed on the property at any time securing a loan to any commercial or institutional lender; except that, at such time as the Association places to record a notice of delinquency as to any particular Lot or dwelling at such place as instruments of conveyance and liens are recorded for such Lot or dwelling on a form prescribed by the Board of Directors, then from time of recordation of said notice the lien of such delinquent assessments in the amount stated in such notice shall from that time become a lien prior to any first or subordinate mortgages or deeds of trust place of record subsequent to the date of said notice in the same manner as the lien of a docketed judgement in the Commonwealth of Virginia. Sale or transfer of any Lot or shall not affect any lien provided for hereunder.

(j) Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein: (1) all properties dedicated and accepted by a public authority and devoted to public use; (2) all Common Areas; (3) all properties exempted from taxation by state or local governments upon the terms and to the extent of such legal exemption; and (4) all property owned by the Developer as elsewhere provided herein.

(k) Annual Budget. The Board of Directors shall adopt an annual budget which shall provide for allocation of expenses in such a manner that the obligations imposed by the Declaration and all Supplementary Declarations will be met.

ARTICLE VI

ARCHITECTURAL CONTROL AND MAINTENANCE

6.1 The Architectural Review Board. Until the Developer records a document with the land records of James City County, Virginia, transferring its authority to do so (which the Developer may do as to portions of the Property on more than one occasion), the Developer shall be and shall function as the Architectural Review Board hereunder. Upon the Developer's transfer of its authority, the ARB shall be appointed by the Board of Directors.

6.2 Purpose. In accordance with the provisions of the Plat, the Developer or its successor, the ARB, shall regulate the external design, appearance, use, location, and maintenance of the Property and of improvements thereon in such a manner so as to preserve and enhance values, to maintain an harmonious relationship among structures and the natural vegetation and topography, and to conserve existing natural amenities, ecologically sensitive areas and important historic elements.

6.3 Conditions. No building, fence, wall, residence, or other structure shall be commenced, erected improved, altered made or done without the prior written approval of the Developer or its successor, the ARB. No improvements, alterations, repairs, change of paint colors, excavations, changes in grade or other work which in any way alters the exterior of any Lot or the improvements located thereon from its natural or improved state existing on the date such property was first conveyed in fee by the Developer to an Owner shall be made or done without the prior approval of the Developer or its successor, the ARB, except as otherwise expressly provided in this Declaration. Nothing herein shall be construed to prevent any Owner from removing dead trees of any size from his Lot without any application or approval.

6.4 Procedures. In the event the Developer or its successor, the ARB, fails to approve, modify or disapprove in writing an application within thirty (30) days after plans and specifications have been submitted in writing to it, in accordance with adopted procedure, and provided no suit to enjoin construction has been commenced prior to commencement thereof, approval will be deemed granted. However, no such proposal shall violate the provisions of Article VI below. Any subsequent changes during or after construction must also be approved in advance by the Developer or its successor, the ARB. Any decision made by the Developer shall be final. Any adverse decision made by the ARB may be appealed by an aggrieved party to the Board of Directors, who may reverse or modify such decision by a two-thirds (2/3) vote of the Board of Directors.

6.5 Maintenance and Repair. The Association shall improve, repair and maintain the Common Area. It may also maintain and improve the right of ways at entrances to Settler's Mill. The Association shall not be responsible for the improvement, repair or maintenance of any dwelling or Lot not in the Common Area. However, the Developer or its successor, the

Association, reserves the right to do such improvement, repair or maintenance if deemed by the Developer or its successor, the Association, to be necessary to maintain the Lot and/or dwelling in a manner consistent with the Purposes set out in Paragraph 6.2 above, and provided that the Owner/Occupant has been given sixty (60) days notice and an opportunity to remedy pursuant to guidelines established by the Developer or its successor, the ARB, but has failed to so remedy. The cost of any such improvement, maintenance or repair shall become an additional assessment against the Lot improved or maintained payable immediately.

6.6 Entry for Maintenance. The Developer or its successor, the Association, or its agents shall have an easement of entry as to any Lot or dwelling thereon when necessary in connection with any improvement, maintenance or repair as described in Paragraph 6.5 above. Such entry shall be made with as little inconvenience to the Owner or Occupant as practicable, and any damage caused thereby shall be repaired by the Association out of the fund established for common expenses. Such entry shall only be after notice and opportunity to remedy has been given by the Developer or its successor, the Association, pursuant to guidelines established by the Developer or its successor, the Association.

USE OF PROPERTY

7.1 Protective Covenants and Restrictions.

(a) General Restrictions. All Lots or Units within the Property shall be developed and maintained in accordance with the Plat. All Lots or Units within the Property shall be subject to the standards established by the Developer or its successor, the ARB, provided that such standards shall not be less restrictive than the Subdivision Ordinance of James City County, Virginia, as it may be amended from time to time. Such standards shall implement the purposes of the Plat and of Paragraph 5.2 and this Article; and interpret the covenants in this section, including but not limited to rules to regulate animals, antennas, storage and use or recreational vehicles, storage and use of machinery, use of outdoor drying lines, trash containers, planting, maintenance and removal of vegetation.

(b) Specific Restrictions.

(1) Residential Use. All property designated for residential use shall be used, improved and devoted exclusively to residential use. Nothing herein shall be deemed to prevent the Owner from leasing a dwelling to a single family, subject to all of the provisions of the Declaration. As used herein the term "single family" is defined to include not more than three persons unrelated by blood or lawful marriage.

(2) Noxious or Offensive Activity. No noxious or offensive activity shall be carried on in any Lot, dwelling, or in the Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance to the other Owners or Occupants.

(3) Pets. Subject to such limitations as may from time to time be set up by the Developer or its successor, the ARB, generally recognized house or yard pets (maximum number of 2 per lot at any one time) may be kept and maintained at a dwelling provided such pets are not kept or maintained for commercial purposes. No pets may be kept on any Lot not improved with a Unit. All pets must be kept under the control of their owners and must not become a nuisance to other residents, and if any such pets are declared a nuisance by the Developer or the Association Board, they shall be removed from the property within thirty days after written request to do so.

(4) Signs. No signs of any type shall be displayed to public view on any Lot, structure or Common Area, except customary name, address and lawn signs as are approved by the Developer or its successor, the ARB. Customary signs offering the

property for sale or lease not exceeding six square feet in size will also be permitted.

(5) Mailboxes and Newspaper Tubes. Only mailboxes and newspaper tubes meeting the design standards of the Developer or its successor, the ARB, shall be permitted, except for mail depositories which are the property of the U.S. Post Office Department.

(6) Trash Receptacles. All trash receptacles and their concealment shall be subject to the standards developed and approved by the Developer or its successor, the ARB.

(7) Boats, Trailers, etcetera. Overnight parking or storage of boats, trailers and all vehicles other than licensed, operable private passenger vehicles shall be prohibited unless they are garaged. Except for emergency repairs and maintenance performed in an enclosed garage, no Owner shall repair or restore or permit others to repair or restore any vehicle upon any portion of the property.

(8) Antennae. Exterior television or other antennae, including but not limited to individual and group antennae and/or satellite dishes, except as approved by the Developer or its successor, the ARB, are prohibited.

(9) Clothes Drying Equipment. Clothes lines or other exterior clothes drying apparatus, except as approved by the Developer or its successor, the ARB, are prohibited.

(10) Trash Burning. Trash, leaves and other similar material shall not be burned without the written consent of the Developer or its successor, the ARB, and all appropriate governmental authorities.

(11) Model House or Exhibits. No Owner except the Developer shall permit any structure on a Lot to be used as a model house or exhibit without the written consent of the Developer or its successor, the ARB.

(12) Wells. Except as provided below, no well shall be dug or maintained on any Lot except by the Association or the Developer. If approved by James City County and the ARB, private wells for irrigation systems may be installed.

(13) Restrictions on Further Subdivision. No Lot shall be further subdivided or separated into smaller lots by any Owner other than the Developer without the written consent of the Developer or its successor, the Association, and no portion less than all of any such Lot shall be conveyed or transferred by an Owner other than the Developer, provided however, that this shall not prohibit deeds of correction,

deeds to resolve boundary line disputes, and similar corrective instruments.

(14) Conduct. No immoral, improper, offensive or unlawful use shall be made of any Lot, dwelling or any part of the Common Area.

(15) Rules and Regulations. Reasonable rules and regulations concerning the use of the Common Area, and conduct of the Owners and Occupants, their families, guests, tenants, agents and invitees to the property may be made, amended or revoked from time to time by the Developer or its successor, the Association. Copies of rules and regulations and all amendments thereto shall be furnished by the Developer and/or the Association to all Owners and Occupants upon request.

(16) Improvement Completion. No Owners or Occupants nor the Association shall interfere in any way with the completion of the contemplated improvements and the sale of the Lots or Units by the Developer. The Developer may make such use of the unsold Lots or Units as may in its judgement facilitate such completion and sale to the extent otherwise set forth in this Declaration and as permitted by law. The Developer may display such signs as it deems necessary and appropriate in its sales efforts. The Developer shall have the right to lease any unsold Units upon any terms it desires, notwithstanding any other provision herein.

(17) Use of Common Area. Except for the right of ingress and egress, the Owner or Occupant shall use the Common Areas only as may be allowed by the Developer or its successor, the Association, or expressly provided for herein.

(18) Exception. The Developer or its successor, the Association, may issue temporary permits to except any prohibitions expressed or implied by this section, provided the Association acts in accordance with adopted guidelines and procedures and can show good cause.

(19) Animal Runs. Dog or other animal runs are prohibited.

(20) Leases Must Contain Covenant to Abide. If an Owner should lease any property in Settler's Mill, the lease must contain a covenant on the part of the lessees to abide by all provisions of this Declaration and its exhibits and any rules and regulations and any amendments thereto which may subsequently be promulgated by the Association.

(21) Private Swimming Pools. Private swimming pools will be permitted upon approval of plans and specifications by the Developer or its successor, the ARB.

(22) Trash Cans, Exterior HVAC Equipment, and Electrical Meters. Trash cans and exterior heat pump compressors, air conditioners, and other heating and air conditioning equipment shall be screened from public view in a manner acceptable to the Developer or its successor, the ARB, and shown on the plans. Electrical meters must be on side or rear walls, or screened with shrubs.

(23) Mowing and Property Maintenance. The Owners are responsible for maintaining their respective Lots in a clean and neat appearance prior to, during, and after construction, of any structure thereon, to include mowing of grass as needed or directed by the Developer or its successor, the ARB. Grass shall not be permitted to grow to a height exceeding six inches. The Developer or its successor, the ARB, is authorized at its discretion to enter onto any Lot to cause such work to be performed at the Owner's expense in order to bring such Lots into compliance, with notice, as provided herein. The cost of such mowing shall become a special assessment on the Lot payable immediately.

(24) Containing Trash During Construction A trash container shall be placed on the Lots during construction. All construction material shall be stored solely on the respective Lots. Any damage to road shoulders shall be repaired by the Owner or the builder. Trash and construction debris shall be removed as required or directed by the Developer or its successor, the ARB.

(24) Garbage, Trash, and Vegetable Waste. Owners shall arrange for the sanitary disposal of all household and yard wastes in accordance with local ordinances. Garbage or recycling bins may be set out the night before scheduled pick-up, and shall be removed promptly thereafter. Compost bins for yard waste may be used, provided they are maintained in a sanitary, odorless fashion.

7.2 Common Areas.

(a) The Common Areas applicable to the property shall be those designated as such on the Plat and on any recorded plat of subdivision of any additional areas as may be annexed thereto pursuant to the terms of Article IX herein.

b) All costs and expenses of regaining, maintaining, operating and improving the Common Area, including without limitation the cost of replacements, rental payments, trash pick-up, improvements, insurance and real estate taxes and all costs and expenses of administration of the Association, including without limitation salaries, supplies, and professional fees and expenses, shall be Common Expenses to be borne and assessed pursuant to Article IV.

(c) Nothing shall be done or kept in any Lot, dwelling or Common Area which will increase the rate of insurance on any Lot, dwelling or Common Area, without the prior written consent of the Developer or its successor, the Association. No Owner or Occupant shall permit anything to be done or kept in his dwelling or Lot or in the Common Area which will result in the cancellation of insurance on any Lot or any part of the Common Area, or which would be in violation of any law. No waste will be committed in the Common Area.

(d) There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area without the prior written consent of the Developer or its successor, the Association.

(e) Nothing shall be altered or constructed on or removed from the Common Area, except upon the written consent of the Developer or its successor, the Association.

(f) The Developer or its successor, the Association, is authorized to adopt rules for the use of the Common Area and furnish the same in writing to the Owners, and there shall be no violation of such rules as may be adopted.

7.3 Utility and Drainage Easements. From the date hereof until ten (10) years after the date of this Declaration, the Developer reserves unto itself, its successors and assigns, and may convey or grant to others, without the consent of any Owner, perpetual, alienable easements and rights of way:

(a) to construct, maintain, inspect, replace and repair electric and telephone wires, cables, conduits, sewers, pipes water mains, other suitable equipment and telephone electricity, television, cable, communications on, over and under the rear ten (10) feet of each Lot and Common Areas and such other areas as may be designated for such purposes on appropriate recorded plats of subdivision, and

(b) to provide for storm and surface water drainage, including the right to construct, maintain, inspect, replace and repair pipes, ditches, culverts and other suitable facilities for the disposition of storm and surface water drainage, in, over and under the rear ten (10) feet of each Lot and five (5) feet along both sides of each Lot, and Common Areas and such other areas as may be designated for such purposes on appropriate recorded plats of subdivision. The easements provided in this section 6.3(a) and (b) shall include the right of ingress and egress thereto, and the right to cut any trees, brush and shrubbery, make any grading of soil, and take other similar action reasonably necessary to provide economical and safe utility installation and drainage facilities. The rights herein reserved may be exercised by any licensee of the Developer or the Holder of any easement granted by the Developer, but shall not be deemed to impose any obligation upon the Developer or such holder to provide or maintain any utility or drainage services, and

(c) to provide for utilities, drainage or ingress or egress as the same may be needed to further the purpose of development of the real property shown on the Plat or any real property adjacent thereto.

7.4 Historical Artifacts. The Developer hereby retains ownership rights to any historical artifacts discovered on or in any portion of the Property. In the event such artifacts are discovered, before such artifacts shall be disturbed or removed, notice shall be given to the Developer, and the Owners and Occupants shall cooperate fully with the Developer to allow such artifacts to be removed.

ARTICLE VIII

CONSTRUCTION ON LOTS

8.1 Single Family Residence. No more than one detached, private dwelling unit with an attached or detached garage may be erected on any lot. Garages are required on all lots unless the Architectural Review Board, at its sole discretion, chooses to permit an exception.

8.2 Size Limits for Houses. The minimum living area for a one-story dwelling shall be 1,800 square feet. The minimum area for a two-story dwelling shall be 2,200 square feet. These minimum areas shall not include garages, decks, porches, or other un-conditioned space.

8.3 Approval of Plans for Houses. No house shall be constructed on any Lot without the approval of the Developer or its successor, the ARB. Owners must submit complete construction documents, including floor plans, elevations and details, site plan, and samples of actual exterior finish materials for review. See Article V above.

8.4 Tree Preservation. In order to preserve the wooded character of the property at Settlers Mill, and to abide by the intent of the landscaping ordinances in effect in James City County, each Owner shall meet the following requirements for his Lot:

(a) The site plan for Lot development presented to the ARB shall show all trees of 6" caliper or greater size. The ARB may require the preservation of any tree or trees which, in its sole discretion, it deems desirable. Trees not designated for removal on a site plan approved by the ARB shall be protected and kept in good condition, and shall not be removed.

(b) Areas disturbed while clearing a Lot must be graded and seeded as soon as possible.

(c) Logs from felled trees must be either removed from the site or immediately cut to firewood length and stacked behind the building footprint.

(d) In areas that are not cleared of trees, removal of underbrush and dead trees must be done without the use of heavy equipment. The use of vehicles such as trucks, tractors and bulldozers will damage the roots of existing trees and is therefore prohibited. No vehicles shall be parked inside the dripline of any trees to be preserved unless the area is part of a street or the future driveway of the Lot.

8.5 Landscaping Plans. Prior to construction of any Unit, Owners must submit a detailed schedule of the specific plantings proposed for any Lot, showing the minimum number and general type and sizes of planting materials to be installed and maintained on such Lot. These plantings

must be installed when the dwelling is built or at the beginning of the next planting season following completion of the Unit. All plantings shall be maintained in good, healthy condition. Unhealthy or dead plants shall be promptly replaced by the Owner.

8.6 Lot Mowing. Owners and Home Builders assume all responsibility for mowing and property maintenance on their respective Lots from the date of conveyance of the Lot, and should make arrangements accordingly for periodic care thereof. The Developer, at his sole discretion, may on occasion mow any Lot and take whatever other action deemed appropriate to care for any Lot and vacant lots within the subdivision, until such time as a dwelling is constructed thereon, and periodically bill Owners or Home Builders for reasonable expenses incurred therefrom.

8.7 Ancillary Structures. All ancillary structures, including but not limited to decks, screened porches, privacy walls, utility area screening, trash container screening, and storage outbuildings, shall be subject to the same requirements for prior approval by the Developer or its successor, the ARB. Plans for such structures must include a site plan, drawn to scale, showing the location of the proposed structure on the Lot.

8.8 Building Area and Setbacks. The house, garage, and deck on each Lot shall generally be placed entirely within the building area shown on the Plat. Front and rear set back and side yards shall be the minimum required by the James City County Zoning Ordinance. If a variance is obtained from the James City County Board of Zoning Appeals for any setback violation, it shall be deemed to be in compliance with this Declaration.

8.9 Builders. The Developer shall maintain a list of builders and contractors who are approved to build and construct dwellings within the Property. An Owner may choose to employ other builders or contractors only as approved by the Developer or its successor, the ARB.

8.10 Completion of Structures. All structures and landscaping on all Lots must be substantially completed in accordance with plans and specifications approved by the Developer or its successor, the ARB, within 12 months after construction of same shall have commenced. However, the Developer or its successor, the ARB, may grant extensions where such completion is made impossible due to matters beyond the control of the Owner or builder or contractor, such as strikes, casualty losses, national emergencies, or natural calamities. In the event any structure or landscaping is damaged or destroyed during or after construction, the Owner shall make every reasonable effort to rebuild the structure or landscaping to its original condition as rapidly as possible, or in any event, within twelve months of the date such damage occurs.

ARTICLE IX

303 536 PAGE 578

EASEMENTS

9.1 Adjoining Areas. Each Owner is hereby declared to have an easement and the same is hereby granted by the Developer over all adjoining Lots or Common Areas for the limited purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other similar cause; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Occupant if said encroachment occurred due to the willful misconduct of said Owner or Occupant. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that similar encroachments over adjoining Lots shall be permitted and easements are hereby created for the maintenance of said encroachments so long as they shall exist.

9.2 Easements of the Developer and Association. There is hereby reserved to the Developer or its successor, the Association, such easements as are necessary to perform the duties and obligations of the Association as are herein set forth.

9.3 Pipes, Ducts, Cables, Wires, Conduits, Public Utility Lines and Other Common Elements Located Inside of Lots. The Developer and each Owner shall have an easement in common with the Owners of all other Lots to use all pipes, wires, ducts, cables, conduits, telephone and public utility lines and other common elements located on any of the other Lots.

9.4 Priority of Easements.

(a) Notwithstanding any provision to the contrary herein, of the grant, transfer or conveyance by the Developer of any right, title or interest in the Property (or the recording of the same) subsequent to the date of this Declaration, the easements and rights-of-way reserved to and/or granted by the Developer pursuant to Paragraph 6.3 hereof shall be superior to and shall have priority over any right, title or interest of any Member under this Declaration or any Supplemental Declaration or any right, title or interest of any Member under any subsequent transfer or conveyance of any Lot or any and all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

(b) Each of the easements referred to in Paragraphs 8.1 through 8.3 shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots, Units and the Common Property, as the case may be, superior to all other encumbrances which may thereafter be applied against or in favor of the Property or any portion thereof.

ADDITIONAL AREAS

10.1 Additional Areas. Should the Developer desire the extension of the provisions of this Declaration to additional areas other than the Plat in the future, the Developer, its successors and assigns, hereby reserves the right at such time or times as it shall in its sole discretion determine, within eight (8) years of the date hereof and without the consent of any other Owner to bring within the scheme of this Declaration any such Additional Areas or portion(s) thereof. Developer is not hereby required to make any improvements within such Additional Areas.

10.2 Supplemental Declarations. The additions authorized under this Article shall be made by filing of record a supplemental declaration with respect to the Additional Areas (or portion(s) thereof) to be annexed (the "Additional Area Supplemental Declaration") which shall state the intent of the Developer to extend the scheme of the covenants and restrictions of the Declaration and this Supplemental Declaration (including such rules, regulations and policies as may have been adopted upon the authorization thereof) to such Additional Areas (or applicable portion thereof).

10.3 Complementary Additions and Modifications. The Additional Area Supplemental Declaration may contain such complementary additions and modifications as may be necessary to reflect the different character, if any, of the Additional Areas.

10.4 Annexation of Section 1 Lots. Each owner of a Lot in Settler's Mill Section 1, or any group of such Owners, may annex his or their Lots without the consent of any other Owner, the Developer or the Association within the Scheme of this Declaration. Such annexation shall be irrevocable and shall be accomplished by the recordation of an instrument approved in form by the Developer or the Association and providing:

- (a) The Owner agrees, on behalf of himself, his heirs, successors and assigns, to be bound by all terms of this Declaration.
- (b) The Lot or Lots which the Owner seeks to annex shall for all purposes be deemed a Lot within the meaning of this Declaration, and shall be subject to the lien for all assessments provided herein.
- (c) The Owner irrevocably appoints the Developer or the Association as his attorney in fact (coupled with an interest) for the purpose of voting or taking any other action necessary to terminate the Declaration of Covenants and Restrictions applicable to Section 1, and replacing them with this Declaration.

The Purchaser Fee shall be due for each Lot at the time of its annexation.

10.5 Assessments on Additional Areas. Any Additional Areas or applicable portion thereof that is the subject of an Additional Area Supplemental Declaration shall become subject to assessment, and the covenants for assessment set forth in this Declaration shall be deemed to include the Additional Areas, from and after the time such Additional Areas are thus added.

10.6 Binding Effect. From and after the time the Additional Area (or portions thereof) is annexed, this Declaration shall be deemed to include both the Plat and such Additional Areas (or portions thereof) as has been annexed as aforesaid. All assessments established pursuant to this Declaration with respect to the Plat or with respect to the Additional Areas or portions thereof that have been annexed as aforesaid shall be deemed to be binding upon and enure to the benefit of the entire property and all Lots and Units thereon.

GENERAL PROVISIONS

11.1 Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date this Declaration is recorded. They shall be automatically extended for ten (10) year periods thereafter unless seventy-five percent (75%) of the Owners vote to terminate or modify them.

11.2 Amendments. This Declaration may be amended at any time by the Developer up and until all of the Common Area has been conveyed to the Association and thereafter by an instrument of record after the written consent thereto by not less than seventy-five percent (75%) of the Owners shall have been obtained.

11.3 Enforcement. The Association, any Owner or the Developer, 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 and of Supplementary Declarations. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

11.5 Limitations. As long as the Developer is likewise an Owner, the Association may not use its resources nor take a public position in opposition to the Plat or to changes thereto proposed by the Developer without the written consent of Developer. Nothing in this section shall be construed to limit the rights of the members acting as individuals or in affiliation with other members of groups.

11.6 Release of Negative Reciprocal Easements. Each Owner, by his acceptance of this Declaration or the deed to his Lot waives any right and interest he may have (i) in and to real estate not shown on this Plat and (ii) to the enforcement of all or any portion of this Declaration, any Supplemental Declaration, and the Resolutions against any such real estate.

11.7 Covenants Running with the Land. All provisions of this Declaration shall be construed to be covenants running with the Land, and with every part thereof and interest therein including, but not limited to, every dwelling and the appurtenances thereto; and every Member and his heirs, personal representatives, successors and assigns, shall be bound by all of the provisions of this Declaration.

11.8 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary

grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

11.9 Headings. All headings in this document are inserted solely for convenience or reference, and none of them constitutes a part of this document or affects its meaning, construction or effect.

11.10 Effective Date. This Declaration shall take effect upon recordation.

IN WITNESS WHEREOF, Settlers Mill, Inc., has caused its name to be signed and its corporate seal to be affixed and attested by its duly authorized officers, all as of the day and year first above written.

SETTLERS MILL, INC.,
a Virginia corporation

By [Signature]
Its: [Signature]

ATTEST:

[Signature]
Asst. Secretary

STATE OF VIRGINIA, COUNTY OF James City

The foregoing instrument was acknowledged before me this 2nd day of October, 1998, by Ronald J. Curtis as Secretary of Settlers Mill, Inc., a Virginia corporation, on behalf of the corporation.

My commission expires: 10-6-92

[Signature]
Notary Public

VIRGINIA: City of Williamsburg and County of James City, to Wit:

In _____ Clerk's office of the Circuit Court of the County of _____ and County of _____ the _____ day of _____, 1998, I have read and signed the _____ Declaration

_____ with certificates annexed and addressed to _____ at _____ o'clock

test: [Signature]
Deputy Clerk

PLAT RECORDED IN
P.E. NO. 55 PAGE 12

2063

AMENDMENT TO THE DECLARATION OF
COVENANTS AND RESTRICTIONS

THIS AMENDMENT to a Declaration of Covenants and Restrictions is made MARCH 11, 1992, 1992 on behalf of SETTLERS MILL, INCORPORATED, a Virginia Corporation, to be indexed as the Grantor.

WHEREAS, certain property situate in James City County is subject to a Declaration of Covenants and Restrictions recorded in Deed Book 536, Page 558 ("Declaration"), and;

WHEREAS, the Declaration provides in Article XI, Section 11.2 that it may be amended at any time by the Developer until all of the Common Area has been conveyed to the Association and thereafter by the consent of not less than seventy-five percent (75.0%) of the Owners, and;

WHEREAS, no Common Area has been conveyed and Settlers Mill, Inc. is the Developer and the only Owner;

NOW THEREFORE, the Declaration is hereby amended as follows:

1. The reference in the third and sixth paragraphs on page 1 to "Article IX" is corrected to read "Article X".
2. The reference in the definition of "General Assessments" in Article I, Section 1.1 to paragraph 4.2(d) is corrected to read paragraph 5.2(d).
3. The reference in the definition of "Basis for Assessment" in Article I, Section 1.1 to paragraph 4.2(b) is corrected to read paragraph 5.2(b).
4. The reference in the definition of "Purchaser Fee" in Article I, Section 1.1 to paragraph 4.2(c) is corrected to read paragraph 5.2(c).
5. The reference in the definition of "Special Assessments" in Article I, Section 1.1 to paragraph 4.2(f) is corrected to read paragraph 5.2(f).

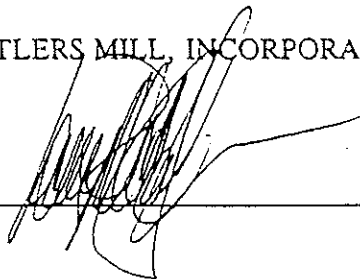
6. The reference in the sixth paragraph on page 2 to "Article IX" is corrected to read "Article X".
7. The reference in the second paragraph on page 3 to "Article IX" is corrected to read "Article X".
8. The reference in Article II, Section 2.2(a) to "Article IX" is corrected to read "Article X".
9. The reference in Article VI, Section 6.4 to "Article VI" is corrected to read "Article VII".
10. The reference in Article VII, Section 7.1(a) to "Paragraph 5.2" is corrected to read "Paragraph 6.2".
11. The reference in Article VII, Section 7.2(b) to "Article IV" is corrected to read "Article V".
12. The reference in Article VII, Section 7.3(b) to "Section 6.3(a) and (b)" is corrected to read "Section 7.3".
13. The reference in Article VIII, Section 8.3 to "Article V" is corrected to read "Article VI".
14. The reference in Article IX, Section 9.4(a) to "Paragraph 6.3" is corrected to read "Paragraph 7.3".
15. The reference in Article IX, Section 9.4(b) to "Paragraph 8.1 through 8.3" is corrected to read "Paragraph 7.3".
16. Article V, Section 5.2(c) is deleted and the following is substituted therefor:
 - c. Purchaser Fee. Every Purchaser of a Lot shall pay to the Association a Purchaser Fee established by the Association on the date of each and every such purchase. The Purchaser Fee shall be due only on each transfer of title to a Lot (excluding any transfer for the purpose of granting a lien or pledging the Property as collateral) and used to establish and maintain cash reserves for the Association and to provide for cash to meet Association expenses. All provisions set forth in this Article referring to liens and their enforcement shall also apply to such fees which, for purposes of establishing liens and enforcement thereof, shall be deemed to be an assessment. Home Builders shall be initially

exempt from this requirement. If a Home Builder holds a Lot for more than twenty-four (24) months, it shall pay the Purchaser Fee to the Association on the first day of the twenty-fifth (25th) month of its ownership. Until changed by the Board of Directors of the Association the Purchaser Fee shall be Three Hundred and No/100 Dollars (\$300.00) per lot. The Board of Directors of the Association shall have the power to change the Purchaser Fee at any time, during the period of Developer control. At the expiration of the period of Developer control, the Purchaser Fee may not be changed further without the consent of the Owners of fifty percent (50.0%) of the Lots subject to this Declaration.

The effective date of this Amendment shall be day on which it is recorded in the Clerk's Office of the Circuit Court of James City County, Virginia.

SETTLERS MILL, INCORPORATED

By _____



STATE OF VIRGINIA

COUNTY OF JAMES CITY, to-wit:

The foregoing instrument was acknowledged before me by LARRY R. MCCARDLE as PRESIDENT of Settlers Mill, Incorporated, this 11th day of March, 1992.

Marcell Wynne
NOTARY PUBLIC

My commission expires: 10-6-92

WPS\TEMP\AMDMT.SM

VIRGINIA: City of Williamsburg and County of James City, to-wit:
In the Clerk's Office of the Circuit Court of the City of Williamsburg, County of James City, the 11th day of March, 1992. This Restriction was presented with the certificate annexed and admitted to record at 12:19 o'clock
Tested and sealed by James S. Ward, Clerk
by James S. Ward
Deputy Clerk

SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS FOR

SETTLERS MILL, SECTION II-B

THIS SUPPLEMENTAL DECLARATION is made this 15th day of May, 1992, by Settlers Mill, Incorporated, a Virginia Corporation, which should be indexed as the Grantor.

WHEREAS, certain property situate in James City County, Virginia, subject to a Declaration of Covenants and Restrictions recorded in Deed Book 536, Page 558 ("Declaration"), and;

WHEREAS, the Declaration provides in Article X, Sections 10.1 and 10.2 that additional areas may be annexed into the scheme of the Declaration, and;

WHEREAS, the Declaration was amended by a document dated March 11, 1992 and recorded in James City County Deed Book 552, Page 779 ("Amended Declaration"), and;

WHEREAS, it is the intent of Settlers Mill, Incorporated to extend the scheme of the Declaration and Amended Declaration to the property described herein.

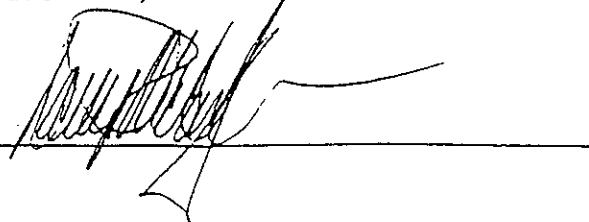
NOW THEREFORE, Settlers Mill, Incorporated hereby declares that the following described property shall be held, sold and conveyed subject to the provisions of the Declaration and the Amended Declaration as if initially incorporated therein:

All that lot, piece or parcel of land situate in James City County, Virginia, containing 6.83 acres, more or less, shown and designated as Section 2-B on a certain plat entitled "Section 2-B, Settlers Mill at Jamestown, Owner: Settlers Mill Inc., Jamestown District, James City County, Virginia" dated April 19, 1992 and made by AES, Consulting Engineers of Williamsburg, Virginia. Said plat was recorded in the Clerk's Office of the Circuit Court of the City of Williamsburg and County of James City in Plat Book 55, Page 68 on April 24, 1992 and is incorporated herein by reference.

WITNESS the following signatures and seals:

SETTLERS MILL, INCORPORATED

By



STATE OF VIRGINIA

COUNTY OF JAMES CITY, to-wit:

The foregoing instrument was acknowledged before me by Harry R. McCordle of Settlers Mill, Incorporated, this 4th day of June, 1992.

Marcell Wynne
NOTARY PUBLIC

My commission expires: 10-6-92

COPY

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SETTLERS MILL, SECTION III-A

THIS SUPPLEMENTAL DECLARATION is made this 20th day of May, 1994, 1994, by SETTLERS Mill, Incorporated, a Virginia Corporation, which should be indexed as the GRANTOR.

WHEREAS, certain property situate in James City County, Virginia, subject to a Declaration of Covenants and Restrictions recorded in Deed Book 536, Page 558 ("Declaration"), and;

WHEREAS, the Declaration provides in Article X, Sections 10.1 and 10.2 that additional areas may be annexed into the scheme of the Declaration, and;

WHEREAS, the Declaration was amended by a document dated March 11, 1992 and recorded in James City County Deed Book 552, Page 779 ("Amended Declaration"), and;

WHEREAS, it is the intent of Settlers Mill, Incorporated to extend the scheme of the Declaration and Amended Declaration to the property described herein.

NOW THEREFORE, Settlers Mill, Incorporated hereby declares that the following described property shall be held, sold and conveyed subject to the provisions of the Declaration and the Amended Declaration as if initially incorporated therein:

All that piece or parcel of land lying, being and situate in James City County, Virginia and designated as SECTION 3A on that certain plat entitled "PLAT OF PERIMETER OF SETTLERS MILL, SECTION 3, FOR SETTLERS MILL, INC., JAMES CITY COUNTY, VIRGINIA" dated April 15, 1994 and made by Langley and McDonald, P. C., Engineers-Surveyors-Planners-Landscape Architects-Environmental Consultants of Williamsburg, Virginia, which is recorded in James City County Plat Book 59, Page 31 and to which reference is hereby made and which property is more particularly described as follows:

Beginning at a point at the southwest corner of Settlers Mill, Section 2A as shown on a plat recorded in James City County Plat Book 54, Page 65, thence N65°40'35"W a distance of 62.00' to a point; thence N78°07'00"W a distance of 130.01' to a point; thence N65°40'35"W a distance of 50.04' to a point; thence N53°14'36"W a distance of 130.09' to a point; thence N65°40'35"W a distance of 100.17' to a point; thence N54°55'35"W a distance of 74.61' to a point; thence N33°30'35"W a distance of 74.04'

to a point; thence N20°27'17"W a distance of 97.23'; thence N09°35'35"W a distance of 77.33' to a point; thence N09°02'25"E a distance of 226.63' to a point; thence S77°32'14"E a distance of 101.60' to a point; thence N05°34'47"E a distance of 50.36' to a point; thence N77°32'14"W a distance of 108.46' to a point; thence N09°02'25"E a distance of 129.03' to a point; thence S80°57'35"E a distance of 135.26' to a point; thence along a curve with a radius of 300.75' with a chord bearing of S10°41'39"E a distance of 17.36' to a point; thence S80°57'35"E a distance of 50.00' to a point; thence S80°57'35"E a distance of 149.00' to a point; thence S75°56'56"E a distance of 42.37' to a point; thence S75°56'56"E a distance of 132.37' to a point; thence S35°15'17"E a distance of 2.18' to a point; thence S31°28'47"E a distance of 377.36' to a point; thence S58°31'13"W a distance of 26.44' to a point; thence S31°28'47"E a distance of 225.00' to a point; thence S58°31'13"W a distance of 190.00' to a point; thence S24°19'25"W a distance of 167.50' to the point of beginning.

In addition to the foregoing Restrictions, the above described property shall be subject to the following additional Restrictions which shall run with the land and be binding on each and every subsequent owner of all or part of the property:

A. Each owner of a lot within the property used for residential purposes must pay for and continue in force an Approved Maintenance Agreement for the grinder pump or pumps serving said lot and providing the necessary connection to the public sewer system. As used herein, "Approved Maintenance Agreement" shall mean either:

- (i) A maintenance agreement provided by the James City Service Authority,
- or
- (ii) A maintenance agreement provided by an appropriately licensed private enterprise which includes the obligation to perform services substantially the same as those set out in the then current maintenance agreement available from the James City Service Authority.

WITNESS the following signature and seal:

SETTLERS MILL, INCORPORATED

By


Larry R. McCardle, President

STATE OF VIRGINIA

COUNTY OF JAMES CITY, to-wit:

The foregoing instrument was acknowledged before me by Larry R. McCardle, President of Settlers Mill, Incorporated, a Virginia Corporation, this 23rd day of May, 1994.

Marcell Wynne
NOTARY PUBLIC

My commission expires: 10-31-96

018009

BOOK 713 PAGE 793

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SETTLERS MILL, SECTION III-B

THIS SUPPLEMENTAL DECLARATION is made this 4^B day of November 1994, by SETTLERS Mill, Incorporated, a Virginia Corporation, which should be indexed as the GRANTOR.

WHEREAS, certain property situate in James City County, Virginia, subject to a Declaration of Covenants and Restrictions recorded in Deed Book 536, Page 558 ("Declaration"), and;

WHEREAS, the Declaration provides in Article X, Sections 10.1 and 10.2 that additional areas may be annexed into the scheme of the Declaration, and;

WHEREAS, the Declaration was amended by a document dated March 11, 1992 and recorded in James City County Deed Book 552, Page 779 ("Amended Declaration"), and;

WHEREAS, it is the intent of Settlers Mill, Incorporated to extend the scheme of the Declaration and Amended Declaration to the property described herein.

NOW THEREFORE, Settlers Mill, Incorporated hereby declares that the following described property shall be held, sold and conveyed subject to the provisions of the Declaration and the Amended Declaration as if initially incorporated therein:

All that piece or parcel of land lying, being and situate in James City County, Virginia and designated as SECTION 3B on that certain plat entitled "PLAT OF PERIMETER OF SETTLERS MILL, SECTION 3, FOR SETTLERS MILL, INC., JAMES CITY COUNTY, VIRGINIA" dated April 15, 1994 and made by Langley and McDonald, P. C., Engineers-Surveyors-Planners-Landscape Architects-Environmental Consultants of Williamsburg, Virginia, which is recorded in James City County Plat Book 59, Page 31, to which reference is hereby made and which property is more particularly described as follows:

Beginning at a point at the southeast corner of Settlers Mill, Section 3A as shown on a plat recorded in James City County Plat Book 59, Page 31, thence N58°31'13"E a distance of 116.83' to a point; thence N68°30'00"E a distance of 390.16' to a point; thence S53°13'48"E a distance of 89.18' to a point; thence N52°45'38"E a distance of 63.53' to a point; thence N70°59'59"E a distance of 63.22' to a point; thence N61°45'16"E a distance of 55.61' to a point; thence N54°27'57"E a distance of 62.70'

to a point; thence N16°25'51"E a distance of 51.46' to a point; thence N24°50'19"E a distance of 48.79' to a point; thence N29°01'25"E a distance of 68.65' to a point; thence N16°17'48"W a distance of 28.98' to a point; thence N61°46'50"W a distance of 44.47' to a point; thence N63°50'46"W a distance of 57.68' to a point; thence S88°10'23"W a distance of 71.23' to a point; thence N32°38'32"W a distance of 30.51' to a point; thence N37°41'27"W a distance of 24.21' to a point; thence N39°25'49"W a distance of 47.84' to a point; thence N58°55'42"W a distance of 69.47' to a point; thence N23°17'55"W a distance of 169.57' to a point; thence N17°23'03"W a distance of 58.33' to a point; thence N09°23'45"W a distance of 60.88' to a point; thence N15°46'41"W a distance of 76.62' to a point; thence N48°58'57"W a distance of 70.79' to a point; thence S65°26'30"W a distance of 71.47' to a point; S51°47'23"W a distance of 65.80' to a point; thence S71°30'19"W a distance of 65.69' to a point; thence S61°50'54"W a distance of 35.09' to a point; thence N60°12'38"W a distance of 31.09' to a point; thence N58°11'31"W a distance of 34.11' to a point; thence N71°43'56"W a distance of 22.88' to a point; thence S68°12'26"W a distance of 30.90' to a point; thence N60°01'29"W a distance of 66.33' to a point; thence S70°22'16"W a distance of 128.67' to a point; thence S19°55'15"W a distance of 127.34' to a point; thence S37°47'34"W a distance of 318.03' to a point; thence S75°56'56"E a distance of 132.37' to a point; thence S35°15'17"E a distance of 2.18' to a point; thence S31°28'47"E a distance of 377.36' to a point; thence S58°31'13"W a distance of 26.44' to a point; thence S31°28'47"E a distance of 225.00' to the point of beginning.

In addition to the foregoing Restrictions, the above described property shall be subject to the following additional Restrictions which shall run with the land and be binding on each and every subsequent owner of all or part of the property:

A. Each owner of a lot within the property used for residential purposes must pay for and continue in force an Approved Maintenance Agreement for the grinder pump or pumps serving said lot and providing the necessary connection to the public sewer system. As used herein, "Approved Maintenance Agreement" shall mean either:

(i) A maintenance agreement provided by the James City Service Authority,

or

(ii) A maintenance agreement provided by an appropriately licensed private enterprise which includes the obligation to perform services substantially the same as those set out in the then current maintenance agreement available from the James City Service Authority.

WITNESS the following signature and seal:

SETTLERS MILL, INCORPORATED

By [Signature]
Larry R. McCardle, President

STATE OF VIRGINIA

COUNTY OF JAMES CITY, to-wit:

The foregoing instrument was acknowledged before me by Larry R. McCardle, President of Settlers Mill, Incorporated, a Virginia Corporation, this 4th day of November, 1994.

[Signature]
NOTARY PUBLIC

My commission expires: January 31, 1995

Not Commissioned
As
Mary-Berham Black

VIRGINIA: City of Williamsburg and County of

In
Ct. 7 Nov 94 Sepp
Conerorts 1:04
adri.
Treas. [Signature]
by [Signature]
Deputy Clerk

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SETTLERS MILL, SECTION 4

THIS SUPPLEMENTAL DECLARATION is made this 7th day of September, 1995, by SETTLERS Mill, Incorporated, a Virginia Corporation, which should be indexed as the GRANTOR.

WHEREAS, certain property situate in James City County, Virginia, subject to a Declaration of Covenants and Restrictions recorded in Deed Book 536, Page 558 ("Declaration"), and;

WHEREAS, the Declaration provides in Article X, Sections 10.1 and 10.2 that additional areas may be annexed into the scheme of the Declaration, and;

WHEREAS, the Declaration was amended by a document dated March 11, 1992 and recorded in James City County Deed Book 552, Page 779 ("Amended Declaration"), and;

WHEREAS, it is the intent of Settlers Mill, Incorporated to extend the scheme of the Declaration and Amended Declaration to the property described herein.

NOW THEREFORE, Settlers Mill, Incorporated hereby declares that the following described property shall be held, sold and conveyed subject to the provisions of the Declaration and the Amended Declaration as if initially incorporated therein:

All that piece or parcel of land lying, being and situate in James City County, Virginia and designated as SECTION 4 on that certain plat entitled "PLAT OF SETTLERS MILL AT JAMESTOWN, SECTION 4, FOR SETTLERS MILL, INC., JAMESTOWN DISTRICT, JAMES CITY COUNTY, VIRGINIA" dated August 22, 1995 and made by Langley and McDonald, P. C., Engineers-Surveyors-Planners-Landscape Architects-Environmental Consultants of Williamsburg, Virginia, which is recorded in James City County Plat Book _____, Page _____, to which reference is hereby made.


In addition to the foregoing Restrictions, the above described property shall be subject to the following additional Restrictions which shall run with the land and be binding on each and every subsequent owner of all or part of the property:

A. Each owner of a lot within the property used for residential purposes must pay for and continue in force an Approved Maintenance Agreement for the grinder pump or pumps serving said lot and providing the necessary connection to the public sewer system. As used herein, "Approved Maintenance Agreement" shall mean either:

- (i) A maintenance agreement provided by the James City Service Authority,
- or
- (ii) A maintenance agreement provided by an appropriately licensed private enterprise which includes the obligation to perform services substantially the same as those set out in the then current maintenance agreement available from the James City Service Authority.

WITNESS the following signature and seal:

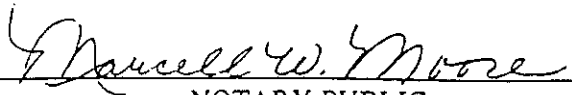
SETTLERS MILL, INCORPORATED

By  _____
Larry R. McCardle, President

STATE OF VIRGINIA

COUNTY OF JAMES CITY, to-wit:

The foregoing instrument was acknowledged before me by Larry R. McCardle, President of Settlers Mill, Incorporated, a Virginia Corporation, this 18th day of September, 1995.



NOTARY PUBLIC
I was commissioned as Marcell Wynne
My commission expires: 10-31-96

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SETTLERS MILL, SECTION 5

THIS SUPPLEMENTAL DECLARATION is made this 10th day of July, 1997, by SETTLERS Mill, Incorporated, a Virginia Corporation, which should be indexed as the GRANTOR.

WHEREAS, certain property situate in James City County, Virginia, is subject to a Declaration

of Covenants and Restrictions recorded in Deed Book 536, Page 558 ("Declaration"), and;

WHEREAS, the Declaration provides in Article X, Sections 10.1 and 10.2 that additional areas may be annexed into the scheme of the Declaration, and;

WHEREAS, the Declaration was amended by a document dated March 11, 1992 and recorded in James City County Deed Book 552, Page 779 ("Amended Declaration"), and;

WHEREAS it is the intent of Settlers Mill, Incorporated to extend the scheme of the Declaration and Amended Declaration to the property described herein.

NOW THEREFORE, Settlers Mill, Incorporated hereby declares that the following described property shall be held, sold and conveyed subject to the provisions of the Declaration and the Amended Declaration as if initially incorporated therein:

All of the pieces or parcels of land, lying, being and situate in James City County, Virginia shown and designated as within Section 5 on that certain plat entitled "PLAT OF SETTLERS MILL AT JAMESTOWN, SECTION 5, FOR SETTLERS MILL, INC., BERKELEY DISTRICT, JAMES CITY COUNTY, VIRGINIA" dated April 30, 1997, made by Langley and McDonald, P. C. of Virginia Beach and Williamsburg, Virginia, which is recorded in James City County Plat Book 66, Pages 97-100, to which reference is hereby made.

In addition to the foregoing Restrictions, the lots shown and designated as numbers 1,2,3,4,24,25,26,27,38,39,40,44 and 45 on the aforesaid plat shall be subject to the following

additional Restrictions which shall run with the land and be binding on each and every subsequent owner of such lots:

A. Each owner of a lot within the property used for residential purposes must pay for and continue in force an Approved Maintenance Agreement for the grinder pump or pumps serving said lot and providing the necessary connection to the public sewer system. As used herein, "Approved Maintenance Agreement" shall mean either:

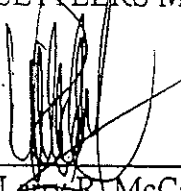
(i) A maintenance agreement provided by the James City Service Authority,

or

(ii) A maintenance agreement provided by an appropriately licensed private enterprise which includes the obligation to perform services substantially the same as those set out in the then current maintenance agreement available from the James City Service Authority. WITNESS the following signature and seal:

SETTLERS MILL INCORPORATED

By:



Larry R. McCardle, President

STATE OF VIRGINIA

COUNTY OF JAMES CITY, to-wit:

The foregoing instrument was acknowledged before me by Larry R. McCardle, President of Settlers Mill, Incorporated, a Virginia Corporation, this ____ day of July, 1997.

NOTARY PUBLIC

My Commission Expires:

990 013854

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SETTLERS MILL, SECTION 6

THIS SUPPLEMENTAL DECLARATION is made this 22nd day of June, 1999, by
SETTLERS MILL, Incorporated, a Virginia Corporation, which should be indexed as the
GRANTOR.

WHEREAS, certain property situate in James City County, Virginia, is subject to a
Declaration of Covenants and Restrictions recorded in Deed Book 536, Page 558 ("Declaration"),
and;

WHEREAS, the Declaration provides in Article X, Section 10.1 and 10.2 that additional
areas may be annexed into the scheme of the Declaration, and;

WHEREAS, the Declaration was amended by a document dated March 11, 1992 and
recorded in James City County Deed Book 552, Page 779 ("Amended Declaration"), and;

WHEREAS it is the intent of Settlers Mill, Incorporated to extend the scheme of the
Declaration and Amended Declaration to the property described herein.

NOW THEREFORE, Settlers Mill, Incorporated hereby declares that the following described
property shall be held, sold and conveyed subject to the provisions of the Declaration and the
Amended Declaration as if initially incorporated therein:

All those certain numbered lots, situate in James City County, Virginia shown and
designated on that certain plat entitled "PLAT OF SETTLERS MILL AT
JAMESTOWN SECTION 6 FOR SETTLERS MILL, INC. JAMESTOWN
DISTRICT" dated December 7, 1998 and made by Langley and McDonald, P.C.
Engineers-Surveyors-Planners-Landscape Architects-Environmental Consultants of
Virginia Beach and Williamsburg, Virginia and recorded in the Clerk's Office of the
Circuit Court of James City County, Virginia, in Plat Book 73 Pages 13-15.

JUN 28 6 02 55

In addition to the foregoing Restrictions, the lots shown and designated as Lots 1,2,3,4, 14, 15, 16, 17, 18, 24, 25, 26,27, 28, and 29 on the aforesaid plat ("Pump Lots") shall be subject to the following additional Restrictions which shall run with the land and be binding on each and every subsequent owner of such Pump Lots:

A. Each owner of a Pump Lot within the property used for residential purposes must pay for and continue in force an Approved Maintenance Agreement for the grinder pump or pumps serving said Pump Lot and providing necessary connection to the public sewer system. As used herein, "Approved Maintenance Agreement" shall mean either:

- (i) A maintenance agreement provided by the James City Service Authority,
- or
- (ii) A maintenance agreement provided by an appropriately licensed private enterprise which includes the obligation to perform services substantially the same as those set out in the current maintenance agreement available from the James City Service Authority.

WITNESS the following signature and seal:

SETTLERS MILL INCORPORATION

By:



Larry R. McCardle, President

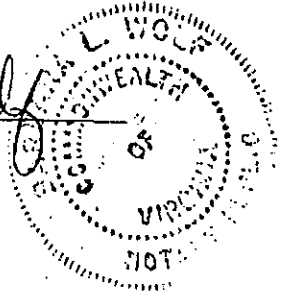
JUN 28 5 02 56

STATE OF VIRGINIA

COUNTY OF JAMES CITY, to-wit:

The foregoing instrument was acknowledged before me by Larry R. McCardle, President, Settlers Mill, Incorporated, a Virginia corporation, this 25 day of June, 1999.

Barbara G. Wolf
NOTARY PUBLIC



My commission expires: 11/30/00

VIRGINIA, City of Williamsburg and County of James City, to-wit:
the Clerk's Office at the General Court for the City of
Williamsburg and County of James City the 28
day of June, 19 99 this Declaration
was presented with the certificate annexed and admitted
to record at 11:26 o'clock.
Teste: Helena S. Ward, Clerk
By: Helena S. Ward
Deputy Clerk

JUN 28 1999 0257

DECLARATION OF COVENANTS

INSPECTION/MAINTENANCE OF RUNOFF CONTROL FACILITY

THIS DECLARATION, made this 9th day of March, 1994,
 between Settler's Mill, Inc., and all successors in interest, hereinafter referred
 to as the "COVENANTOR(S)," owner(s) of the following property: _____
Section 3A of Settler's Mill subdivision, as described
in the attached Schedule A.
 and James City County, Virginia, hereinafter referred to as the "COUNTY."

WITNESSETH:

We, the COVENANTOR(S), with full authority to execute deeds, mortgages, other
 covenants, and all rights, titles and interests in the property described above, do hereby covenant
 with the COUNTY as follows:

1. The COVENANTOR(S) shall provide maintenance for the runoff control facility,
 hereinafter referred to as the "FACILITY," located on and serving the above-described property
 to ensure that the FACILITY is and remains in proper working condition in accordance with
 approved design standards, and with the law and applicable executive regulations.
2. If necessary, the COVENANTOR(S) shall levy regular or special assessments
 against all present or subsequent owners of property served by the FACILITY to ensure that the
 FACILITY is properly maintained.
3. The COVENANTOR(S) shall provide and maintain perpetual access from public
 right-of-ways to the FACILITY for the COUNTY, its agent and its contractor.
4. The COVENANTOR(S) shall grant the COUNTY, its agent and its contractor a
 right of entry to the FACILITY for the purpose of inspecting, operating, installing, constructing,
 reconstructing, maintaining or repairing the FACILITY.
5. If, after reasonable notice by the COUNTY, the COVENANTOR(S) shall fail to
 maintain the FACILITY in accordance with the approved design standards and with the law and
 applicable executive regulations, the COUNTY may perform all necessary repair or maintenance
 work, and the COUNTY may assess the COVENANTOR(S) and/or all property served by the
 FACILITY for the cost of the work and any applicable penalties.
6. The COVENANTOR(S) shall indemnify and save the COUNTY harmless from
 any and all claims for damages to persons or property arising from the installation, construction,
 maintenance, repair, operation or use of the FACILITY.
7. The COVENANTOR(s) shall promptly notify the COUNTY when the
 COVENANTOR(S) legally transfers any of the COVENANTOR(S)' responsibilities for the
 FACILITY. The COVENANTOR(S) shall supply the COUNTY with a copy of any document
 of transfer, executed by both parties.
8. The covenants contained herein shall run with the land and shall bind the
 COVENANTOR(S) and the COVENANTOR(S)' heirs, executors, administrators, successors and
 assignees, and shall bind all present and subsequent owners of property served by the FACILITY.
9. This DECLARATION shall be recorded in the County Land Records.

IN WITNESS WHEREOF, the COVENANTOR(S) have executed this DECLARATION OF COVENANTS as of this 9th day of March, 1994.

COVENANTOR(S)

Sterling M. Nichols

Sterling M. Nichols
Treasurer
Settler's Mill, Inc.

ATTEST:

COVENANTOR(S)

ATTEST:

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF James City

I, the undersigned Notary Public, in and for the jurisdiction aforesaid, do certify that Sterling M. Nichols, whose name is signed as such to the foregoing writing bearing date 9th day of March, 1994, this day sworn the same before me in my jurisdiction aforesaid.

GIVEN under my hand this 9th day of March, of 1994.

Marcelle Tidmore
Notary Public

My Commission expires: 10-31-96

Approved as to form:

Lee P. Roman

SCHEDULE A

BOOK 676 PAGE 154

All that piece or parcel of land lying, being and situate in James City County, Virginia and designated as SECTION 3A on that certain plat entitled "PLAT OF PERIMETER OF SETTLERS MILL, SECTION 3, FOR SETTLERS MILL, INC., JAMES CITY COUNTY, VIRGINIA" dated February 24, 1994 and made by Langley and McDonald, P. C., Engineers-Surveyors-Planners-Landscape Architects-Environmental Consultants of Williamsburg, Virginia, to which reference is hereby made and which property is more particularly described as follows:

Beginning at a point at the southwest corner of Settlers Mill, Section 2A as shown on a plat recorded in James City County Plat Book 54, Page 65, thence N65°40'35"W a distance of 62.00' to a point; thence N78°07'00"W a distance of 130.01' to a point; thence N65°40'35"W a distance of 50.04' to a point; thence N53°14'36"W a distance of 130.09' to a point; thence N65°40'35"W a distance of 100.17' to a point; thence N54°55'35"W a distance of 74.61' to a point; thence N33°30'35"W a distance of 74.04' to a point; thence N20°27'17"W a distance of 97.23'; thence N09°35'35"W a distance of 77.33' to a point; thence N09°02'25"E a distance of 226.63' to a point; thence S80°57'35"E a distance of 99.87' to a point; thence N09°02'25"E a distance of 50.00' to a point; thence N80°57'35"W a distance of 119.00' to a point; thence N09°02'25"E a distance of 125.00' to a point; thence S80°57'35"E a distance of 144.00' to a point; thence S80°57'35"E a distance of 149.00' to a point; thence S75°56'56"E a distance of 132.37' to a point; thence S31°28'47"E a distance of 377.36' to a point; thence S58°31'13"W a distance of 26.44' to a point; thence S31°28'47"E a distance of 225.00' to a point; thence S58°31'13"W a distance of 190.00' to a point; thence S24°19'25"W a distance of 167.50' to the point of beginning.

VIRGINIA: City of Williamsburg and County of James City, to WIT:

In the Clerk's office of the Circuit Court of the City of Williamsburg and County of James City; the 17 day of March 1994, this Plat was presented with certificate annexed and admitted to record at 9:26 o'clock

Teste: Helton S. Wynn, Clerk

by [Signature]
Deputy Clerk

**APPROVED CHANGE TO PURCHASER FEE
DECLARATION OF COVENANTS AND RESTRICTIONS
SETTLERS MILL ASSOCIATION INC**

Adopted per vote of Owners - December 31, 2009

Article V, Section 5.2(c) as amended March 11, 1992 –

Owners approved an increase of the One-time Purchaser Fee from Three Hundred and No/100 Dollars (\$300.00) to Five Hundred and No/100 Dollars (\$500.00) effective December 31, 2009. As authorized in the above article / section this change in the amount of the purchaser fee was approved by a vote of Owners of more than Fifty Percent of the Lots in Settlers Mill at an Annual Meeting held November 11, 2009 and continued until December 31, 2009.

EXHIBIT 8

Bylaws

BY-LAWS
OF
SETTLERS MILL ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is Settlers Mill Association, hereinafter referred to as the "Association". The principal office of the Association shall be located at 1200 Old Colony Lane, Williamsburg, Virginia 23185 (County of James City), but meetings of members and directors may be held at such places within the State of Virginia as may be designated by the Board of Directors.

ARTICLE II

Section 1. "Association" shall mean and refer to the Settlers Mill Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property (including the improvements thereto and all streets, parking areas and easements), owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Developer" shall mean and refer to Settlers Mill, Inc., its successors or assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Developer for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants and Restrictions applicable to the Properties recorded in the Office of the Clerk of the Circuit Court for the City of Williamsburg and County of James City, Virginia.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon

written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class 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 before such meeting to each member entitled to vote thereat, 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 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. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. 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.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) Directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect two (2) Directors for a term of one (1) year and three (3) Directors for a term of two (2) years; and at each annual meeting thereafter the members shall elect Directors to fill vacancies for a term of two (2) years.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. 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 4. 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 5. 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. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be

made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or

by any two (2) Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for 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.

ARTICLE VII

POWER 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 facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and rights to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- (c) 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 By-Laws, the Articles of Incorporation, or the Declaration;
- (d) 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;

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

(f) obtain liability insurance in such amounts as it shall deem appropriate to protect the Directors against any personal liability on account of serving as such.

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 Class 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 Lot at least thirty (30) days in advance of each annual assessment period;

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

(3) foreclose the lien against any property for which assessments are not paid within ninety (90) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer 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 certification shall be conclusive evidence of such payment; and

(e) cause the Common Area to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. 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.

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein,

the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the Officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Review Board, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, Articles of Incorporation and By-Laws 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 XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Settlers Mill Association.

ARTICLE XII

AMENDMENTS

Section 1. These By-Laws 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, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIII

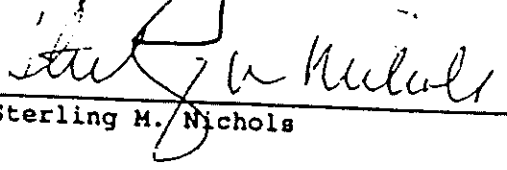
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

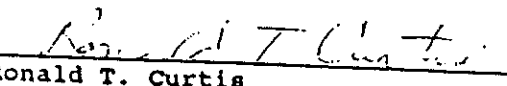
IN WITNESS WHEREOF, we, being all of the Directors of Settlers Mill Association have hereunto set our hands this 3rd day of October, 1991.



Larry A. McCarrie



Sterling M. Nichols



Ronald T. Curtis

Amendment To Bylaws Of The Settlers Mill Association, Inc.

Adopted At The April, 2001 Annual Meeting

Article VIII, Section 8 (a) (Duties of The President): Strike "checks and".

Article VIII, Section 8(d) (Duties of The Treasurer): Strike "checks and".

Article VIII: Add a Section 9, to read in its entirety: "All checks of the Association must be signed by two unrelated individuals, one officer and one director thereof."

Settlers Mill, Inc.
C/O Brooks Real Estate, Inc.
312 Lightfoot Road, Suite B
Williamsburg, VA 23188
(757) 229-1507 FAX (757) 220-3815

Notice:

The Annual Meeting of Settler's Mill, Inc. was held on February 28, 2007, at which an amendment to the By-Laws of the Association was passed.

The amendment to the By-Laws changes the month of the Annual Meeting from February of each year to November of each year.

**AMENDMENT TO THE
BY-LAWS OF SETTLERS MILL ASSOCIATION, INC.**

Adopted at the Annual Meeting held November 11, 2009

Article VIII, Section 8(d) the following was adopted to replace the original section in its entirety:

8(d): "Treasurer. The Treasurer shall receive and deposit in appropriate bank account all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall be a signor on all Association bank accounts and co-sign all promissory notes of the Association; keep proper books of account; cause an audit to be performed every (2) two years (or more frequently as determined by the board of directors) by an independent accountant retained by the Board of Directors at the completion of the fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members."

Article VIII, Section 9 the following was adopted to replace the original section in its entirety:

(9): "The signing of all checks of the Association may be delegated to a bonded individual as determined by the Board of Directors or all checks of the association must be signed by two unrelated individuals, one officer and one director thereof."

Joel S. Sheppard
Joel S. Sheppard

L. Scott Trainum
L. Scott Trainum

EXHIBIT 9

Settlers Mill Association

Resolution on Due Process Procedures

By

The Settlers Mill Association Board of Directors

Effective September 8, 2003

SETTLERS MILL ASSOCIATION

REGULATORY RESOLUTION NO. 03-01

RESOLUTION ON DUE PROCESS PROCEDURES

WHEREAS, Settlers Mill Association ("the Association") came into existence as a property owners' association organized and operating pursuant to the Virginia Property Owners' Association Act, § 55-508, *et seq.*, Code of Virginia, (1950, as amended) ("Act") by the filing of the Declaration of Covenants and Restrictions for the Settlers Mill development located in James City County, Virginia, which Declaration (as amended) is of record in the land records of James City County at Book 536, Page 558, *et seq.*; and,

WHEREAS, Settlers Mill Association was incorporated by Articles of Incorporation filed with the State Corporation Commission of Virginia at some time during 1991; and,

WHEREAS, the specific purposes for which the Association was formed, as set forth in Article IV of the Articles of Incorporation, "are to provide for the maintenance, preservation and architectural control of the residence Lots and Common Area within [the Settlers Mill development]"; and,

WHEREAS, Section 55-515 of the Act and the Declaration of Covenants, Conditions and Restrictions (hereinafter "Declaration") charge all Lot owners and their tenants, guests and invitees with compliance with the Declaration and all provisions of the Act; and,

WHEREAS, Section 55-513 of the Act confers upon the Board of Directors the power to establish, adopt and enforce rules and regulations with respect to the use of the common areas and with respect to such other areas of responsibility assigned to the Association; and,

WHEREAS, Section 55-513B of the Act authorizes the Association, through its Board of Directors and to the extent expressly so provided in the Association's Declaration or its rules and regulations, to assess charges against lot owners and suspend use rights or services for violations thereof, for which the lot owner or his family members, tenants, guests or other invitees are responsible; and,

WHEREAS, Article XI, Section 11.3 (*General Provisions - Enforcement*) of the Declaration of Covenants and Restrictions, grants the Association the authority to enforce the restrictions, covenants and conditions set forth in the Declaration; and,

WHEREAS, Section 55-513B of the Act further provides that certain procedures must be followed before such charges or suspensions may be assessed; and,

WHEREAS, it is the intent of the Board of Directors to enforce the Declaration and its duly approved rules and regulations for the benefit and protection of the Association's lot owners and residents by establishing procedures which ensure due process and consistency of enforcement, and it is further the intent of the Board of Directors that this Resolution be deemed to set forth rules and regulations of the Association;

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT the Board of Directors, by the Act, the Declaration and this Resolution, are hereby empowered to suspend rights of use or to services, and to assess charges pursuant to Section 55-513B of the Act, and it is further resolved that the Board of Directors shall assess such charges for any violation of the Declaration, Bylaws or rules/regulations only after the following procedures have been followed:

I. Complaint.

A. Any lot owner, tenant, managing agent, employee or Board member who requests that the Board take action to enforce the Declaration and/or the Association's rules shall complete, date and sign a Complaint in a form similar to and containing the information contained on Exhibit "A" hereto.

B. The Complaint shall be submitted to the Board of Directors for a determination as to whether it appears that a rule or provision of the Declaration, Bylaws or rules/regulations allegedly has been violated.

C. The Board of Directors shall then take appropriate action, such as directing that a demand letter or a cease and desist letter be sent or that it be referred to counsel or County authorities.

II. Demand.

A. If determined appropriate, a written demand letter which may be in a form similar to Exhibit "B" hereto shall be sent by first class mail or shall be hand-delivered to the lot owner at the address which the owner has provided to the Association or at the lot address, if no other address has been provided. A copy may be sent to the tenant if there is a tenant.

B. The demand letter shall specify the alleged violation, the action required to abate the violation and a date usually not less than ten (10) days after the date of the demand letter by which the alleged violation must be remedied. However, when the violation may constitute a health, safety or fire hazard, demand may be made to remedy the violation within twenty-four (24) hours.

C. The demand letter shall state that if the violation is not remedied, the lot owner must request in writing a hearing before the Board to avoid imposition of charges or suspension of rights or services. The letter shall also state that if no hearing is requested, the owner shall be deemed to have waived the opportunity for a hearing and rules violation charges or suspensions may be assessed. The demand letter may be combined with the notice of hearing referenced in Section III of this Resolution if the violation is of a serious nature or if previous notices of violation have been sent to the owner.

III. Notice of Hearing.

A. If the alleged violation is not remedied within the date or time specified in the demand letter referenced in Section II and the owner requests a hearing, or if the Board determines a hearing is necessary, a notice of hearing shall be sent. Notice of a hearing shall be hand delivered or mailed by certified United States mail, return receipt requested, at least fourteen (14) days in advance thereof, or within such other time as may be required by the Act, to the lot owner at the address of record with the Association. Service by mailing shall be deemed effective two (2) days after the notice has been mailed in a regular depository of the United States mail. The demand letter referenced in Section II.B may be combined with the notice of hearing.

B. The notice of hearing may be similar to Exhibit "C" attached hereto and shall specify:

- 1) The time, date and place of the hearing.
- 2) That the lot owner and tenant, if applicable, shall be given an opportunity to be heard and to be represented by counsel (at the lot owner's expense) before the Board.
- 3) The alleged violation, citing provisions of the Declaration or the Association's rules which allegedly have been violated.
- 4) That charges for violation of the Declaration, Bylaws, or rules/regulations may include a charge of up to Fifty Dollars (\$50.00) for a single offense, or Ten Dollars (\$10.00) per day for any offense of a continuing nature, for a period not to exceed ninety (90) days or such greater amounts as may be authorized by the Virginia Property Owners' Association Act.
- 5) That the alleged violation may result in the suspension of services, facilities use or voting rights.

IV. Hearing.

A. The hearing shall be scheduled at a reasonable and convenient time and place within the Board of Directors' discretion.

B. The Board, within its discretion, may grant a continuance. If the lot owner for which the hearing is scheduled requests a continuance to a different time or date, no further notice shall

be required.

C. The hearing need not be conducted according to technical rules of evidence applied in a court of law. The hearing shall provide the lot owner with an opportunity to be heard and to be represented by counsel.

D. The lot owner, tenant, any complaining party, and members of the hearing panel shall have the right (1) to call, examine, and cross-examine witnesses, (2) to introduce testimony and evidence, and (3) to rebut testimony and evidence, all within reasonable time limits imposed by the Board of Directors.

E. The hearing shall be conducted in private executive session unless the lot owner requests that the hearing be open to owners and residents. If the hearing is conducted in open session, the chairman of the hearing body may impose a reasonable limit on the number of such persons who can be accommodated in the hearing room. During the course of any hearing held, the Board, within its discretion, may afford those residents involved with the dispute or violation an opportunity to be heard within reasonable time limits.

F. After proper notice has been given, if the lot owner fails to appear at the hearing or if no hearing is requested, the hearing or meeting may continue as scheduled and the Board may assess charges from the final compliance date of the letter, suspend use rights or services or take such other action as may be authorized by the Act, the Declaration or this Resolution.

G. If the lot owner acknowledges responsibility for the violation charged, or does not wish to contest the alleged charge, the Board may, in its discretion, dispense with a hearing after having afforded the lot owner with an opportunity for a hearing.

H. Within seven (7) days of the hearing, the Board shall, by hand-delivery or certified mail, return receipt requested, notify the lot owner of its decision, any suspension of use rights and/or the assessment of any charges and the date from which those assessments shall accrue and be due.

V. Records.

The Board shall keep copies of all correspondence related to rules violations in the lot owner's file or in a separate file on rules violations. Minutes of each hearing or meeting shall be kept and a form similar to that attached hereto as Exhibit "D" shall be completed and placed in the lot owner's file and appropriate Association files.

VI. Assessment of Charges.

Pursuant to Section 55-513 B of the Act, any charges assessed for violation of rules after notice and hearing shall be in amounts authorized by the Act and shall be treated as an assessment against the owner's lot for the purpose of Section 55-516 of the Act regarding liens.

Such amounts shall also be the personal obligation of the owner.

VII. Other Remedies.

This Resolution shall not be interpreted to require a hearing prior to assessment of rules violation charges if a hearing is not requested, or to prevent the Association from exercising any other remedies authorized or available under the Act, the Declaration, the Bylaws or this Resolution, and shall not constitute an election of remedies.

SETTLERS MILL ASSOCIATION

Exhibit "A" to the Resolution on Due Process Procedures

Covenant / Rule Violation Complaint

Date: _____

1. Name of person(s) violating covenant / rule: _____

2. Lot # of person(s) violating covenant / rule: _____

3. Are the person(s) named in question 1 tenants or owners?

4. Describe in detail how and where the covenant or rule was violated:

5. When did the violation(s) occur? _____

6. Have you personally requested the lot owner and/or tenant to cease the violation?

___ Yes, ___ No, ___ Verbally, ___ By written request. When? _____

7. Name and lot number of person(s) making complaint: _____

8. Signature(s) _____

FOR ASSOCIATION USE ONLY

9. Owner: _____ Tenant: _____

10. Provision(s) of Governing Documents or Rule(s) violated:

11. Registered Name(s) of lot owner(s): _____

12. Owner's address if non-resident: _____

13. Registered name(s) of tenant(s): _____

14. Comment: _____

15. Date demand letter sent to lot owner: _____

16. Owner/Tenant _____ does/ _____ does not request a hearing.
Date request received: _____

17. Referred to Board on _____, 20__.

18. Date notice of hearing sent: _____

cc: Lot Owner File (optional-record may be closed)
Rules Violation File

SETTLERS MILL ASSOCIATION

EXHIBIT "B" TO THE RESOLUTION ON DUE PROCESS PROCEDURES DEMAND TO CEASE AND CORRECT

(Owner) _____

Date:

You are hereby notified that a complaint has been made against you (or your tenants) for the alleged violation of the following covenant (or rule or regulation) of the Association:

Perhaps you were not aware of the covenants running with the land and/or the Association's rules, or perhaps you do not believe you are in violation. However, the covenants and rules are enforced for the benefit of all residents and to maintain property values throughout the community. You are requested to immediately cease and correct all of the above violations within ten (10) days from the date of this letter. If you need more time to make repairs, you must request additional time and notify the Board in writing as to when the repairs will be done.

If you wish to contest the alleged violation and avoid imposition of charges or suspension of use rights or services, you must request a hearing before the Board of Directors in writing within ten (10) days from the date of this letter. If you request a hearing, complete the bottom portion of this letter and return a copy to the Board of Directors. The Board of Directors or its agent will send you a notice by certified mail, return receipt requested, stating the hearing time and place. Alternatively, if you elect to cease and correct the violation within ten (10) days, please send a copy of this letter to the Board of Directors noting that the violation has been stopped or corrected. If you fail to respond to this letter and the violation persists, you will be deemed to have waived your hearing right and you may be assessed rules violation charges of up to Ten Dollars (\$10.00) per day for a continuing violation for a period of up to ninety (90) days or up to Fifty Dollars (\$50.00) for each single violation without further notice. The Board may also take other legal action against you.

Sincerely,
The Board of Directors

cc: Lot owner file

Return to:

Name: _____ Lot # _____

I hereby request a hearing before the Board to contest the violation.

I have ceased and/or corrected the violation and will refrain from further violations.

Signature

SETTLERS MILL ASSOCIATION

**EXHIBIT "C" TO THE
RESOLUTION ON DUE PROCESS PROCEDURES**

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Notice of Rules Violation Hearing

Dear _____:

You are hereby notified that a hearing will be held before the Board of Directors of the Settlers Mill Association at _____ on the ____ day of _____, 200__, at _____.m., pursuant to Section 55-513 B. of the Virginia Property Owners' Association Act and the Association's Due Process Procedures, for your (or your tenant's) alleged violation of the following covenant or rule of the Association: _____

You may be present at the hearing, may, but need not be, represented by counsel (at your expense), may present any relevant evidence, and you will be given an opportunity to examine and cross-examine all witnesses. You may request the attendance of witnesses.

Please be advised that if the Board determines that you are in violation of the Governing Documents and rules and regulations, charges of up to Fifty Dollars (\$50.00) for a one-time violation or up to Ten Dollars (\$10.00) per day for a period of up to ninety (90) days for a continuing violation may be assessed against you and your lot and your right to services and facilities use, including reserved parking and the right to vote, may be suspended. In addition to this hearing, the Board may elect such other remedies as are authorized by the Virginia Property Owners' Association Act, the Association's Declaration, Bylaws and rules, and by law.

If you have any questions or wish to communicate with the Board regarding this matter, please call: _____.

Sincerely,

cc: Lot Owner File
Rules Violation File

SETTLERS MILL ASSOCIATION

**EXHIBIT "D" TO THE
RESOLUTION ON DUE PROCESS PROCEDURES**

RECORD OF HEARING

Hearing Date and Time: _____

Lot Owner(s): _____

Lot #: _____

Address if other than lot: _____

Alleged Violation: _____

Provisions of Governing Documents Violated: _____

Persons in Attendance: _____

Decision of Board and Reasoning: _____

Charges Imposed (date commencing): _____

Other Sanctions Imposed: _____

Comments:

Settlers Mill Association
(the "Association")

Collection Policy
June ~~May~~, ~~6~~, 2013

WHEREAS, § 5.1 of the Association's Declaration of Covenants and Restrictions (the "Declaration") creates the personal obligation of Assessments and requires each Owner to pay both General Assessments and Special Assessments; and

WHEREAS, Article IV of the Articles of Incorporation of Settlers Mill Association provides that one of the purposes of the Association is to fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; and

WHEREAS, § 5.2(d) of the Declaration provides that Assessments shall be payable by the Owners in such amounts as determined by the Board of Directors; and

WHEREAS, § 5.2(f) of the Declaration provides that Special Assessments may be levied with the consent of a majority of the Owners present in person or by proxy at a special meeting called for that purpose; and

WHEREAS, § 5.2 of the Declaration provides that the Association may, in accordance with Virginia Code § 55-516, record a memorandum of lien against a Lot, securing delinquent assessments on that Lot as well as interest, costs, and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments, and that the Association may foreclose its lien in accordance with the Virginia Property Owners' Association Act; and

WHEREAS, § 5.2 of the Declaration provides that a Owner in default in the payment of assessments shall be liable for all costs of collection, including, but not limited to reasonable attorneys' fees, and costs; and

WHEREAS, § 55-513 of the Virginia Property Owners' Association Act provides that the Association may levy a late charge not to exceed five percent (5%) of the outstanding amount against an Owner who fails to pay any assessment within sixty (60) days of the date on which it is due; and

WHEREAS, the Board of Directors of the Association believes it is in the best interest of the Association to adopt a policy setting forth the procedures the Association will follow to collect delinquent assessments;

NOW THEREFORE, it is hereby RESOLVED that the Board of Directors of the Settlers Mill Association hereby adopts the following policy which shall supercede any and all prior resolutions of the Board of Directors pertaining to collections:

- A. Dates Payments Due. The annual General Assessment shall be payable in quarterly installments, with each installment due on the first day of each quarter, starting on January 1st. Special Assessments shall be due in a lump sum or in installments as determined by the Board of Directors.
- B. Delinquent Accounts. The following actions shall be taken with respect to any General Assessment or Special Assessment that is not paid on time:
1. After thirty (30) Days: Assessments not received by the Association within thirty (30) days shall be considered delinquent and the Owner will receive a notice of delinquent account. Any delinquent account shall be subject to interest charges until the account is brought current. The rate of interest will be set by the Board of Directors, but will be no less than six percent (6%) of the outstanding amount.
 2. After sixty (60) Days: All accounts not paid within sixty (60) days after the due date of the assessment shall be subject to the filing of a lien and may be turned over to an attorney for collection. Such accounts will also incur a late fee in the amount of five percent (5%) of the outstanding amount. The Owner will be responsible for all fees incurred by the Association in pursuing collection of a delinquent account, including, but not limited to, all administrative fees, court costs, and attorneys' fees.
- C. Referral to Attorney. If payment in full is not received within thirty (30) days of the date of the notice of delinquent account (sixty (60) days after the account becomes delinquent), the managing agent may refer the account to the Association's attorney for collection.
1. Upon referral of a Owner's delinquent account to the Association's attorney, reasonable attorneys' fees in an amount equal to 25% of the principal amount due shall be charged to the account. All costs and expenses incurred in connection with collection of the delinquent account shall be charged to the account as well.
 2. Once a delinquent account has been referred to the Association's attorney, neither the managing agent nor any Director of the Association shall discuss the delinquent account with the delinquent Owner, but, if contacted by the delinquent Owner, shall instruct him to contact the Association's attorney.
 3. Once an account has been referred to the Association's attorney for collection, the attorney, unless otherwise directed by the Board of Directors, is authorized, at the attorney's discretion, to take any or all of the following actions and such other actions as the attorney deems appropriate and authorized by law to collect the amount owed:

- a. Send a demand letter to the delinquent Owner.
 - b. File a lawsuit against the delinquent Owner for all amounts due.
 - c. Prepare and record a memorandum of lien against the delinquent Owner's Lot.
 - d. File a summons for interrogatories against a delinquent Owner against whom the Association has obtained a judgment.
 - e. File a garnishment against any party whom the attorney determines owes money to a delinquent Owner against whom the Association has obtained a judgment.
4. The Association's attorney may foreclose the Association's lien on the Lot of a delinquent Owner only at the express direction of the Board of Directors. If so directed, the attorney shall foreclose the Association's lien in accordance with Virginia Code § 55-516.
- D. Application of Payments. Payments by a delinquent Owner of less than the total amount then due shall be applied to charges to the delinquent account in the following order:
1. Charges for attorney's fees and costs incurred by the Association in connection with collection of the delinquent account, whether or not a memorandum of lien has been recorded or any litigation initiated
 2. Returned check charges
 3. Late charges
 4. Interest
 5. The remainder of any payment will be applied to unpaid assessments in the order that the assessments became due.
- E. Returned Checks. If a check from a Owner is returned by the bank upon which it is drawn for insufficient funds, stop payment order, closed account, or any other reason for which the Owner is responsible, the following amounts shall be added to the Owner's assessment account pursuant to Virginia Code § 8.01-27.1: interest on the face amount of the check at the judgment rate from the date of the check, any fee charged to the Association by its bank or other depository in connection with the returned check, and a processing charge of \$50.00 or the maximum amount then allowed by law.

F. Remedies are Cumulative. By pursuing any one remedy against a delinquent Owner, the Association is not restricting itself to only that remedy and may pursue, simultaneously, all remedies made available to it by law and/or the Association's Governing Documents.

G. Payment Plans. The Association's attorney, or the managing agent if the account has not yet been referred to the attorney for collection, may, on behalf of the Association, agree to a payment plan proposed by a delinquent Owner provided the following conditions are met by the payment plan:

1. The delinquent Owner agrees to pay all future assessments as they become due.
2. The delinquent Owner agrees to make additional monthly payments sufficient to pay the delinquent balance on the account in full within one year.

Any other proposed payment plan must be approved by the Board of Directors.

H. Waiver. The Board of Directors, may, upon a showing of good cause by a delinquent Owner, waive payment of late charges, interest, and returned check charges. Any such waiver shall not operate as a waiver of any future charge. If any such waiver is conditioned upon a delinquent Owner's compliance with the terms of a payment plan, that waiver shall be rescinded and all waived charges automatically restored to the delinquent account upon default by the delinquent Owner of any term of the payment plan.

This Resolution is effective July 1, 2013

Adopted at a meeting of the Board of Directors on June 6, 2013

Alan S. Cummins
President

6-6-13
Date

Attest:

Jan J. West
Secretary *for Sarah Gillette*

6-6-13
Date

Settlers Mill Association
Complaint Procedure
Policy Resolution 2012-001

WHEREAS, in accordance with Va. Code Ann. § 55-530 E, Settlers Mill Association (the "Association") is required to have a written process for resolving Association Complaints from members and citizens. The Association's Complaint Procedure shall conform to the requirements set forth in Va. Code Ann. § 55-530, the Common Interest Community Ombudsman Regulations (the "Regulations"), and the Association governing documents, which shall not be in conflict with Va. Code Ann. § 55-530 or the Regulations; and

WHEREAS, it is the intent of the Board of Directors to adopt a Complaint Procedure and Complaint Form that comply with Va. Code Ann. § 55-530, the Regulations, and the Association governing documents.

NOW THEREFORE, it is hereby RESOLVED that the Board of Directors of Settlers Mill Association hereby adopts the following policy:

A. PROCESS FOR SUBMITTING AN ASSOCIATION COMPLAINT.

1. Members and citizens wishing to file an Association Complaint shall use the attached Complaint Form. All Association Complaints must be in writing.
2. An Association Complaint shall concern a matter regarding the action, inaction, or decision by the Board of Directors, managing agent, or the Association inconsistent with applicable laws and regulations.
3. The completed Complaint Form shall be delivered to the Association as follows:

Settlers Mill Association
c/o Chesapeake Bay Management, Inc.
3705 Strawberry Plains Road, Suite C
Williamsburg, VA 23188

4. The Association shall provide written acknowledgment of receipt of the Complaint Form to the complainant within seven (7) days of receipt.
5. The complainant shall describe the nature of the Association Complaint, including dates, locations and persons involved. The complainant shall include references to the specific facts and circumstances at issue. The complainant must set forth the specific documents, provisions, statutes or regulations that support his/her Association Complaint, and provide copies of any specific documents referenced. The complainant shall describe the specific action or resolution requested.

6. If the Association requires additional information that is necessary in order to continue processing the Association Complaint, the Association shall notify the complainant of the request within twenty-one (21) days of receipt of the completed Complaint Form. If the additional information is not received by the Association within ten (10) days of the Association's request, the Association shall send a letter notifying the complainant of the non-compliance, and close the Association Complaint.
7. Once the Association has received all of the requested information, the Association will schedule a date and time to consider the Association Complaint. Notice of the date, time, and location that the matter will be considered shall be sent to the complainant seven (7) days prior to the scheduled date.
8. After the Board of Directors makes its final determination, written notice shall be sent to the complainant within (7) seven days. The notice of final determination shall be dated as of the date of issuance and include specific citations to applicable Association governing documents, laws, or regulations that led to the final determination, as well as the registration number of the Association. If applicable, the name and license number of the common interest community manager shall also be provided.
9. The notice of final determination shall include the complainant's right to file a Notice of Final Adverse Decision with the Common Interest Community Board via the Common Interest Community Ombudsman and the applicable contact information.
10. A record of each Association Complaint filed with the association shall be maintained by the Association for one year after notice of the final determination is sent to the complainant.
11. Any correspondence required to be sent by the Association to the complainant, as set forth above, shall be hand delivered or mailed by registered or certified mail, return receipt requested, to the complainant at the address provided, or if agreed to by the complainant, by electronic means provided the Association retains sufficient proof of the electronic delivery.

B. NOTICE OF ADVERSE DECISION.

1. A complainant may file a notice of final adverse decision in accordance with Va. Code Ann. § 55-530 F concerning any final adverse decision that has been issued by the Association in response to an Association Complaint.
2. The notice shall be filed within 30 days of the date of the final adverse decision.

3. The notice shall be in writing on forms provided by the Office of the Common Interest Community Ombudsman. The notice shall include a copy of the Complaint Form, and supporting documentation, the final adverse decision, reference to the laws and regulations the final adverse decision may have violated, any supporting documentation related to the final adverse decision, and a copy of the Association's Complaint Procedure.
4. The notice shall be accompanied by a \$25 filing fee or a request for waiver.
5. The contact information for the Office of the Common Interest Community Ombudsman is as follows:

Heather Gillespie, Ombudsman
Department of Professional and Occupational Regulation
9960 Mayland Drive, Suite 400
Richmond, Virginia 23233-1463
Phone: 804-367-2941
Email: CICombudsman@dpor.virginia.gov

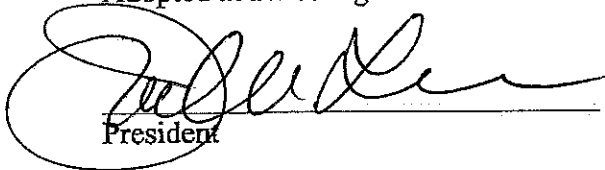
6. Upon receipt of the notice of final adverse decision from the complainant, along with the filing fee or a waiver of the filing fee approved by the Common Interest Community Board ("CIC Board"), the Office of the Common Interest Community Ombudsman shall provide written acknowledgment of receipt of the notice to the complainant and shall provide a copy of the written notice to the Association. The notice of adverse decision will not be reviewed until the filing fee has been received or a waiver of filing fee has been granted by the CIC Board.
7. Upon request, the Association shall provide information requested by the Office of the Common Interest Community Ombudsman within a reasonable time.
8. Upon review of the notice of final adverse decision in accordance with Va. Code Ann. § 55-530 G, if the Director of the Department of Professional and Occupational Regulation (the "Director") determines that the final adverse decision may be in conflict with laws or regulations governing common interest communities or interpretations thereof by the CIC Board, the Director may, in his sole discretion, provide the complainant and the Association with information concerning such laws or regulations governing common interest communities or interpretations thereof by the CIC Board.
9. The determination of whether the final adverse decision may be in conflict with laws or regulations governing common interest communities or interpretations thereof by the CIC Board shall be a matter within the sole discretion of the Director. Such decision is final and not subject to further review. As set forth in Va. Code Ann. 55-530 E, the determination of the Director shall not be binding upon the complainant or the Association that made the final adverse decision.

C. NOTIFICATION OF COMPLAINT PROCEDURE.

1. The Complaint Procedure is available to all members of the Association and citizens upon request made to the Association's manager at Chesapeake Bay Management, Inc., 3705 Strawberry Plains Road, Ste. C, Williamsburg, VA 23188.
2. The Complaint Procedure shall be included as an attachment to the resale certificate or the association disclosure packet.

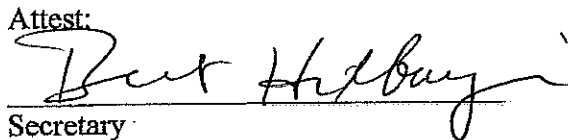
This Resolution is effective OCTOBER 11, 2012.

Adopted at a meeting of the Board of Directors on OCTOBER 11, 2012.



President

10-11-12
Date

Attest:


Secretary

10-11-12
Date

Submission of Complaint

Submit your complaint and all attachments via US Mail or hand-delivery using the address below:

Settlers Mill Association
c/o Chesapeake Bay Management, Inc.
3705 Strawberry Plains Road, Ste. C
Williamsburg, VA 23188

Processing of Complaint

The Association will acknowledge receipt of your complaint, in writing, within seven (7) days after receiving your complaint. If you do not receive acknowledgment of your complaint, please notify the Association immediately. If the Association requires any additional information to process your complaint, you will be notified in writing, within twenty-one (21) days of receipt of your completed Complaint Form. If the Association requests additional information you will have ten (10) days to deliver the additional information. The Board of Directors will notify you, in writing, of the date, time and location that your complaint will be considered. After final determination is made, written notice of the decision will be sent to you. All notices will be sent to you by electronic mail or mailed by registered or certified mail, return receipt requested, as you have selected above. If you did not select a preferred method of communication, notices will be mailed to you by registered or certified mail, return receipt requested.

Notice of Final Adverse Decision

Pursuant to Va. Code Ann. § 55-530F, you have the right to file a notice with the Common Interest Community Board (the "CIC Board") if you receive an Adverse decision from the Association. An Adverse decision means the final determination issued by the Association pursuant to the Association's Complaint Procedure that is opposite of, or does not provide for, either wholly or in part, the cure or corrective action sought by the complainant. In accordance with Va. Code Ann. § 55-530F, (i) your notice must be filed with the CIC Board within thirty (30) days of the date of the final adverse decision; (ii) your notice shall be in writing on forms provided by the Office of the Common Interest Community Ombudsman; (iii) your notice shall included copies of all records pertinent to the decision; and (iv) your notice shall be accompanied by a \$25.00 filing fee. Please note that the CIC Board may, for good cause shown, waive or refund the filing fee upon a finding that payment of the filing fee will cause undue financial hardship for the complainant. The notice shall be sent to the Common Interest Community Board, Department of Professional and Occupational Regulation, 9960 Mayland Drive, Richmond, VA 23233-1463. The phone number and email address for the Office of the Common Interest Community Board is (804) 367-8500 and cic@dpor.virginia.gov

Required Signature

Date Printed Name Signature

THIS PAGE FOR ASSOCIATION USE ONLY

THIS PAGE FOR ASSOCIATION USE ONLY

Date Complaint Received: _____

Signature and Printed Name of Person Receiving Complaint:

Signature

Printed Name

Date Acknowledgment Sent to Complainant: _____ by email by U.S. Mail

Signature and Printed Name of Person Sending Acknowledgment:

Signature

Printed Name

Date of Decision of Board of Directors: _____

Date When Decision Sent to Complainant: _____ by email by U.S. Mail

Signature and Printed Name of Person Sending Decision to Complainant:

Signature

Printed Name

Settlers Mill Association, Inc.

Policy for Records Inspections and Cost Schedule

Adopted by the Board of Directors of the Association on: 3-1-12

1. In accordance with §55-510(D) of the Virginia Property Owners Association Act, prior to allowing inspection and/or providing copies of any books and records to a member of the Association who requested the same in accordance with the provisions of §55-510 and §13.1-933 of the Code of Virginia, as amended, the Association shall impose and collect a charge for both of the following:

a. for the labor costs associated with the Association's employees and/or agents complying with such copying and production:

- i. Administrative staff at \$30.00 per hour
- ii. Junior Manager at \$50.00 per hour
- iii. Senior Manager at \$75.00 per hour
- iv. Bookkeeper at \$35.00 per hour

b. for the costs of materials, \$.10 cents per page, for the cost of black and white copies, and \$.95 per page, for the cost of color copies. Copies of documents larger in width and/or length than standard (8 1/2 x 11) copy paper and/or legal-sized paper shall be charged at a rate that shall be determined by the Association in its discretion, but in no case shall the rate be greater than the actual copying cost thereof.

2. This cost schedule shall apply equally to all members of the Association in good standing and this schedule shall be provided to a requesting member at the time a request is made.

3. Inspection and/or copy services shall be commenced only after an owner has complied with the requirement of Section 55-510 B which requires that the request is for a proper purpose related to membership in the Association

4. The right of examination may be exercised only during business hours at the office of the association and upon at least five (5) days written notice reasonably identifying the purpose for the request and the specific books and records requested.

5. The furnishing of records is subject to the right of the Association to withhold certain records pursuant to Section 55-510(C) of the Act. The following records may be withheld from examination or copying by owners and contract purchasers:

- a. drafts not yet incorporated into the owners' association's books and records or if such books and records concern;
- b. personnel matters relating to specific, identified persons or a person's medical records;
- c. contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation;
- d. Pending or probable litigation where there has been a specific threat of litigation from a party or the legal counsel of a party;
- e. matters involving state or local administrative or other formal proceedings before a government tribunal for enforcement of the Declaration, Bylaws, Articles of Incorporation or rules and regulations;
- f. communications with legal counsel which relates to subdivisions a through d or which is protected by the attorney-client privilege or the attorney work product doctrine;
- g. disclosure of information in violation of law;
- h. meeting minutes or other confidential records of an executive session of the executive organ;
- i. documentation, correspondence or management or executive organ reports compiled for or on behalf of the owners' association or the executive organ by its agents or committees for consideration by the executive organ in executive session; and
- j. individual owner or member files, other than those of the requesting owner, including any individual owner's files kept by or on behalf of the owners' association.

This Resolution is the property of the Board of Directors ("Board") of "Settlers Mill Association, Inc. This document may not be copied, edited, modified or reproduced without the Board's prior written permission. Original revision dated March 1, 2012.

**RESOLUTION of the Board of Directors
Of the
SETTLERS MILL ASSOCIATION, INC.**

(Policy for Records Inspection and Cost Schedule)

WHEREAS, Section 55-510(D) of the Code of Virginia of The Virginia Property Owners' Association Act provides that associations shall establish a Policy for Records inspection and a cost schedule; and

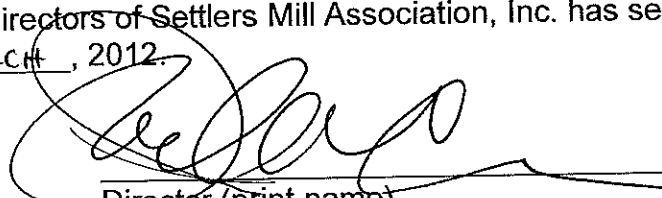
WHEREAS, a copy of this resolution shall be provided to all current Owners using the association's established reasonable, effective and free method, which is appropriate to the size and nature of the association and to all future owners by including the Resolution in resale disclosure packages prepared pursuant to section 55-509.5 of Virginia Code; and

WHEREAS, the Board of Directors of Settlers Mill Association, Inc. desires to create and establish a policy and procedure by which association members in good standing may access association books and records for predetermined fees in accordance with state and local regulations; and

THEREFORE, BE IT RESOLVED that the Board of Directors of the Association does hereby adopt the attached Policy for Records Inspections and Cost Schedule adopted by the Board of Directors of the Association on March 1, 2012.

IN WITNESS WHEREOF the Board of Directors of Settlers Mill Association, Inc. has set their hands on this 1ST day of MARCH, 2012.

Joelle Lee
Director


Director (print name)

Albert Hill
Director

BERT HALBURGEN
Director (print name)

Alan E Cummins
Director

ALAN E CUMMINS
Director (print name)

Ayle Ely
Director

DOYLE E GAGE
Director (print name)

Denise M Butler
Director

Denise M Butler
Director (print name)

EXHIBIT 10

Rules & Regulations

GUIDELINES FOR CONSTRUCTION IN SETTLER'S MILL

Prior to clearing your lot, you must submit to the ARB at DMI Corporation offices, 1111 Old Colony Lane, the application for architectural review and the checklist of architectural review procedures including all items required which are listed thereon.

The following paragraphs are also to be incorporated in the Settler's building process:

- o Complete submissions for architectural review MUST be provided to us before you clear your lot. We will approve your plans very quickly if you will provide complete information. See the ARB application for a list of required items. We must insist that this procedure be followed - we do not want to seek enforcement options on this. Once approval is given, all materials must be installed as specified. Any substitutions require a second approval process.
- o All foundations and exposed basement walls must be brick or an approved substitute.
- o Architectural grade shingles are required on all homes. This type produces a nice shadow line, and is not just a generic type.
- o All chimneys on exterior walls must be all brick. If you want to use another material on an interior chimney, it must be shown on your plans and will be subject to ARB approval.
- o Full-width shed-type dormers used to create rooms over garages will only be approved if they preserve the original eave line of the main roof.
- o Brick-front houses may be required to have one side in brick as well, to give the appearance of an all-brick house from the approach side. Look at the Bowen house at 104 Wood Pond Circle, for a good example.
- o All driveways, aprons and turnarounds must be exposed aggregate concrete, or an approved substitute.
- o The only vinyl siding that is routinely approved is made by Wolverine. If you want to use another brand, you must submit samples and specifications for approval. Also, if vinyl trim is used, it must be wide enough to approximate the look of wood trim.
- o **KEEP YOUR LOT CLEAN ON A REGULAR BASIS!** The appearance of your construction site is very important, not only for potential customers but also for the residents. Effective immediately, trash containers will be required for each lot as provided in paragraph 7.1 (24) of the Covenants & Restrictions. Also, enforced will be 7.1 (22) requiring screening of HVAC equipment which may be seen from the street.

Settlers Mill Association
Architectural & Maintenance Standards
Handbook

Prepared By
The Architectural Review Board

November 15, 2003

(Rev 04/15/04)

(Rev 01/15/05)

(Rev 02/01/06)

(Rev 10/03/07)

(Rev 8/13/09)

(Rev 10/7/10)

TABLE OF CONTENTS

	Page
Introduction	1
Objectives of Architectural Standards	1
Protective Covenants	2
Types of Requirements SMA Homeowners are Subject To	2
The Architectural Review Board (ARB)	2
The ARB Application Process	3
ARB Application Requirements	
Application Evaluation	
Application Review	
Appeal Procedure	
Limitation of Additional Structural Improvements on Your Lot	5
Modifications and Changes Requiring ARB Applications	6
Major Exterior Changes	
Decks and Patios	
Drainage	
Exterior Lighting	
Exterior Painting	
Fences	
Flagpoles	
Garages	
Greenhouses	
Hot Tubs and Jacuzzis	
Outbuildings	
Permanent Grills	
Privacy Fences and Lattice Screening	
Radio Antennas	
Recreation and Play Equipment	
Retaining Walls	
Screened Porches	
Skylights and Solar Tubes	
Storage Sheds	
Storm and Screen Doors	
Swimming Pools	
Tree Removal	

Other Architectural Standards	13
Air Conditioning and Heating Units	
Attic Ventilators	
Basketball Goals	
Chimneys	
Clotheslines	
Communication Equipment	
Compost Piles	
Christmas Decorations	
Dog Houses and Animal Runs	
Erosion Control	
Exterior Appearance / Property Maintenance	
Exterior Decorative Objects	
Firewood	
House Numbers	
In-Home Businesses	
Landscaping and Vegetable Gardens	
Mailboxes	
Portable Storage Containers	
Signs	
Solar Panels and Solar Water Heaters	
Storm Windows	
Trash and Recycling Containers	
TV Antennas	
Under Deck Storage	
Utility Equipment Concealment	
Visual Clutter	
Windows	
Window Treatments	
Vehicle Parking	18
Definitions	
Parking Restrictions	
Association Disclosure Packet	19
Amendments to the Architectural Standards	19
Enforcement	19
Interpretation	20
Conflict	20
Effective Date	20
APPENDIX A – Application to the Architectural Review Board	21

Introduction

The primary objective guiding all actions of the Architectural Review Board is to protect the right of individual homeowners to enjoy their property. Homeowners have a right to satisfy their own tastes, styles and needs, as long as the rights of others are not abridged. They also have a right to be protected from seeing abandoned vehicles parked on overgrown lawns, commercial/recreational vehicles blocking their view, etc.

Unfortunately, in the past few years, the community has encountered several situations in which homeowners have felt their rights were abridged by the neighbor's actions or lack thereof and have looked to the Board of Directors or the Architectural Review Board for relief. Without definitive standards in place, the Association has at times been without the means to obtain compliance from those who would abuse their rights at the expense of others. It was for this reason, the Board of Directors commissioned the drafting of the Architectural & Maintenance Standards and the Resolution on Due Process Procedures. It is hoped that these documents will provide useful guidance to homeowners who wish to significantly alter the appearance of their homes and will help to eliminate disputes between neighbors.

Objectives of Architectural & Maintenance Standards

All lots within the Settlers Mill Association are subject to the provisions of the Virginia Property Owners' Association Act (Va. Code Sections 55-508, *et seq.*) ("Act") and the Settlers Mill Association's Declaration of Covenants and Restrictions ("Declaration"). These authorities provide for the establishment of the Association's standards. This document sets forth those standards. These standards are enforceable as rules and regulations of the Settlers Mill Association pursuant to the Board of Directors' rule-making authority as set forth at Va. Code 55-513.

Within this document references are made to the Association, Settlers Mill Association, SMA, and to the Association's Board of Directors. These terms refer to the Settlers Mill Association, an incorporated, non-stock community association organized and operating in accordance with the Act. The standards set forth herein apply to the members of the Association. Restrictions and procedures set forth in these standards are in addition to the restrictions, procedures, and ordinances of James City County, Virginia and the Chesapeake Bay Preservation Ordinance.

The specific objectives of this booklet are to: increase the residents' awareness and understanding of the Covenants and ARB Standards in effect in Settlers Mill, describe the architectural standards and review procedures established by the Covenants, illustrate design principles to aid residents in the development of exterior improvements that will harmonize with the immediate neighborhood and the entire community, explain the role of the ARB, assist residents in preparing acceptable applications to the ARB, and, provide the ARB with uniform guidance for the review of applications.

Protective Covenants

The Declaration of Covenants and Restrictions (“Covenants”) is one of Settlers Mill Association’s governing documents. The Covenants set the standards by which Settlers Mill’s quality of design is implemented and maintained. The Covenants have been recorded in the land records of James City County, Virginia; all lots sold within Settlers Mill are subject to these Covenants. They “run with the land” and are binding upon all property owners and their successors in title. One advantage of owning a home in Settlers Mill is its protective covenants. They preserve the character of the community as it was envisioned when development of Settlers Mill began. They also aid materially in the preservation of the investment in your property. When you purchased your property, you agreed to comply with those same standards and to help maintain them. For this reason alone, the Covenants should be reviewed periodically and fully understood by every property owner.

Every Settlers Mill property owner should have received a copy of the Covenants prior to or at the time of settlement. If you do not have a copy, please contact the Association to obtain your copy.

Types of Requirements

There are six major types of requirements which come into play when a homeowner pursues a project to add, alter, or change the external portion of his / her property and land. The first type is the County Code requirements for R1 residential neighborhoods. The second is the restrictions described in the Chesapeake Bay Preservation Ordinance. The third is the use of the SMA Build-out Factor which limits the amount of total building one can do on a lot. The fourth type is SMA Covenants and Restrictions. Fifth is the SMA Architectural Standards. The sixth requirement is the James City County Building Code.

County Code requirements and the Chesapeake Bay Preservation Ordinance may be obtained from the County Offices located on Mounts Bay Road. The SMA Declaration of Covenants and Restrictions should have been provided to you prior to or during settlement on your lot or home. If you need a copy of them, they may be obtained from the Association. The document you are reading embodies the requirements for architectural standards established by the Settlers Mill Association. Section VI of the document describes the use of the SMA Build-out Factor.

The Architectural Review Board (ARB)

The purpose of the ARB is to assist in maintaining an acceptable quality standard and an aesthetically pleasing appearance to our community. By purchasing property in Settlers Mill subject to the Declaration, each of us has entered into a contractual agreement to

support this endeavor, and each property owner benefits from the outcome of the ARB's work. The ARB performs a critical planning function in reviewing and assisting homeowners in developing their plans for construction and improvements. The ARB's goals are to ensure that the improvements made by owners to their lots add value to the community and minimize any negative effect that such changes may have on neighbors. The other function that the ARB performs is the support of community regulations and standards by resolving compliance issues.

Article VI of SMA Declaration of Covenants and Restrictions established the ARB and sets forth its authority to regulate external design, appearance, use, location, and maintenance of the property and of improvements thereon. The ARB is made up solely of volunteer homeowners. The ARB performs two types of reviews, a New Construction Review and a Modification and Change Review. New Construction Reviews ensure that the development, site and architectural plans proposed by a builder are of high quality and reflect the aesthetic standards of Settlers Mill. Modification and Change Reviews ensure that proposed exterior alterations comply with the objectives set forth in the Covenants.

Article VI, Sections 6.2 and 6.3 of the Covenants explicitly state that all exterior alterations, permanent or temporary, may not be done without the prior approval of the ARB, except as otherwise expressly provided in this document or the Declaration of Covenants and Restrictions. No new home construction, external modification of a residence, or construction of a fence, wall, or other structure, shall commence, be erected, maintained, improved, altered, or made on such property without the prior written approval of the ARB.

The ARB Application Process

ARB Application Requirements

The form, "APPLICATION to the ARCHITECTURAL REVIEW BOARD" (attached hereto) must be completed, signed by the homeowner, submitted in duplicate, and be approved by the ARB prior to start of construction. Submissions, which do not meet the requirements stated on the ARB application form, shall be returned to the homeowner. An incomplete or ambiguous submission of required material will not constitute an application to the ARB.

Application Evaluation

An ARB application "evaluator" will be assigned to evaluate the completeness of the application. If the application is complete, the evaluator will send the homeowner's application to the ARB Committee to initiate the review. If the application is not complete, the evaluator will return the application to the homeowner noting the application's deficiencies. The homeowner may discuss the application with the evaluator and resubmit the application to the evaluator. Once the application is properly completed, the evaluator will forward it to the ARB Committee.

Application Review

On receipt of the homeowner's application, the ARB will attach the 'ARB Review Control Form' to the application. This control form will stay with the application throughout the review process and be filed as part of the application's permanent record.

Any application that requests deviation from published standards must be presented to all adjoining property owners for their consideration and comments before the ARB will consider the application.

In making a decision on the application, the ARB shall consider the application with respect to the criteria set forth below. The ARB will also consider the neighbor reviews and the Association's standards. The ARB's decision will be given in writing to the applicant within 30 days after receipt of a complete application.

Each application is reviewed on an individual basis. There are no "automatic" approvals, unless provided for specifically in these architectural standards. A homeowner who wishes to construct a deck, for example, that is identical to one already approved is still required to submit an application. What may be an acceptable design for one exterior may not be for another. In short, evaluation of the design proposal includes the close review and consideration of the home's architecture and the property site in total.

Judgments as to the acceptability of proposed construction or modifications are based on the following criteria:

- (1) Relation to the Settlers Mill Open Space Concept. Consideration must be given to the potential damaging effects of fencing, removal of trees, disruption of natural topography, and changes in storm water run-off.
- (2) Validity of Concept. The basic idea must be sound and appropriate to its surroundings.
- (3) Design Compatibility. Proposed improvements must be compatible with the architectural characteristics of the applicant's house, adjoining houses and the neighborhood setting. They must be similar in style, quality of workmanship, materials, color and construction details.
- (4) Location and Impact on Neighbors. Proposed alterations must relate favorably to the landscape, existing structures and the neighborhood. Of primary concern are access, view, sunlight, ventilation, noise, odors, vehicular and pedestrian traffic, privacy and drainage.
- (5) Scale. The size (in three dimensions) of the proposed alteration should relate well to adjacent structures and surroundings.
- (6) Color. Color may be used to soften or intensify visual impact. Parts of the addition that are similar to the existing house, such as the roof and trim, must be matching in color.
- (7) Materials. Continuity with the original house is established by using the same or compatible materials. For example, vertical wood siding on the original house should be reflected in an addition. The ARB realizes that the design and the materials of the original house may limit options the homeowner has in making modifications or additions.
- (8) Workmanship. The quality of work shall be equal to or better than that of the

surrounding area or original construction. Construction methods and materials are expected to comply with current industry standards. The Settlers Mill Association assumes no responsibility for the safety of new construction by virtue of design or workmanship.

(9) Landscaping. Any alterations or additions to the existing landscaping should be indicated.

(10) Timing. All applications must include a start and completion date. Projects that remain incomplete for long periods are visually objectionable and can become a safety hazard. The ARB has the right to disapprove a project whose time period is considered unreasonable. Charges may be assessed for unjustified delays in project completion.

If during the course of the project the homeowner (or his contractor or agent) deviates in any manner from the plans set forth in the project application and approved by the ARB, the ARB's approval of the application shall be deemed automatically withdrawn and the application invalidated. The homeowner thereafter proceeds with project completion at his risk. The Association's failure to discover any such deviation until after project completion shall not give rise to a defense of laches, shall not be deemed a waiver, and shall not stop the Association from seeking injunctive relief thereafter.

Although the ARB shall at all times consider applications with respect to these objective criteria; a design concept within a community also includes certain subjective qualities. Preserving that design concept and the overall aesthetic appearance of the community will thus necessarily entail the exercise of subjective judgment by the ARB. The Board of Directors of the Association hereby confers upon the ARB the authority to exercise its unfettered subjective discretion, judgment and collective taste in the review of applications. Applications may be disapproved solely upon the exercise of such subjective judgment by the ARB.

Appeal Procedure

ARB decisions may be appealed to the Settlers Mill Association Board of Directors.

Limitation of Additional Structural Improvements on Your Lot

A component of the design concept of the community was to create visual sight lines and an appealing spaciousness within the community, while at the same creating the ambience of a neighborhood. In order to preserve that element of the design concept, the ARB shall use the Build-out Factor when considering applications for additional lot improvements. This computation is not a procedure to determine the size allowed for the construction of a specific outbuilding, deck, addition or other construction. Rather, its sole purpose is to set a limit as to the total amount of structural improvement that a homeowner may erect on his property. The Build-out Factor of .30 will assure that the amount of building ("building presence" on the lot) is within an acceptable visual standard for our community.

The following shows how the Build-out Factor is used for assessing the level of building presence on a homeowner's lot.

Computation of Homeowner's Available Property Build-out
(Measurements are in square feet.)

- (1) Applicant's Lot Size _____
- (2) .30 X (1) = _____ = Maximum property build-out allowed
- (3) Living Space _____ = Excluding below grade
- (4) Attached Garage _____
- (5) Detached Garage _____
- (6) Open Porch _____
- (7) Enclosed Screened Porch _____
- (8) Raised Decking _____
- (9) Existing Outbuilding(s) _____
- (10) All Other Structures _____
- (11) Add (3) through (10) = _____ = Current property build-out
- (12) **Applicant's available build-out** = (2) - (11) = _____

Modifications and Changes Requiring ARB Applications

This section presents many of the items that homeowners may want to install, modify, alter, or construct. Standards are provided for each of these. This section is not all-inclusive. There may be other external additions and alterations, which will require ARB approval. In these cases the homeowner should seek ARB approval.

Major Exterior Changes

Major alterations are those that substantially alter the existing structure either by subtraction, addition or design (changing a gabled roof to a flat one, for example). However, other site changes, such as driveway modifications, are also included. Major building alterations include, but are not limited to, construction of driveways, garages, porches, greenhouses (attached and detached), rooms, fireplaces, chimneys, or other additions to a home.

The design of major alterations should be compatible in scale, materials and color with the applicant's house and adjacent homes. The location of major alterations should not impair the sight lines, the amount of sunlight, or the natural ventilation of adjacent properties. Roofs must match the slope, overhang length and architectural style of the roof on the applicant's house. New windows and doors should match the type used in the applicant's house and should be located in a manner that will relate well to the location of exterior openings in the existing house. If changes in grade or other conditions, which

may affect drainage, are anticipated, they must be indicated. An application shall be denied if adjoining properties are adversely affected by changes in drainage.

Construction materials must be stored so that impairment of views from neighboring properties is minimized. Excess materials should immediately be removed after completion of construction. No debris may be allowed to accumulate during construction.

The proposed structure must be compatible with the original structure and in keeping with the existing lot size.

In addition to the general application requirements, an application should include exterior elevations, a set of architectural drawings, details on exterior materials, trim, lighting, etc. In all cases the application must include a copy of the material that is to be submitted to James City County for a building permit.

Decks and Patios

Patios or decks are to be located in rear yards. Applications for front or side yard locations based on exceptional circumstances will be evaluated on their individual merits. Decks must be attached to the home and constructed within the build-able area of the plot. In no case shall the ARB permit the construction of a deck closer to the property line than the set back established by James City County. Your privacy and that of your neighbors must be considered in the placement of a deck.

The design and construction materials must be consistent with your house and the neighborhood. Wood decks are allowed to weather naturally or be stained or painted. If the owner intends to stain or paint the deck, the brand and color of the stain/paint shall be specified on the application and a color sample or chip included therewith. When patio or deck schemes include other exterior changes, such as fencing, lights, plantings, etc., you should refer to the appropriate sections of the standards for their specific requirements. Indicate on the application if the area under the deck is to be used for storage. If so, include landscape/screening plans.

In addition to general application requirements, deck and patio applications must include dimensions of railings, posts, stairs, steps, benches, lattice, privacy fencing and height of the deck.

Driveways

Exposed aggregate concrete similar in color to existing driveways in the community must be used in all new driveway construction and driveway repairs.

Drainage

You must indicate on the ARB application any changes in grade or other conditions that will affect drainage. Approval will be denied if adjoining properties are adversely affected. If a patio is being considered, attention should be given to making ground level surfaces of porous materials or providing mulched beds that will absorb runoff from

impervious deck or patio areas.

Exterior Lighting

Lighting which is part of the original structure shall not be altered without ARB approval. Light fixtures, which are proposed in place of the original fixtures, must be compatible in style and scale with the house. No exterior lighting shall be directed outside the applicant's property. In addition to the general application requirements, the application should include all dimensions of the fixture and the height that it is to be mounted above ground.

Exterior Painting

Color changes apply not only to the house siding, but also to the doors, shutters, trim, roofing, and other appurtenant structures. Change of exterior colors should relate to the color of the houses in the immediate area. Repainting or staining of a specific object to match its original color does not require approval. The homeowner's application should include a list of colors on the existing structure and a color sample or chip of the new color to be used.

Fences

It is usually attractive and desirable to visually extend properties beyond the property lines. This should be kept in mind when considering fencing, which by its very nature, tends to physically define and separate areas and makes yards appear smaller. Often, open fence designs, e.g. split rail, are more visually appealing than closed picket or pale fences. There are alternatives to fencing that may achieve the desired objectives. For example, short segments of fencing may be combined with landscaping to achieve the desired screening. Planting schemes can be integrated with all fencing to soften the visual impact and should be considered.

The following are several conditions, which must be met when constructing a fence:

- (1) Chain link fencing is not allowed except to enclose the community swimming pools and tennis courts.
- (2) Perimeter property line fencing should not extend forward of the rear plane of the applicant's house. Side yard fencing may be considered when site conditions warrant.
- (3) Corner lot fencing should not extend closer to either street than the closest point of the house to the street. However, corner lot fencing may be allowed to extend into side yards when taking into account how the house is sited to the streets, or when the side yard does not act as a front yard for neighboring properties. If a hardship is created by not allowing the fence to be placed within a portion of the side yard the ARB may allow the fencing.
- (4) Relationship to adjacent houses and other factors on the side of the house will also be considered in determining fence location.
- (5) Property line fencing that is not along subdivision external property lines should be an open picket design. Fence pickets shall not exceed 48 inches above grade, and the pickets must be on the outward side of the rails.
- (6) Property line fencing that is along subdivision external property lines may be of a privacy type consistent to the height, design and material of that fencing the Settlers Mill Association owns along the external property lines.
- (7) Fencing may not extend into a conservation zone without authority to do so.

- (8) Gates should be compatible to fencing in design, material, height, and color.
- (9) Synthetic material, such as vinyl, may not be used.
- (10) Attached trellises are allowed only on approval of the ARB.
- (11) Fastening material shall be made of stainless steel, galvanized metal, or made with a rust protective coating.
- (12) All fencing must be compatible with the materials and colors in the applicant's house. Fencing may be stained, painted, or left to weather naturally.

Fencing must be properly maintained and kept in good condition. No alteration may be made to an existing fence prior to the approval of the ARB.

Flagpoles

Permanent flagpoles must be of a height, color and location that are appropriate for the size of the property and the background. Appropriate freestanding flagpoles are generally approved. No more than one freestanding flagpole shall be approved per lot. They must be installed and maintained in a vertical position. The homeowner's application must include a description of the material, color and dimensions of the flagpole. Freestanding flagpoles are approved for the display of the flags of the United States of America or the Commonwealth of Virginia, or the service colors of the various branches of the Armed Forces of the United States. No more than two such flags shall be displayed from a flagpole. Any other type of decorative or seasonal flag or other types of flags shall be displayed from temporary flagstaffs as described below.

Temporary flagstaffs do not need ARB approval if they are no longer than six (6) feet and attached at an incline to the front wall or pillar of the house or dwelling.

Garages

Detached garages must be located fifteen feet from the rear and side lot lines. Exceptions to the alignment may be granted if unusual circumstances exist. Only single vehicle detached garages are allowed. They may not exceed a 360 square foot footprint. An approved garage must be constructed as a typical garage (*e.g.*, standard garage door and attached driveway, etc.). Detached garages may not have air conditioning or be heated by use of a heat pump. The garage's design and architecture must meet the requirements described for Major Exterior Changes, above. The garage may only be used for its intended use, (housing a vehicle and providing for a nominal work area and storage). Detached garages shall not be used for band playing, music recording, housing a business operation, *etc.*

Greenhouses

Detached greenhouses will be reviewed under the same criteria as outbuildings with consideration for the special requirements of sun orientation. Attached greenhouses will be reviewed as room additions with special attention given to visibility of interior activities. The homeowner's application must include the greenhouse exterior elevations, a set of architectural drawings, and details on the exterior materials, trim, lighting, *etc.*

Hot Tubs, Jacuzzis and Spas

Hot tubs, Jacuzzis and spas must be incorporated into an existing/planned deck or patio. The deck or patio must be attached to the house. Privacy fencing and/or year-round landscaping must be provided as screening from adjacent properties and from the street. Free standing hot tubs, Jacuzzis and spas are not approved. The homeowner's application for a hot tub, Jacuzzi or spa requires a site plan showing relation of proposed hot tub, Jacuzzi or spa to adjacent property lines, the applicant's house and adjacent houses. The following should be included with the application: a photograph and/or sketch of proposed hot tub, Jacuzzi or spa, details of color, material dimensions, and planned privacy screening and/or landscaping.

Outbuildings

An outbuilding has an aesthetic impact on neighbors. A poorly designed or inappropriately placed outbuilding can visually and functionally negate an otherwise desirable residential area. The size, location, construction, and use of an outbuilding are critical to its acceptance by the neighbors, the community, and by the ARB. The outbuilding must be designed to respect the "visual rights" of neighboring properties. Therefore, the ARB will be extraordinarily diligent in its review of applications for outbuildings.

Only one outbuilding of a maximum size of 150 square feet is allowed on a homeowner's property. The maximum allowable height measured at the peak of the building will be ten (10) feet. Requests for a taller outbuilding may be considered by the ARB if the applicant has approval letters from all adjoining property owners. Exceptions to the height restriction will be considered on a case by case basis.

The outbuilding may be used for storage or a hobby of interest. It may not be used as an office for a business or for living quarters of any kind. The home may be used for these purposes. The outbuilding may not be air-conditioned and it may not be heated by use of a heat pump. The outbuilding must be placed to the rear of the lot. However, it may not be located less than 15 feet from a side or rear lot line.

The outbuilding must be compatible with the home in terms of color and style of the shingles, windows and doors and siding color. The roof must overhang the walls by at least six (6) inches.

Permanent Grills

Permanent grills are allowed with ARB approval. An application for a permanent grill must show its design and elevation, and how it is incorporated into the yard, patio, deck or other surroundings.

Privacy Fence and Lattice Screening

The use of lattice below elevated decks is required. Waivers of this requirement may be given for walkout areas beneath raised decks. Privacy screening, consisting of fence/lattice and/or year-round landscaping, is required to screen hot tubs and Jacuzzis from adjacent properties and from the street. While the use of privacy fence/lattice is generally discouraged above the flooring of decks and patios, consideration will be given

to applications proposing such screening in circumstances in which the deck/patio is exposed to the street or the property configuration does not provide reasonable separation from adjoining properties. Privacy screening other than lattice will be considered on a case-by-case basis, but stockade-type privacy fencing is not an option.

An additional factor that will be considered in reviewing applications for privacy screening is the effect it will have on the sight lines from adjoining properties.

Radio Antennas

Stationary antenna used to receive and or broadcast communications such as HAM operations, long range communication, and local communication must be approved by the ARB. They should be placed in an unobtrusive location that has the approval of the applicant's neighbors and the community in general. Also see Communication Equipment in Section VIII.

Recreation and Play Equipment

The following standards are an effort to reconcile the need for play equipment with the goal of minimizing its visual impact. Careful thought should be given to location and kinds of equipment the homeowner plans to install. Please keep in mind that a tot lot and a pavilion are maintained by the Settlers Mill Association and are available for use by all residents.

Recreation and play equipment must be placed in the rear yard. Consideration must be given to the placement of equipment based on lot size, equipment size, colors and design, the amount of visual screening available, *etc.* The proposed location in the rear yard of the play equipment should take into consideration the noise and sight impact to neighbors and attempt to minimize such impact to the greatest extent possible.

Play equipment constructed of wood is encouraged. Metal play equipment, exclusive of the wearing surfaces (slide poles, climbing rungs, etc.), should be painted dark earth tones to blend with the natural surroundings, or, if located adjacent to a dwelling, painted to match the background or screening structure. Other play equipment colors will be considered, contingent upon location and landscaping.

The homeowner's application for play equipment should include a plot drawing showing the relation of proposed play equipment to adjacent property lines, applicant's house and adjacent houses including open space. A photograph, picture, or sketch of proposed play equipment must also be included.

Retaining Walls

Retaining walls may be constructed of treated wood, brick or stone and must meet all requirements of the James City County codes Compliance and Environmental Divisions. If a permit is required, a copy must be attached to the application. Drainage of surface water affected by the construction of the retaining wall must not adversely affect any adjoining properties.

Screened Porches

Enclosed or screened porches must be architecturally consistent with any proposed deck, an existing deck, and the house. The roof must match the slope, overhang length and architecture, shingle type and color of the house roof. Other roofing types will be considered on a case by case basis. A proposed outside entrance door must match the color and construction of the structure it serves.

Skylights and Solar Tubes

Skylights and solar tubes may not be installed on front facing roofs. Applications must be submitted to the ARB for their installation.

Storage Sheds

No freestanding sheds are allowed on the property. Sheds may be attached to the home or to a deck. The architectural design of the shed must be compatible with the design of the house, and may be built below an elevated deck. The finish material used for the shed must be the same as the exterior finish of the house. If the shed is built below a deck, which is elevated 8' or less, the material must match the deck. The color scheme must be the same as that of the house or deck. The roof slope and the type and color of the roofing material (shingles, etc.) should match those of the house.

While sheds must provide sufficient volume for their intended use, they must be of an appropriate size relative to the property and be architecturally compatible with the applicant's house.

Storm and Screen Doors

Rising energy costs have encouraged homeowners to take measures to conserve energy through installation of storm doors. Energy conserving measures, however, should and can be done without compromising the visual quality of the neighborhood. Storm and screen doors should be straightforward and without ornamentation such as scallops, scrolls, imitation gate hinges, etc., and should be painted the same color as the entry door behind or the trim around the entry door. Favorable consideration will be given to doors that are the same color as the architectural trim or siding. Approval will depend upon the design of the door and its compatibility with the design of the house.

No application is required if the storm or screen door is a full view or full paneled door that is the same color as the entry door or the trim around the entry door.

Swimming Pools

Only in-ground swimming pools will be considered for approval by the ARB. Pools are to be located in the rear of the house. A fence four (4) to five (5) feet in height and of the open type, compatible with the design style of the house may be required to enclose a pool used for swimming and for screening pool equipment. Approval of the fence is contingent upon completion of the pool. Appropriate landscaping may be required to lessen the impact of the pool and fence. All James City County pool construction and pool safety requirements must be met prior to final approval from the ARB.

The homeowner's application must include detailed drawings of the pool, pool deck area, lighting arrangements, walkways, fences, landscaping plan, etc., and pertinent information concerning water supply system, drainage and water disposal system.

Tree Removal

Trees greatly enhance the appearance of individual lots and the overall community and should be left standing whenever possible. Homeowners must submit an application to the Architectural Review Board requesting the removal of any live tree six (6) inches or more in diameter and for live flowering trees (i.e. redbud, dogwood) or evergreens larger than two (2) inches in diameter. The removal of obviously dead or dying trees will be approved. The ARB will approve the removal of trees which a qualified, professional arborist has declared to be beyond saving and which pose a potential danger to houses, other buildings or other surrounding landscaping. The ARB requests that homeowners remove dead or dying trees before they become a hazard. Situations where a tree has significantly overgrown its location or where the number of trees in one location has begun to detract from the overall appearance of the property will be considered on a case by case basis. Other situations presented in homeowner applications which do not conform to these guidelines will be considered on a case by case basis. Homeowners will be strongly encouraged to replace removed trees whenever practical. Tree removal must comply with all county ordinances on tree cutting (consult James City County Extension Office).

Other Architectural Standards

In addition to controlling construction, improvements, and changes to reduce any undesirable impact on the community, the ARB is responsible for monitoring community regulations and standards. The SMA Board of Directors has the authority and the responsibility for enforcement of the regulations and standards. The following list is not all-inclusive, but covers the most common issues that would be involved.

Air Conditioning and Heating Units

Only central air conditioning and heating units are approved. Window units mounted in windows or through a wall are not approved.

Attic Ventilators

Attic turbines are not allowed. Attic ventilators may be installed. An attic ventilator may be mounted inside the attic, and directed out the gable. It must not be visible from the exterior. It must not be so loud as to disturb neighbors.

A roof attic ventilator may be installed only on the outside of a rear-facing roof. It must be placed at least three feet below the roof ridgeline.

Basketball Goals

Portable basketball goals may be used, but to ensure safety of the players, at no time will the goals be placed facing the street. Portable goals should be stored behind the front face of the house when not in use.

Fixed goals should be placed behind the front face of the house. Basketball goals must be properly maintained and located in such a manner as to minimize the impact on adjacent lots

Chimneys

All chimneys on exterior walls must be constructed of brick or an approved substitute.

Clotheslines

Clotheslines are not permitted.

Communication Equipment

No transmitting equipment or communication equipment shall be operated within Settlers Mill that will in any manner interfere with telephone, home security system, radio, television, or standard electronic equipment used by residences within Settlers Mill.

Compost Piles

Compost piles must not exceed four (4) feet in height. They must be located at the rear of the lot. Failure to maintain a satisfactory compost pile, or allowing it to become unsightly or a public nuisance, will be a violation of these standards.

Dog Houses and Animal Runs

Doghouses must be compatible with the design of the applicant's house in color and materials and shall be located in the rear yard immediately next to the house. No dog or animal runs are allowed. Runs are fenced areas built solely for the use of the dog(s) or animal.

Erosion Control

Each resident is responsible for seeing that their lot area is protected from erosion and that storm drain structures are not blocked so as to cause erosion problems which will promote silt in ponds, ravines, and stream beds.

Exterior Appearance / Property Maintenance

Residents are responsible for maintaining the exterior of their dwellings and any other structures on their lots, such as decks, fences, sheds, and playground type equipment. While it is difficult to provide precise criteria for what the Association deems an unacceptable condition, the following cases represent some of the conditions considered being in violation of the Covenants:

- (1) Peeled paint on any exterior surface.
- (2) Deteriorating and / or damaged house trim, windows, shutters or siding visible from the street.

- (3) Mold on roof or any other exterior surface.
- (4) Dented mailboxes, or mailboxes and/or stands in need of repainting.
- (5) Playground equipment which is either broken or in need of repainting.
- (6) Fences with either broken or missing parts.
- (7) Outbuildings or sheds with broken doors or in need of painting or other types of repair.
- (8) Decks with missing or broken railings or parts, or parts in need of re-staining or painting.
- (9) Open storage/accumulation of assorted personal use items such as seasonal recreational equipment (out of season), household furnishings, tools and equipment, etc., in areas visible to neighboring properties.

Property ownership includes the responsibility for the maintenance of all structures and grounds, which are a part of the property. This includes, but is not limited to items such as mowing grass, removal of trash, and structural maintenance. Maintenance affects the visual character and economic values of the property and neighborhood, and in some cases, safety. Violations of maintenance standards are violations of Article VII of the Covenants.

Any of the following conditions will be considered a violation of ARB standards:

- (1) Lawns with grass in excess of six (6) inches in height.
- (2) Planted areas containing weeds or dead plants during the growing season.
- (3) Indiscriminate use of pesticides, fertilizers or herbicides which harm plant and animal life.
- (4) Accumulated trash or debris.
- (5) Conditions which cause erosion or flooding.
- (6) Dumping of organic debris (leaves, grass, clippings/cuttings, and branches) in sewer drains, on other lots and on any common area.

Most residents, undoubtedly, would not allow any of the above conditions to exist, as they seek to preserve and protect their investment in their homes and to limit their personal liability by keeping all improvements on their lots in good condition. The Association expects that all residents will perform this necessary maintenance to prevent any of the cited conditions from occurring in Settlers Mill.

Exterior Decorative Objects

Exterior decorative objects are allowed. They include such items as birdbaths, wagon wheels, sculptures, pools/ponds, stumps, driftwood piles, and items attached to structures. However, these objects must be kept in proper condition and not give the appearance of a cluttered house or yard. Additionally, these items must be incorporated into and be visibly a part of a landscaping plan or scheme. If the ARB determines in its subjective judgment that these requirements are not being met, the homeowner must correct the situation when asked to do so.

Firewood

Firewood shall be kept neatly stacked and located at the rear of the residence within the

owner's property lines. Piles larger than two (2) cords require approval. Piles longer than 6 feet should be 2 rows deep at a minimum. Piles must not exceed 4 feet in height. Firewood piles must contain firewood only, and shall not be used for storage of debris. Bright colored cover material is not allowed. The firewood should be located in such a manner as to minimize visual impact. In certain cases, screening may be required. If there are any variations from the above information, ARB approval is required.

Holiday Decorations

Holiday Decorations must be removed from the exterior of the house no later than one month after the holiday.

House Numbers

House numbers may not be painted on the curb.

In-Home Businesses

An in-home business is defined as any structured or repeated activity in the home which supports the homeowner's livelihood or an activity that is connected with the homeowner's profession, avocation or benevolence and meets the requirements of the James City County zoning ordinances.

In-home customer-oriented businesses are not allowed. An in-home customer-oriented business is an in-home business that draws persons, employees, customers, or patrons to the home and thereby results in any increase in vehicular traffic or the increase of on street parking in the community. This would include businesses such as manufacturing, trade, commerce, industry, profession, group mentoring or training, group functions, (a group is defined as three or more persons), charitable service, in-home day-care, and, detention or rehabilitation services.

Landscaping and Vegetable Gardens

Care should be exercised in the planting and maintenance of trees and shrubs to prevent obstruction of sight lines required for vehicular traffic or of natural beauty. Also, the view of neighboring houses and the shade patterns created by large trees must be considered in your landscape plans.

Artificial vegetation may not be used as a landscaping feature.

Vegetable gardens must be located to the rear of the lot. Gardens must be neatly maintained throughout the growing season; such maintenance includes removal of unused stakes, trellises, and dead growth.

Rocks in rock gardens or rocks on the property must remain their natural color.

Mailboxes

Mailboxes are in a very visible location. They must be maintained in proper condition and meet all requirements established by U.S. Postal Service regulations.

Portable Storage Containers

Commercially available, portable storage containers are allowed for a period of two weeks without ARB permission. The container(s) must be located in the homeowner's driveway and not in the street. An application must be submitted to the Architectural Review Board for periods longer than two weeks specifying why an extension to the two-week period is necessary and the length of time the container(s) will be on the property.

Private Property

Permanent signs are not allowed. Temporary signs are allowed but are limited to those signs that announce yard sales, open houses or any other neighborhood event. The temporary signs may be placed seven (7) days prior to the event and must be removed within twenty-four (24) hours after the event. These temporary signs must not be larger than six (6) square feet.

Political signs are classified as temporary signs and are subject to the restrictions as stated above but may be placed sixty (60) days prior to the election and must be removed within twenty-four (24) hours after the election.

Real estate signs must meet county regulations with respect to size, content, and removal. Only one real estate sign is allowed per property and it must be placed in the front yard. Real estate signs must be removed within forty-eight (48) hours of contract closing.

Signs

Common Areas

The only signs allowed in common areas are those signs that are authorized by the Settlers Mill Association Board of Directors or their agent.

Solar Collection Devices

Solar Collection Devices, when used, must be installed in such a manner as to blend as closely as possible into the surrounding architectural elements in relation to color, size and location and aesthetically not detract from the overall appearance of the community. Any device installed preferably will be on the rear of the structure. All proposed solar collection devices require ARB approval prior to installation.

Storm Windows

Homes in Settlers Mill have been designed so that the addition of storm windows on the outside would seriously disrupt architectural continuity. Therefore, they are not allowed on the home.

Trash and Recycling Containers

Trash and recycling container(s) shall not be placed on the curb prior to the evening before scheduled pickup. Container(s) shall be removed and stored out of sight at the earliest opportunity the same day as trash/recycling pick-up

TV Antennas

The installation of antennas for the reception of general public broadcast from satellite communications is governed by FCC regulations. The FCC allows the homeowner broad latitude in placement of the antenna. However, the FCC also recognizes that community associations may indicate preferred locations on the individual lots, provided that such locations do not increase the cost of, delay the installation of, or impair the reception of an acceptable quality signal. It is in the interest of the community that homeowners position the antennas in an unobtrusive location to minimize the visual impact of the antennas. Homeowners shall place satellite dish antennas on their lots in locations that have the least visual impact. Homeowners who are considering obtaining satellite television service shall notify their installer of this regulation **prior** to installation, and shall direct the installer to comply with the Association's regulation to the greatest extent practicable, consistent with the FCC's regulations. If two or more locations on the lot are suitable for placement of the antenna, the least noticeable location shall be selected.

Under Deck Storage

When using the under deck area for informal storage, the impact on neighbors must be kept in mind. Storage should be maintained so as to present a neat, uncluttered appearance. Screening or landscaping will be required so as to conceal the storage area.

Utility Equipment Concealment

Screening must conceal all air-conditioning units, heat pumps, utility service meters, and trash containers so that they are not visible from the street. Fencing and or shrubbery may be used to provide the necessary screening. If construction in the equipment area precludes meeting the concealment requirement, the homeowner must apply to the ARB for an exemption.

Visual Clutter

Bikes, toys, grills, lawn and garden equipment, etc., should not be left over night in driveways or in the front and sides of homes. They must be stored out of sight when not in use.

Windows

The style of the windows that were originally designed for the house must be maintained. Their fixtures, such as mullions and stiles must be maintained on front and side windows. Any change to the window standards must be approved by the ARB.

Window Treatments

Window treatments, shutters and blinds should be of suitable color and material so as to present an attractive appearance from the exterior of the home.

Vehicle Parking

Parking standards are necessary within Settlers Mill to enhance vehicular and pedestrian safety as well as to maintain the appearance of our community. Safety is an utmost concern because of the narrow streets and lack of sidewalks in our community. Pedestrians, bicyclists and baby carriages must occupy the same street space as moving vehicles and trucks. For these reasons our parking standards incorporate extra precautions.

Definitions

A commercial vehicle is defined as any one of the following:

- (1) A vehicle, which displays advertising, lettered thereon except small window decals.
- (2) A vehicle with externally located or easily visible commercial equipment or materials. Commercial equipment shall include, but not be limited to ladders, compressors, generators, pumps, and building trade tools.
- (3) A stake body, box body, or other utility body mounted to a cab-chassis.
- (4) A vehicle with dual rear axles.
- (5) A public or private school bus or church bus.
- (6) A vehicle licensed "for hire."
- (7) A trailer or semi-trailer.
- (8) A farm implement or construction equipment.

Public vehicles assigned to officials who must respond to an emergency call will not be considered commercial vehicles.

A recreational vehicle is defined as any one of the following:

- (1) A boat or boat trailer.
- (2) A personal watercraft or personal watercraft trailer
- (3) A vehicle whose external configuration conforms to the generally accepted definition of a motor home.
- (4) A truck camper that is either wider or longer than the pickup truck bed on which it is loaded.
- (5) A truck cap that is wider or longer than the pickup truck bed on which it is mounted. Truck caps may also be known as tops, toppers, shells, slip-ons, and by various other names.
- (6) A mobile home, motor home, travel trailer, or fifth wheel-trailer regardless of interior configuration.
- (7) A fold-down camping trailer.
- (8) Any snowmobile, all-terrain vehicle, dune buggy, trail bike, go-kart or other self propelled vehicle not licensed for operation on a public street.
- (9) A motorized vehicle not legal for operation on the highways of Virginia.

A vehicle is defined inoperable if any of the following conditions exists:

- (1) A vehicle which is partially disassembled by removal of tires and/or wheels, engine or other essential parts required for operation or is otherwise not in operable condition. This will include vehicles placed on jacks or with flat tires.
- (2) A vehicle not bearing a current registration plate.
- (3) A vehicle not bearing a current county or city registration sticker if so required.

(4) A vehicle not bearing a current inspection sticker, if required by the state of registration.

(5) Vehicle components or automotive equipment or accessories not installed in an operable vehicle.

The Architectural Review Board will resolve special situations not covered by these definitions.

Parking Restrictions

At no time may residential lawns, yards, open space, general turf areas, and the area between the pavement and the lot line be used for parking, storage, or to support vehicles of any type. With the exception of garaged vehicles, overnight parking of commercial vehicles and vehicles that are inoperable is prohibited on the homeowner's property and in the streets of Settler's Mill. Recreational vehicles may be parked on the homeowner's property for temporary periods not to exceed 48 hours. Recreational vehicles may not be parked in the street. Private passenger and commercial vehicles must not be parked on any street in a manner that creates a hazard or impedes the normal flow of traffic.

Association Disclosure Packet

Virginia Code Sections 55-511 and 55-512 set forth disclosure requirements relevant to the sale and purchase of lots within property owners associations which are subject to the Act. Settlers Mill Association is a property owners association subject to the Act. The statutory provisions, set forth therein, bind all homeowners, prospective purchasers, real estate agents, settlement attorneys and the Association itself. The purpose of the disclosure packet is to ensure that the potential purchaser is put on notice of, and understands the ramifications of, purchasing property in Settlers Mill.

A Settlers Mill Association Disclosure Packet is available from the Settlers Mill Association. The current status of your assessment payments and any exterior alteration applications approved by the ARB will be in the lot file for your address. You should note that if a prospective purchaser of your lot requests a Disclosure Packet, you are legally obligated to request it in writing from the Association. All statutory provisions set forth in Section 55-512 of the Virginia Code shall pertain and apply, including the Association's right to charge you a fee for the preparation and issuance of a Disclosure Packet.

Amendments to the Architectural Standards

The ARB will conduct a yearly evaluation of the Architectural Standards to determine if additions or amendments are necessary. The additions or amendments, approved by the Board of Directors, become enforceable architectural standards for our community after notice and distribution to the membership.

Enforcement

Pursuant to Article XI, Section 11.3 of the Declaration, the Association shall have the right to enforce, by any proceeding at law or in equity, all architectural and maintenance standards set forth herein. Pursuant to the Association's Due Process Resolution, the Association shall also have the authority to assess rule violation charges, after notice and an opportunity for a hearing, for any violation of the standards set forth herein. All remedies available to the Association shall be deemed cumulative in nature, and selection of one remedy shall not operate to preclude any other remedies. In the event the Association shall have to resort to an action at law or suit in equity to enforce these standards, the Association as the prevailing party shall be entitled to its costs and reasonable attorneys' fees incurred in such enforcement.

Interpretation

The General Provisions set forth at Article XI of the Declaration with respect to Severability, Gender and Grammar and Headings shall be construed to apply to these standards as well.

Conflict

If any provision of these standards shall conflict with the Articles of Incorporation, the Articles shall govern. If any provision of these standards is in conflict with the Declaration, the Declaration shall govern.

Effective Date

The Settlers Mill Association Board has passed Regulatory Resolution No. 03-02, which approved and adopted the Architectural & Maintenance Standards for the Settlers Mill Association, and will cause said standards to be enforced after the effective date of November 15, 2003 as revised on April 15, 2004, January 15, 2005, October 3, 2007 and November 1, 2009.

Page Intentionally Left Blank

Settlers Mill Architectural Review Board
Addendum to Rules and Regulations
Approved August 13, 2009
(Please keep this with your copy of the Rules & Regulations)

Page 8
Fences

It is usually attractive and desirable to visually extend properties beyond the property lines. This should be kept in mind when considering fencing, which by its very nature, tends to physically define and separate areas and makes yards appear smaller. *Often, open fence designs (e.g. split rail, etc.) are more visually appealing than closed picket or pale fences.* There are alternatives to fencing that may achieve the desired objectives. For example, short segments of fencing may be combined with landscaping to achieve the desired screening. Planting schemes can be integrated with all fencing to soften the visual impact and should be considered.

The following are several conditions, which must be met when constructing a fence:

- (1) Chain link fencing is not allowed except to enclose the community swimming pools and tennis courts.
- (2) Perimeter property line fencing should not extend forward of the rear plane of the applicant's house. Side yard fencing may be considered when site conditions warrant.
- (3) Corner lot fencing should not extend closer to either street than the closest point of the house to the street. However, corner lot fencing may be allowed to extend into side yards when taking into account how the house is sited to the streets, or when the side yard does not act as a front yard for neighboring properties. If a hardship is created by not allowing the fence to be placed within a portion of the side yard the ARB may allow the fencing.
- (4) Relationship to adjacent houses and other factors on the side of the house will also be considered in determining fence location.
- (5) Property line fencing that is not along subdivision external property lines should be an open picket design. Fence pickets shall not exceed 48 inches above grade, and the pickets must be on the outward side of the rails.
- (6) Property line fencing that is along subdivision external property lines may be of a privacy type consistent to the height, design and material of that fencing the Settlers Mill Association owns along the external property lines.
- (7) Fencing may not extend into a conservation zone without authority to do so.
- (8) Gates should be compatible to fencing in design, material, height, and color.
- (9) Synthetic material, such as vinyl, may not be used.
- (10) Attached trellises are allowed only on approval of the ARB.
- (11) Fastening material shall be made of stainless steel, galvanized metal, or made with a rust protective coating.
- (12) All fencing must be compatible with the materials and colors in the applicant's house. Fencing may be stained, painted, or left to weather naturally.

Fencing must be properly maintained and kept in good condition. No alteration may be made to an existing fence prior to the approval of the ARB.

Page 14

Christmas *Holiday* Decorations

Christmas *Holiday* decorations must be removed from the exterior of houses by the first of February *no later than one month after the holiday*.

Page 16

Landscaping and Vegetable Gardens

Care should be exercised in the planting and maintenance of trees and shrubs to prevent obstruction of sight lines required for vehicular traffic or of natural beauty. Also, the view of neighboring houses and the shade patterns created by large trees must be considered in your landscape plans.

Artificial vegetation may not be used as a landscaping feature.

Vegetable gardens must be located to the rear of the lot. Gardens must be neatly maintained throughout the growing season; such maintenance includes removal of unused stakes, trellises, and dead growth.

Rocks in rock gardens or rocks on the property must remain their natural color.

Page 17

Solar Panels and Solar Water Heaters *Solar Collection Devices*

~~No solar panels or solar water heaters are allowed.~~ *Solar Collection Devices, when used, must be installed in such a manner as to blend as closely as possible into the surrounding architectural elements in relation to color, size, and location. The unit(s) must aesthetically not detract from the overall appearance of the community. Any device installed preferably will be on the rear roof of the structure. All proposed solar collection devices require ARB approval prior to installation.*

Roofing Materials (Not currently included in the ARB Standards)

The ARB is researching new roofing materials called “cool” roofing materials which are coming on the market. A policy covering these materials will be included in the Standards soon.

Settlers Mill Architectural Review Board
Addendum to Architectural & Maintenance Standards
Approved October 7, 2010

These changes replace only the noted sections of the Settlers Mill
Architectural and Maintenance Standards
(Please keep this with your copy of the Architectural & Maintenance
Standards)

Page 10

Outbuildings

An outbuilding has an aesthetic impact on neighbors. An inappropriately placed or poorly designed outbuilding can visually and functionally negate an otherwise desirable residential area. The size, location, construction, and use of an outbuilding are critical to its acceptance by the neighbors, the community, and by the ARB. The outbuilding must be designed to respect the "visual rights" of neighboring properties. Therefore, the ARB will be extraordinarily diligent in its review of applications for outbuildings.

Only one outbuilding of a maximum size of 150 square feet is allowed on a homeowner's property. The maximum allowable height measured at the peak of the building will be ten (10) feet. Requests for a taller outbuilding may be considered by the ARB if the applicant has approval letters from all adjoining property owners. Exceptions to the height restriction will be considered on a case by case basis.

The outbuilding may be used for storage or a hobby of interest. It may not be used as an office for a business or for living quarters of any kind. The home may be used for these purposes. The outbuilding may not be air-conditioned and it may not be heated by use of a heat pump. The outbuilding must be placed to the rear of the lot. However, it may not be located less than 15 feet from a side or rear lot line.

The outbuilding must be compatible with the home in terms of color and style of the shingles, windows and doors and siding color. The roof must overhang the walls by at least six (6) inches.

Page 7

Driveways (New Section)

Exposed aggregate concrete similar in color to existing driveways in the community must be used in all new driveway construction and driveway repairs.

APPENDIX A

Settlers Mill Association
APPLICATION to the ARCHITECTURAL REVIEW BOARD
(Submit 2 copies of the application and required material.)

HOMEOWNER _____	<input type="checkbox"/> Outbuilding
ADDRESS _____	<input type="checkbox"/> Addition
PHONE NUMBER(s) _____	<input type="checkbox"/> Deck / Porch
	<input type="checkbox"/> Color Change
CONTRACTOR _____	<input type="checkbox"/> Visual Screen
CONTRACTOR PHONE NO. _____	<input type="checkbox"/> Tree Removal
	<input type="checkbox"/> Fence <input type="checkbox"/> Other

Application Requirements:

Project – Provide a description of the exterior change or modification requested. Include drawings, pictures, color swatches, catalog illustrations, and list of materials.

Site Plan – Include copies of the site plan that was provided to you when you purchased your home. That plan should include the dimensions and measured locations of all improvements, including those covered in this application. Contour lines should be included when drainage is affected. Show measured distances between structures and lot lines, and the location of existing trees over six inches (6”) in diameter.

Elevation Drawings - The front, sides, and rear sketches should be to scale. Include typical measurements for heights and widths. Include the slope of the roof, width of the roof overhangs, and the maximum height of the structure. Show the placement and sizes of doors, windows, screens, height above grade, and the positioning of exterior lights.

Construction Material - Give details on the type of construction, including the exterior siding, width of the corner and door edging, the roofing material, railings, and decking.

Color Scheme - Give the description of the colors for exterior components of the proposed structure.

Code Compliance - A County building permit must be properly displayed at all building and remodeling locations. All construction must comply with James City County Building Codes and must be County inspected, as required by the Code.

Size and Location of Construction – If applicable, complete the ‘Computation of Homeowner’s Available Property Build-out’ on page 2 of this application.

Additional Requirements, which may apply to construction, exterior alterations, and fencing, are found in the Settler’s Mill Association Covenants and Restrictions and the ARB Architectural & Maintenance Standards. Lots, which have conservation easements, are subject to unique restrictions.

Project Start Date _____ Project End Date _____

Homeowner _____ Date _____

(Page 1 of 2)

Computation of Homeowner’s Available Property Build-out,

(Measurements are in square feet.)

- (1) Applicant's Lot Size _____
- (2) .30 X (1) = _____ = Maximum property build-out allowed
- (3) Living Space _____ = Excluding below grade
- (4) Attached Garage _____
- (5) Detached Garage _____
- (6) Open Porch _____
- (7) Enclosed Screened Porch _____
- (8) Raised Decking _____
- (9) Existing Outbuilding(s) _____
- (10) All Other Structures _____
- (11) Add (3) through (10) = _____ = Current property build-out
- (12) **Applicant's available build-out** = (2) - (11) = _____

The Architectural Review Board (ARB) reserves its right to accept or reject this application. Any work begun without the ARB's approval will be subject to civil action being placed against the homeowner. Appeals of ARB decisions must be directed to the SMA Board of Directors.

APPROVED REQUIRES REVISIONS APPLICATION DENIED

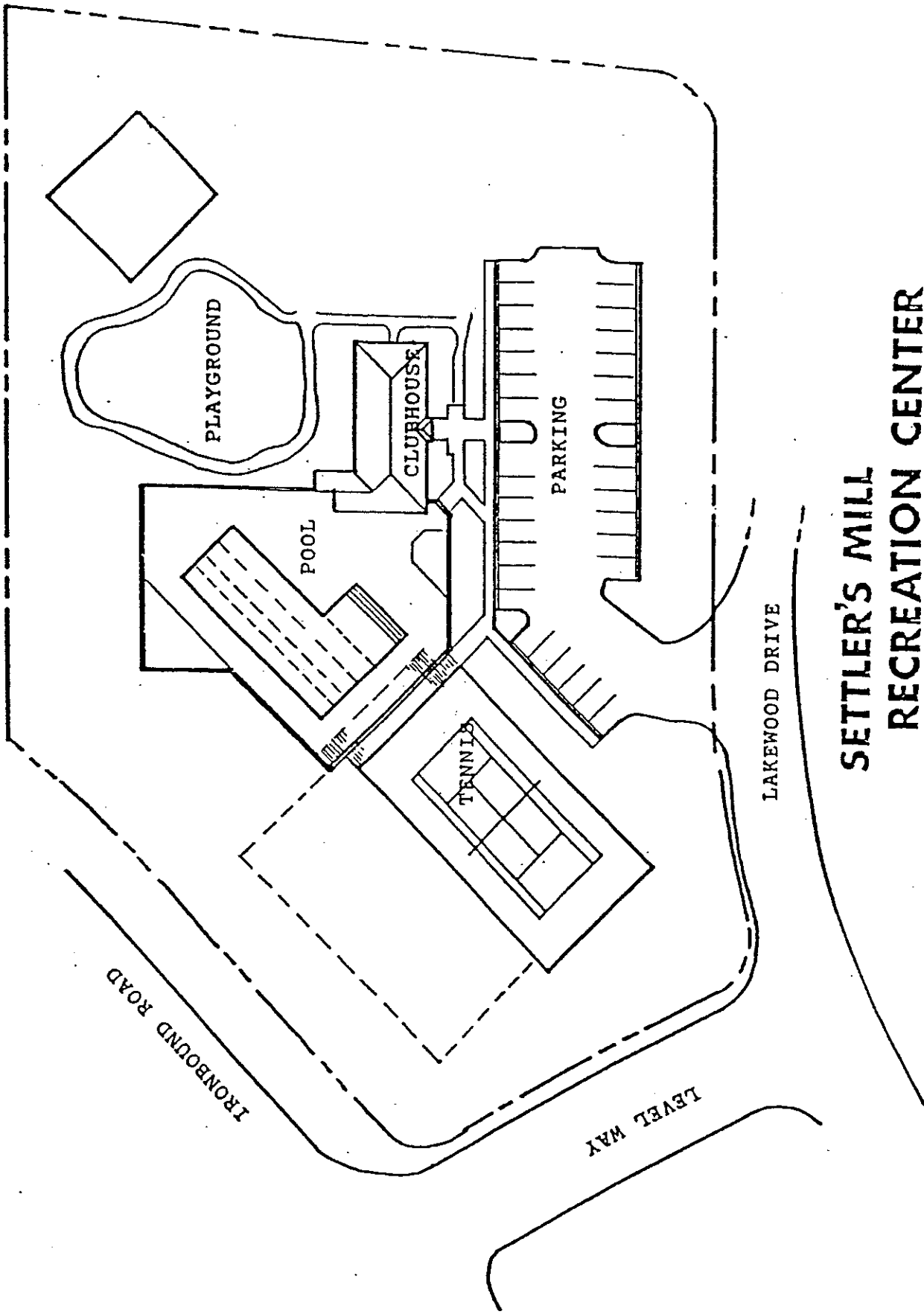
_____ Date _____
Chairman, Architectural Review Board

NOTES

Form Date, October 2003

(Page 2 of 2)

Settlers Mill Association



**SETTLER'S MILL
RECREATION CENTER**

SETTLERS' MILL POOL RULES

The Settlers' Mill Pool and Clubhouse/Pavilion are for the exclusive use of members and their guests. Entry into the pool is authorized **ONLY** with a **pool wrist band for all residents over 10 years of age**. Bands are distributed in the neighborhood before pool season begins, or can be picked up at the Chesapeake Bay Management Office during business hours.

1. Children 10 years old or younger must be accompanied by an adult aged 16 or above years. Children who are 11 years old *and* rising sixth graders, as well as older children, may use the pool without parental supervision providing they demonstrate adequate swimming skills and common sense.
2. All children not toilet trained must wear tight fitting plastic rubber pants over diapers or a swim diaper. A changing table is located in the ladies' restroom for diaper changing.
3. No running, horseplay, rude or offensive behavior or language will be tolerated. The lifeguard has the discretion to ask anyone creating a disturbance to leave the pool. Repeated behavior of this nature will result in expulsion from the pool. If your child receives a disciplinary letter, the parent must sign it and return it to the Head Lifeguard.
4. No diving is allowed at any time. No backward jumping in to the pool or jumping onto any flotation device is allowed.
5. No playing or hanging on the safety ropes and ladders.
6. No glass objects are allowed in the pool area.
7. No pets, bicycles, skateboards, scooters, or roller blades are allowed in the pool or pavilion areas.
8. Water guns are not allowed in the pool. Toys, balls, floats and similar items will be permitted in the pool only at the lifeguard's discretion.
9. Trash and litter must be placed in the containers provided. Recycling bins are provided for aluminum cans and plastic bottles.
10. Alcoholic beverages are permitted for those of legal drinking age who are not swimming. Only unbreakable containers may be brought into the pool area.
11. Please use the showers before entering the pool.
12. Pool patrons are not allowed in the lifeguard office or on the lifeguard chairs at any time.
13. Children wearing floatation devices (floaties, water wings, etc.) and non-swimmers must have an adult with them in the water within arm's reach at all times.
14. In case of thunder and/or lightning, the lifeguard will clear the pool and pool deck. Swimming may resume after no lightning and/or thunder is heard for 30 minutes, in accordance with National Weather Service recommendations.
15. The purpose of these rules is to create an environment where all Settlers' Mill members and their guests can enjoy themselves in a safe and pleasant atmosphere. Your cooperation is earnestly solicited. Complaints concerning the operation of the pool should be directed first to the Head Lifeguard. If further discussion is warranted, please speak with the Pool Committee Chair.

PRIVATE PARTY REQUIREMENTS – adopted May 2013

1. Settler's Mill **pavilion** may be rented after normal operating hours or during regularly scheduled hours. Call the Management office, Chesapeake Bay Management, Inc., at 757-706-3019 during regular office hours (Monday through Friday 8:30am to 5:00 pm) to reserve a date and time. To check facility availability, the calendar is available on-line at www.settlersmill.org.

2. **Douglas Aquatics lifeguards are required for pool parties and must be hired through Settlers Mill Association.** The cost per hired lifeguard for the party is \$35.00 per lifeguard hour for a non-alcoholic event and \$45.00 per lifeguard hour for an event where alcohol will be permitted. A check covering the appropriate charge must be paid to **Settlers Mill Association** and submitted with the application for the event to reserve the lifeguards required for the party (in excess of those lifeguards already scheduled if the party is to be held during regular operating hours, or per lifeguard if the event is held after normal operating hours).

Example: If the party is held during normal operating hours when 1 lifeguard is scheduled and you have a total party of 20, you will be required to pay for a minimum of one (1) additional lifeguard. After normal operating hours, you would pay for two (2) lifeguards. A party of 15 and under held during normal operating hours that does not include alcohol does not require additional Lifeguards and contacting the management office/Settlers Mill Association is not necessary.

Number of People Attending - Number of Lifeguards Required	1 – 50	- 2
	51 – 75	- 3
	76 – 100	- 4

Douglas Aquatics requires one (1) adult chaperone per ten (10) children under the age of 18 attending the pool party.

All additional fees, if any, resulting from the private party function are the responsibility of the member holding the event. Settlers Mill Association will bill all additional costs incurred to the members assessment account. Payment **MUST** be received within 10 days.

The responsible party must sign a Settlers Mill Release of Liability and Douglas Aquatics Pool Party Application form before the date of the party. The completed forms and payment must be received by the management office with enough time to forward to Douglas Aquatics a minimum of ten (10) days prior the event. The Pool Party Application includes: time and date of the event, age group, number of patrons attending and whether alcohol will be permitted at the event. No parties or after hours events will be scheduled after **August 15th** unless pre-approved by Settlers Mill Association and Douglas Aquatics.

3. All parties must end no later than 11:00pm (pursuant to James City County Code Sec. 15-20(b) "Noises prohibited in residential-zoned areas").

4. All pool regulations will be in effect at pool parties. Member is responsible for printing and reading all pool rules.

5. If alcoholic beverages are part of the event, the member assumes all responsibility for the behavior of the guests and the illegal consumption of alcohol by minors.

6. Cooking or grilling is allowed only in the pavilion area. You must coordinate with Denise Butler in order to schedule and use the pavilion if having a pool party and serving food.

7. The member is responsible for clean-up of the area, including securing all garbage cans, removal of personal items and the replacement of Association furniture to its original location. Spilled food and drink must be removed immediately. The pool deck and/or pavilion floor will be swept or washed, as required to leave it clean.

8. Clubhouse bathrooms should be left clean and free of trash. Cleaning supplies are provided in the lifeguard office.

I/We understand that if the hours of the party are extended, I/we will be billed for each additional hour at the standard pool party rates stated below. ~~Application for the pool party and payment must be completed 10 days prior to the event with the check and received by the association's management office located at 305 S. Orange Ave., Palm Springs, FL 33461. Make checks payable to Settlers Mill Association.~~ I/we understand that failure to produce payment for the event by this time will result in cancellation of the event. Resident Initials _____

The following scale shall be used to determine lifeguards required for after hour events.

<u>Number of People Attending</u>	<u>Number of Lifeguards Required</u>
1-50	2
51-75	3
76-100	4

For parties not involving alcohol, the rate is \$35.00 per lifeguard hour.

For parties involving alcohol, the rate is \$45.00 per lifeguard hour.

****If number of event attendees differs from planned number, Party Host will be notified if additional lifeguards will be called in to cover the party patron load. Last minute additional lifeguards will be billed separately at the emergency rate of \$45.00 per lifeguard hour for non-alcoholic parties and \$55.00 per lifeguard hours for alcoholic parties. These are contracted rates and are non-negotiable.**

I/We understand that I/we are responsible for basic cleanup after the event. Douglas Aquatics is only responsible for standard facility shutdown procedures. If cleaning services are required, I/we understand that I/we will be billed separately at the rate of \$35.00 per hour. Resident Initials _____

I/We understand that I/we are responsible for any property damages caused by my/our event patrons. If any damages are noted prior to the event, I/we shall report immediately to the lifeguard on duty for documentation. Any property damages caused by my/our event patrons will be billed at the current repair rates. I/We understand that all attendees will be required to follow the rules and regulations set forth by the facility and Douglas Aquatics. I/We will ensure that all attendees are notified of such rules and regulations and are abiding by them at all times.

Failure to follow such rules will result in ejection from the facility.

Resident Initials _____

DA OFFICE

DATE: ____/____/____

TIME: _____ AM/PM

ADDITIONAL COMMENTS: _____

LIFEGUARD ASSIGNMENT

NAME: _____ PHONE # _____

NAME: _____ PHONE # _____

NAME: _____ PHONE # _____

Release

This agreement is made this ____ day of _____, 2011 between _____ (adult, the "Participant") and the Settlers' Mill Association (which together with its officers, agents, contractors, employees, heirs, successors, and assigns is collectively referred to as the "Association") as set forth below:

Recitals

- A. The Association is not-for-profit property owners' association consisting of all Owners of lots within the Settlers' Mill development. The Association owns and operates a swimming pool and related facilities (the "Facilities") as a part of the Common Area of Settlers' Mill. The Facilities are intended for the common use and enjoyment of Settlers' Mill Association members, their families and guests, thereby increasing the quality of life and property values within the development. Non-members may be invited to use the Facilities for a limited time.
- B. The Association has determined that it is in its best interest and the best interest of all Association members collectively to require that all adults using the Facilities sign this Release on behalf of themselves and their minor children and dependents as a condition of using the Facilities.

Release Provisions (Read Carefully)

Now therefore, in consideration of these premises, Participant agrees as follows:

- 1. **Minors.** Participant represents that he/she is the parent and /or legal guardian of the following minors or incompetents (the "Dependents"): (State name and birth date for each.)

- 2. **Release.** Participant acknowledges that he/she recognizes the risks inherent in use of the Facilities and agrees to carefully supervise all of his or her Dependents who do not possess the requisite level of swimming ability to safely use the Facilities without supervision. Participant on behalf of him/herself and the Dependents HEREBY DOES RELEASE, DISCHARGE, WAIVE, RELINQUISH, AND COVENANT NOT TO SUE with respect to any and all actions or causes of action for bodily injury, property damage, or death occurring to Participant or the Dependents arising either directly or indirectly out of use of the Facilities, wherever or however the same may occur, whether same shall arise in whole or in part from the acts or omissions of the Association or of any third party and whether such is the sole or a concurring cause of the bodily injury, property damage or death.
- 3. **Indemnity** Participant further does HEREBY INDEMNIFY AND HOLD HARMLESS the Association from any and all claims, actions, demands, costs, liabilities, expenses, or judgments whatsoever, including attorney's fees and costs, which might arise by whomever, by, through, or under Participant or the Dependents or whenever made or presented for Participant's or the Dependent's bodily injury, property damage, or death, which alleged to have arise out of or in connection directly or indirectly with Participant's or the Dependent's use of the Facilities.
- 4. **Medical.** Participant hereby declares that Participant has either consulted Participant's and the Dependent's personal physician who has consented to Participant's and the Dependent's use of the Facilities or has elected to forego a physical examination, but declares that the Participant and the Dependents are physically capable or safely using the Facilities. Participant hereby gives consent to emergency medical care, inclusive of necessary transportation, in order to obtain such treatment in the event of injury to Participant or Dependents as the Association may deem appropriate. The release and indemnification set forth above extends to any and all liability arising out of or in any way connected with such provision of medical treatment or transportation provided in the event of some emergency. PARTICIPANT HEREBY ASSUMES FULL RESPONSIBILITY FOR AND RISK OF BODILY INJURY, PROPERTY DAMAGE TO PARTICIPANT DUE TO THE ACTS OR OMISSIONS OF THE ASSOCIATION AND OR OF ANY THIRD PARTY.
- 5. **Rules and Regulations.** Participant agrees to abide by and cause the Dependents, and their guests to abide by all posted rules and regulations adopted by the Association related to the use of the Facilities.

Participant printed name and address: _____

Participant signature and date: _____ Date _____

THIS FORM MUST BE RETURNED TO THE POOL PRIOR TO USE OF THE FACILTTES.

Settlers Mill Association Inc.

c/o Chesapeake Bay Management
3705 Strawberry Plains Rd., Suite C
Williamsburg, VA 23188
757-706-3019 / Fax 757-345-6532

Date: _____

Name(s): _____

Settlers Mill Address: _____

In accordance with the policy established by the Settlers Mill Board of Directors, I am borrowing the following number of bands for the time period outlined. By signing below I agree to return these additional pool bands within 10 days from the time frame stated below.

Signature of Settlers Mill property owner

of additional pool bands _____

Dates requiring use of additional pool bands _____



DEVELOPMENT MANAGEMENT

101-E MOUNTS BAY ROAD, P.O. BOX 8784, WILLIAMSBURG, VIRGINIA 23187-8784
(757) 253-6671

ENVIRONMENTAL DIVISION
(757) 253-6670
ENVIRON@JAMES-CITY.VA.US

PLANNING
(757) 253-6685
PLANNING@JAMES-CITY.VA.US

COUNTY ENGINEER
(757) 253-6678

E-MAIL: devtman@james-city.va.us
FAX: (757) 259-4032

MOSQUITO CONTROL
(757) 259-4116

January 4, 2007

4740900001A
SETTLERS MILL ASSOCIATION
PO BOX 1295
WILLIAMSBURG, VA 231871295

RE: Notification of Resource Protection Area (RPA)

Dear Property Owner:

James City County has an extensive amount of water and wetland resources; environmental features that play a vital role in James City County's effort to protect the Chesapeake Bay. These features, as well as a 100-foot buffer area adjacent to and extending landward from them, are protected by the County's Chesapeake Bay Preservation Ordinance and are collectively called the Resource Protection Area (RPA).

RPAs are comprised of lands that have an intrinsic water quality value or are sensitive to development impact, which may degrade the quality of state waters. Examples of RPAs are tidal shores, tidal wetlands, nontidal wetlands, and perennial streams.

County records indicate that an RPA may be located on property you own in James City County. The James City County Property Information website can be consulted to view the potential RPA on your property. The following web address will take you to the property information site: <http://regis.state.va.us/jcc/public/ieprop.htm> It is important for you to know that these protected RPAs are to remain in their undisturbed natural state by ordinance (Chapter 23 of the James City County Code.) The following web address will take you to the county code site: <http://www.jccegov.com/government/county-attorney/county-code.html> Prior to removing any vegetation from the RPA, contact the James City County Environmental Division at (757) 253-6670. The Division will provide guidance regarding your inquiries.

This letter is intended to be official notification that this resource may exist on your property. This information should be disclosed to any future purchaser of your property. In order for the Ordinance to be successful, we ask all present owners to be sure to disclose to future owners that an RPA exists on the property. With your help, we can protect the Bay by preserving these important and sensitive buffer systems.

Sincerely,

Darryl E. Cook

Darryl E. Cook
Environmental Director

Clicking the map will: **Zoom In 2x** Select View: **Default View**

Click Arrows On Map Edge To Pan Map

Zoom In **Zoom Out** **Default View** **Full Extent**

Search By Address **Search By PIN**

Search By Owner **Search for RPC**

Find Intersection **Clear Selection**

Print Preview

Setup Options

Help

County Website

Take Survey

Layer Setup **Apply**

Check boxes are only available at visible scales

<input checked="" type="checkbox"/>	Street Names	ABC
<input type="checkbox"/>	Sheet #'s	ABC
<input type="checkbox"/>	House Numbers	ABC
<input type="checkbox"/>	Major Roads	----
<input type="checkbox"/>	Historical Roads	----
<input type="checkbox"/>	Map Grid	.
<input type="checkbox"/>	25' Contours	----
<input type="checkbox"/>	5' Contours	----
<input type="checkbox"/>	Center Lines	----
<input checked="" type="checkbox"/>	Parcels	

Close this window to return to the main window... [Close](#)

Parcel ID:	4740900001A	Foundation:	
Property Address:	120 WOOD POND CIR	Roof Material:	
Property City:	WMSBURG	Ext Covering:	
Property State:	VA	FirePlace:	
Property Zip Code:	231853118	Heat Description:	
Owner:	SETTLERS MILL ASSOCIATION	Central A/C:	
Owner Mail Address:	PO BOX 1295	Total Basement Area:	
Owner Mail City:	WILLIAMSBURG	Finished Basement Area:	
Owner Mail State:	VA	Attached Gar SqFt:	
Owner Mail Zip Code:	231871295	Detached Garage SqFt:	
Neighborhood Name:		Enclosed Porch SqFt:	
Zoning:	R1	Open Porch SqFt:	
Property Class Description:	Single Family - Suburban	Deck SqFt:	
Acres:	1.071	Out Building #1:	
Legal Description:	CA S-2A SETTLERS MILL	Out Building #2:	
Story Height:	0.0	Out Building #3:	
Improvement Size:		Out Building #4:	
Year Built:		Previous Owner:	SETTLERS MILL INC
# Rooms:		Last Sale Date:	5/15/2000
# Bed Rooms:		Last Sale Amount:	\$0
# Half Baths:		Doc # or Deed Book/Pg:	000009283
# Full Baths:		Second Previous Owner:	
Land Value (7/1/2006):	\$0	Second Last Sale Date:	11/4/1991
Improvement Value (7/1/2006):	\$0	Second Last Sale Amount:	\$0
Total Value (7/1/2006):	\$0	Second Last Doc # or Deed Book/Pg:	0
Prev Land Value (7/1/2005):	\$0	Third Previous Owner:	
Prev Improv. Value (7/1/2005):	\$0	Third Last Sale Date:	
Prev Total Value (7/1/2005):	\$0	Third Last Sale Amount:	\$0
2nd Prev Land Value (7/1/2004):	\$0	Third Last Doc # or Deed Book/Pg:	
2nd Prev Improv. Value (7/1/2004):	\$0		
2nd Prev Total Value (7/1/2004):	\$0		

EXHIBIT 11

Reserve Study

REPLACEMENT RESERVE REPORT FY 2014

SETTLER'S MILL HOME OWNERS ASSOCIATION



Community Management by:

CHESAPEAKE BAY MANAGEMENT COMPANY

Ms. Anne Ingram

3705 Strawberry Plains Road
Suite C
Williamsburg, VA 23188
757-706-3019

Consultant:

millerdodson | Capital
ASSOCIATES | Reserve
Consultants

929 West Street, Suite 310
Annapolis, MD 21401
Tel: 410.268.0479
Fax: 410.268.8483
www.mdareserves.com

REPLACEMENT RESERVE REPORT FY 2014
SETTLER'S MILL HOME OWNERS ASSOCIATION

millerdodson | Capital
ASSOCIATES | Reserve
Consultants

INTENTIONALLY LEFT BLANK

REPLACEMENT RESERVE REPORT

SETTLER'S MILL HOA

WILLIAMSBURG, VIRGINIA



Scope. Settler's Mill is a home owner sssociation located in Williamsburg, Virginia. Settler's Mill was constructed in the mid 1990's. The community consists of 192 single family detached homes. The survey examined the common elements of the property, including:

- Asphalt drive and parking at club house.
- Concrete sidewalks and curb and gutter at club house.
- Perimeter wood and chainlink fencing at tennis court and pool.
- Swimming pool and community building.
- Tennis court, basketball court and tot lot.
- Storm water ponds.
- Clubhouse exteriors and common interior areas.

Level of Service. This study has been performed as a Level II Update, With Site Visit/On-Site Review as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. As such, the component inventory is based on the study that was performed by DLM Architects on September 27, 2008. This information was adjusted to reflect changes to the inventory that were provided by the community manager, and the quantities were adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings. The condition of all commonly-owned components was ascertained from a site visit and the visual inspection of each component by the Analyst. The life expectancy and the value of components are provided based in part on these observations. The fund status and funding plan have been derived from analysis of this data.

Note: This update has several items added to the inventory that were not included in the previous study by DLM.

Section A

Replacement Reserve Analysis

Executive Summary
Reserve Status & Funding Plan - A1
General Information - A2
Cash Flow Method - A4
Cash Flow Inflation Funding - A6
Component Method - A8
Current Funding and Reserve Analysis
Comments - A10

Section B

Replacement Reserve Inventory

Replacement Reserve Inventory
General Information - B1
Replacement Reserve Inventory
Comments - B2
Schedule of Projected Replacements
and Exclusions - B3

Section C

Projected Annual Replacements

Projected Annual Replacements
General Information - C1
Reserve Analysis and Inventory Policies,
Procedures, and Administration - C2
Calendar of
Projected Annual Replacements - C2

Section D

Condition Assessment

Section E

Attachments

Accounting Summary
Appendix
Video Answers to Frequently Asked Questions

Purpose. The purpose of this Replacement Reserve Study is to provide Settler's Mill (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B Replacement Reserve Inventory lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Association.** Section B Replacement Reserve Inventory includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C Calendar of Projected Annual Replacements provides a year-by-year listing of the projected replacements. Section D Condition Assessment provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this Study.
- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by two generally accepted accounting methods; the Cash Flow Method and the Component Method. Section A Replacement Reserve Analysis includes graphic and tabular presentations of these methods and current Association funding. An Executive Summary of these calculations is provided on Page A1.

Basis. The data contained in this Replacement Reserve Study is based upon the following:

- The Request for Proposal submitted and executed by the Association.
- Our visual evaluation and measurements on 8 April 2013. Miller - Dodson Associates has visually inspected the common elements of the property in order to ascertain the remaining useful life and the replacement costs of these components.

Engineering Drawings. No architectural drawings or engineering site plans were available for review in connection with this study. We recommend the Association assemble a library of site and building plans of the entire community. Reproducible drawings should be stored and kept in a secure fireproof location. The Association will find these drawings to be a valuable resource in planning and executing future projects.

Current Funding. This reserve study has been prepared for Fiscal Year 2014 covering the period from January 1, 2014 to December 31, 2014. The Replacement Reserves on deposit as of February 28, 2013 are reported to be \$214,364. The planned contribution for the fiscal year is \$15,200. This results in a Reserve Fund balance at the start of the fiscal year as follows:

Feb 2013 balance	\$214,364
10 months contribution	\$12,661
Planned expenditures for 2013 (pool)	\$23,500
FY 2014 opening balance	\$203,525

The balance and contribution figures have been supplied by the property management agent and confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Acknowledgement. Miller - Dodson Associates would like to acknowledge the assistance and input of Ms. Anne Ingram, the property manager. She provided very helpful insight into the current operations at the property.

Analyst's Credentials. Mr. Philip Pointon holds a Bachelors Degree in Architecture from Virginia Polytechnic Institute and State University and a Masters Degree from Old Dominion University in Engineering Management as well as coursework at U.S. Army Management Staff College. Mr. Pointon has been a Registered Professional Architect in the State of Virginia and Hawaii since 1990, and has served in many facilities in an architectural function since 1987. He is currently a Reserve Specialist (RS) for Miller - Dodson Associates, Inc.

Respectfully submitted,
MILLER - DODSON ASSOCIATES, INC.

Philip Pointon, AIA, RS, LEED AP
Reserve Specialist

Intentionally Left Blank

EXECUTIVE SUMMARY

The Settlers' Mill HOA Replacement Reserve Inventory identifies 94 Projected Replacements for funding from Replacement Reserves, with an estimated one-time replacement cost of \$836,124.

The Replacement Reserve Analysis calculates recommended funding of Replacement Reserves by the Cash Flow Method and recommends a Proposed Funding Plan to meet these goals. The Analysis also evaluates current funding of Replacement Reserves, as reported by the Association. The calculations and evaluation are summarized below:

● **\$48,971 CASH FLOW METHOD MINIMUM ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2014.**

\$21.25 Per unit (average), minimum monthly funding of Replacement Reserves

The Cash Flow Method (CFM) calculates Minimum Annual Funding of Replacement Reserves that will fund Projected Replacements identified in the Replacement Reserve Inventory from a common pool of Replacement Reserves and prevent Replacement Reserves from dropping below a Minimum Recommended Balance.

CFM - Minimum Annual Funding remains the same between peaks in cumulative expenditures called Peak Years.

The first Peak Year occurs in 2049 which is outside of the 30-year Study Period. The Cash Flow Method - Minimum Annual Funding of Replacement Reserves remains constant at \$48,971 throughout the entire 30-year Study Period.

● **Incremental Increases PROPOSED ANNUAL FUNDING OF REPLACEMENT RESERVES BEGINNING IN THE STUDY YEAR, 2014.**

See Page A5, Table #2 and Graph #4 for details of the Proposed Funding Plan.

In order to avoid the unintended consequences that often accompany single large increases to funding levels, this Reserve Study has developed a Proposed Funding Plan based upon incremental increases to funding levels. Details of this Funding Plan are shown in Table #2, Page A5. The Funding Plan is as follows:

Increase from the current Level of \$15,650 as shown in Table #2, Page A5.

● **\$15,650 CURRENT ANNUAL FUNDING OF REPLACEMENT RESERVES (as reported by the Association).**

\$6.79 Per unit (average), reported current monthly funding of Replacement Reserves

The evaluation of Current Funding, as reported by the Association, has calculated that if the Association continues to fund Replacement Reserves at the current level, there will NOT be adequate funds for Projected Replacements in 16 years of the 30-year Study Period, and a maximum shortfall of \$-1,154,283 occurs in 2043.

Pages A2 and A3 explain the Study Year, Study Period, Adjustments (interest & inflation), Beginning Balance, and Projected Replacements. Pages A4 to A7 explain in more detail the calculations associated with the Cash Flow Method, Proposed Funding Plan, and Current Funding.

REPLACEMENT RESERVE ANALYSIS - COMMENTS

The goal of this Reserve Study is to adequately fund the long-term Replacement Reserves without creating short-term financial crises for the Association or its members. This Reserve Study Report provides a Proposed Funding Plan for the Association. This Funding Plan is part of a Strategic Funding Solution that will help the Association arrive at their funding objectives by using such tools as incremental increases, bank loans for near-term expenditures, and special assessments only if necessary.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Settlers' Mill HOA Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method, the Proposed Funding Plan, and the evaluation of the Current Funding, are based upon the same General Information; including the Study Year, Study Period, Adjustments (for interest, inflation, and/or a constant increase in annual funding), Beginning Balance, and Projected Replacements:

STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2014.

STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 30-year Study Period that begins on January 1, 2014.

ADJUSTMENTS

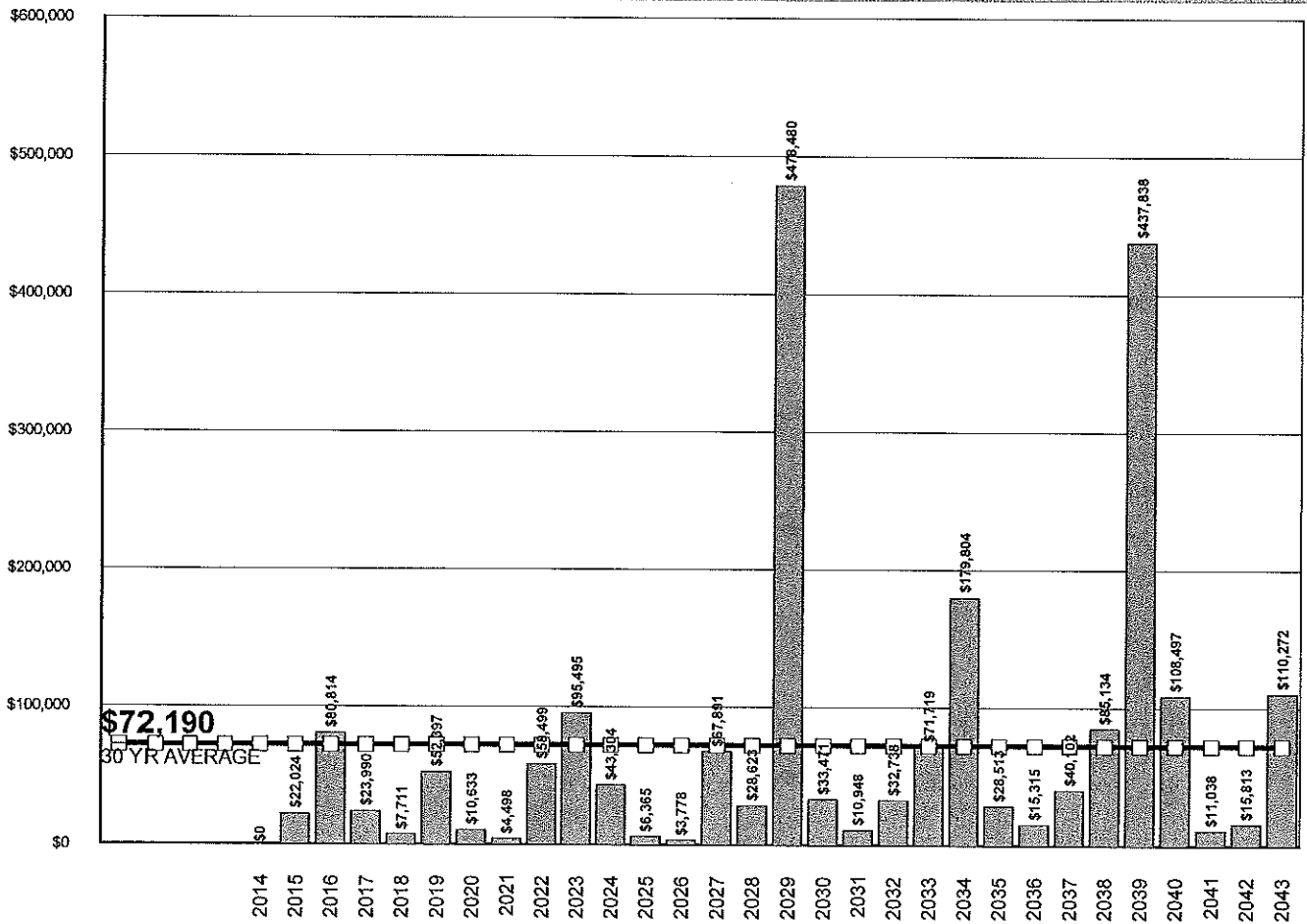
The Analysis had been adjusted for the following rates of interest, inflation, and constant annual increase in funding.
 INTEREST RATE. The Analysis has not been adjusted for interest earned on Replacement Reserves on Deposit.
 3.50 Percent - RATE OF INFLATION. Assumed rate at which the cost of Projected Replacements will increase.
 3.50 Percent - ANNUAL INCREASE. Assumed rate of increase in annual funding of Replacement Reserves.

BEGINNING BALANCE

The Association reports Replacement Reserves on Deposit totaling \$203,525 at the start of the Study Year.

Graph #1. Annual Expenditures for Projected Replacements

This bar graph summarizes annual expenditures for the \$2,165,703 of Projected Replacements identified in the Replacement Reserve Inventory over the 30-year Study Period. The red line shows the average annual expenditure of \$72,190.



PROJECTED REPLACEMENTS

The Settlers' Mill HOA Replacement Reserve Inventory (Section B) identifies 94 Projected Replacements with a one-time Replacement Cost of \$836,124 and replacements totaling \$2,165,703 over the 30-year Study Period. Projected Replacements are the replacement of commonly-owned items that:

- require periodic replacement and
- whose replacement is to be funded from Replacement Reserves.

The Replacement Reserve Inventory also identifies 43 Excluded Items. Expenditures for the replacement of these items are NOT scheduled for funding from Replacement Reserves. The accuracy of the calculations made in the Replacement Reserve Analysis is dependent on expenditures NOT being made for Excluded Items. The rationale behind these exclusions is discussed in detail on Page B1.

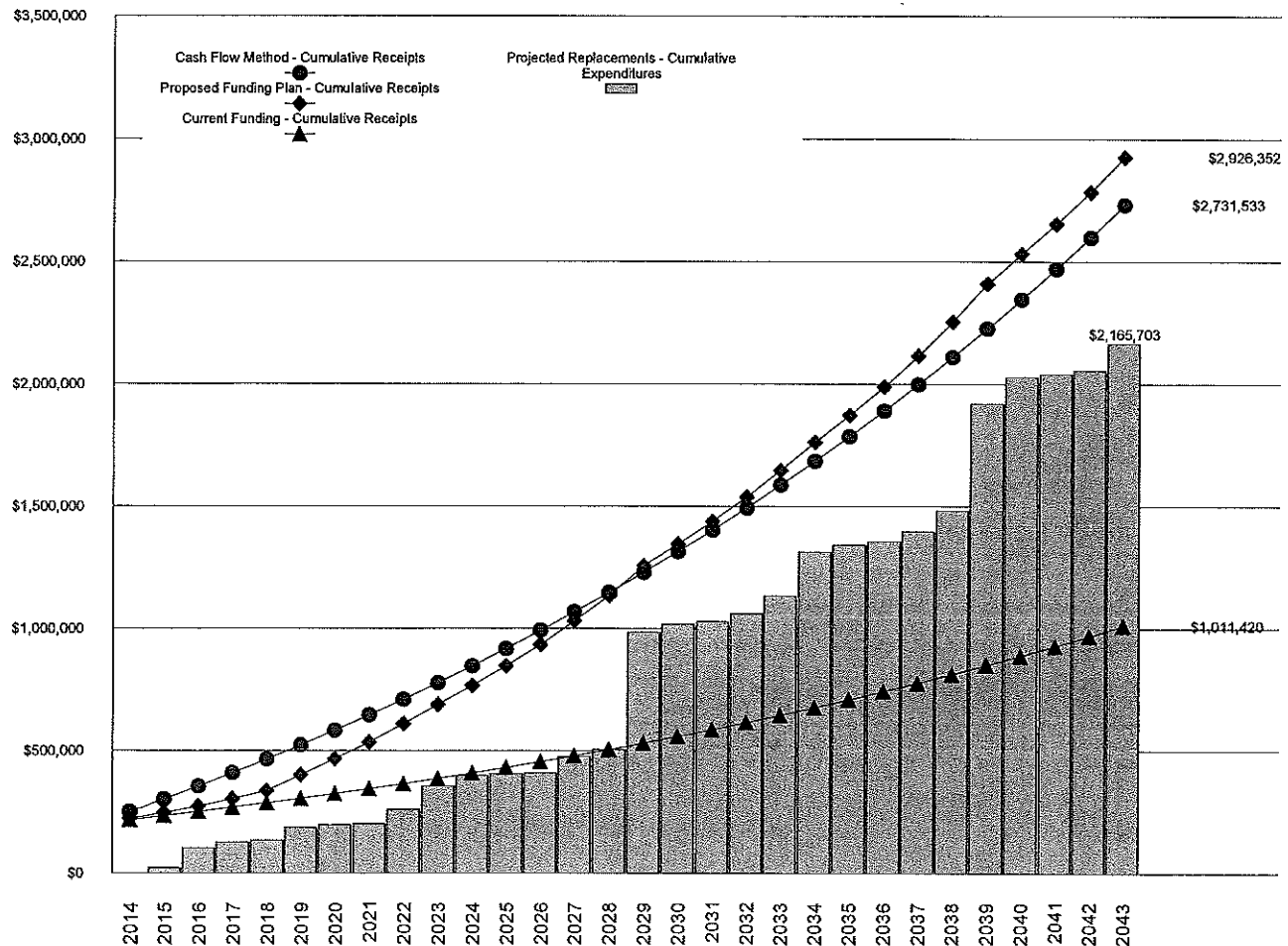
Expenditures from Replacements Reserves should be made only after consultation with an accounting professional.

The Section B - Replacement Reserve Inventory, contains Tables that list each Projected Replacement (and any Excluded Items) broken down into 13 major categories (Pages B3 to B14). Tables are also included that list each Projected Replacement by year for each of the 30 years of the Study Period beginning on Page C1.

The accuracy of this Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made only for the Projected Replacements specifically listed in the Replacement Reserve Inventory.

Graph #2. Comparison of Cumulative Replacement Reserve Funding and Expenditures

The line graph shows Replacement Reserves - Cumulative Receipts over the 30-year Study Period by the Cash Flow Method (red circles), Proposed Funding Plan (purple diamonds), and the Current Funding Plan as reported by the Association (blue triangles). The bar graph shows the Cumulative Expenditures necessary to fund the Project Replacements listed in the Replacement Reserve Inventory (Section B) and summarized in Graph #1.



CASH FLOW METHOD

\$48,971

CASH FLOW METHOD MINIMUM ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2014.

\$21.25 Per unit (average), minimum monthly funding of Replacement Reserves

General. The Cash Flow Method is founded on the concept that the Replacement Reserve Account is solvent if cumulative receipts always exceed cumulative expenses. The Cash Flow Method calculates a MINIMUM annual deposit to Replacement Reserves that will:

- Fund all Projected Replacements listed in the Replacement Reserve Inventory (see Section B)
- Prevent Replacement Reserves from dropping below the Minimum Recommended Balance of \$41,806, which is 5.0 percent of the one-time replacement cost of the Projected Replacements listed in the Inventory
- Allow a constant annual funding level between peaks in cumulative expenditures

Graph #3. Cash Flow Method - Cumulative Receipts and Expenditures Graph

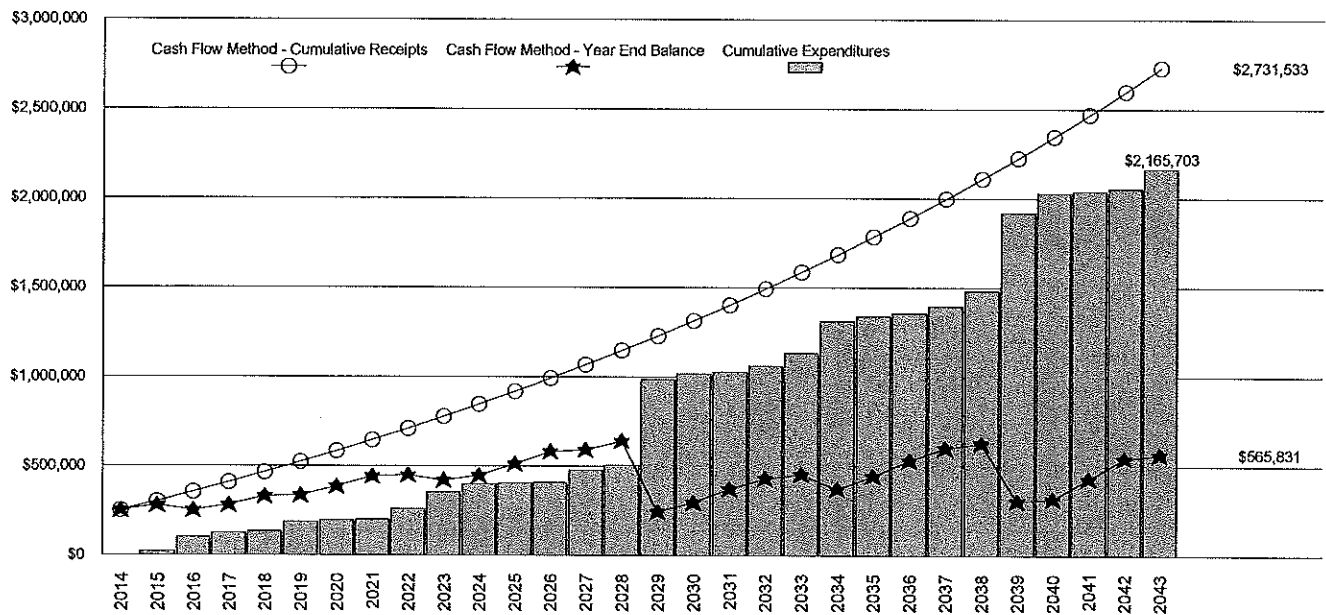


Table #1. Cash Flow Method Data - Years 1 through 30

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Starting balance	\$203,525									
Annual deposit	\$48,971	\$50,685	\$52,459	\$54,295	\$56,195	\$58,162	\$60,198	\$62,305	\$64,485	\$66,742
Expenditures		\$22,024	\$80,814	\$23,990	\$7,711	\$52,397	\$10,633	\$4,498	\$58,499	\$95,495
Year end balance	\$252,496	\$281,157	\$252,802	\$283,107	\$331,590	\$337,355	\$386,920	\$444,727	\$450,713	\$421,961
Minimum rec. funding lvl.	\$41,806	\$43,269	\$44,784	\$46,351	\$47,974	\$49,653	\$51,391	\$53,189	\$55,051	\$56,978
Cumulative expenditures	\$399,365	\$405,731	\$409,508	\$477,400	\$506,022	\$984,502	\$1,017,973	\$1,028,921	\$1,061,659	\$1,133,378
Cumulative receipts	\$252,496	\$303,161	\$355,640	\$409,934	\$466,130	\$524,292	\$584,489	\$646,794	\$711,279	\$778,022
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual deposit	\$69,078	\$71,496	\$73,998	\$76,588	\$79,269	\$82,043	\$84,915	\$87,867	\$90,963	\$94,147
Expenditures	\$43,304	\$6,365	\$3,778	\$67,891	\$28,623	\$478,480	\$33,471	\$10,948	\$32,738	\$71,719
Year end balance	\$447,735	\$512,865	\$583,086	\$591,783	\$642,429	\$735,993	\$297,437	\$374,376	\$432,601	\$455,028
Minimum rec. funding lvl.	\$68,972	\$61,036	\$63,172	\$65,383	\$67,671	\$70,040	\$72,491	\$75,029	\$77,655	\$80,373
Cumulative expenditures	\$399,365	\$405,731	\$409,508	\$477,400	\$506,022	\$984,502	\$1,017,973	\$1,028,921	\$1,061,659	\$1,133,378
Cumulative receipts	\$847,100	\$918,596	\$992,594	\$1,069,183	\$1,148,452	\$1,230,495	\$1,315,410	\$1,403,297	\$1,494,260	\$1,588,406
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Annual deposit	\$97,442	\$100,852	\$104,382	\$108,035	\$111,817	\$115,730	\$119,781	\$123,973	\$128,312	\$132,803
Expenditures	\$179,804	\$28,513	\$15,315	\$40,102	\$85,134	\$437,838	\$108,497	\$11,038	\$15,813	\$110,272
Year end balance	\$372,666	\$445,005	\$534,072	\$602,006	\$628,689	\$306,580	\$317,864	\$430,800	\$543,299	\$565,831
Minimum rec. funding lvl.	\$63,186	\$86,097	\$89,110	\$92,229	\$95,457	\$98,798	\$102,256	\$105,835	\$109,539	\$113,373
Cumulative expenditures	\$1,313,182	\$1,341,695	\$1,357,010	\$1,397,112	\$1,482,246	\$1,920,084	\$2,028,581	\$2,039,618	\$2,055,431	\$2,165,703
Cumulative receipts	\$1,685,948	\$1,786,700	\$1,891,082	\$1,999,117	\$2,110,934	\$2,226,664	\$2,346,445	\$2,470,418	\$2,598,730	\$2,731,533

PROPOSED FUNDING PLAN

Incremental Increases

PROPOSED ANNUAL FUNDING OF REPLACEMENT RESERVES BEGINNING IN THE STUDY YEAR, 2014.

See Table #2 for details of the incremental increases of the Proposed Funding Plan

The Proposed Funding Plan increases the Reserve Funding Level from the current \$15,650 as shown in Table #2.

Graph #4. Proposed Funding Plan - Cumulative Receipts and Expenditures Graph

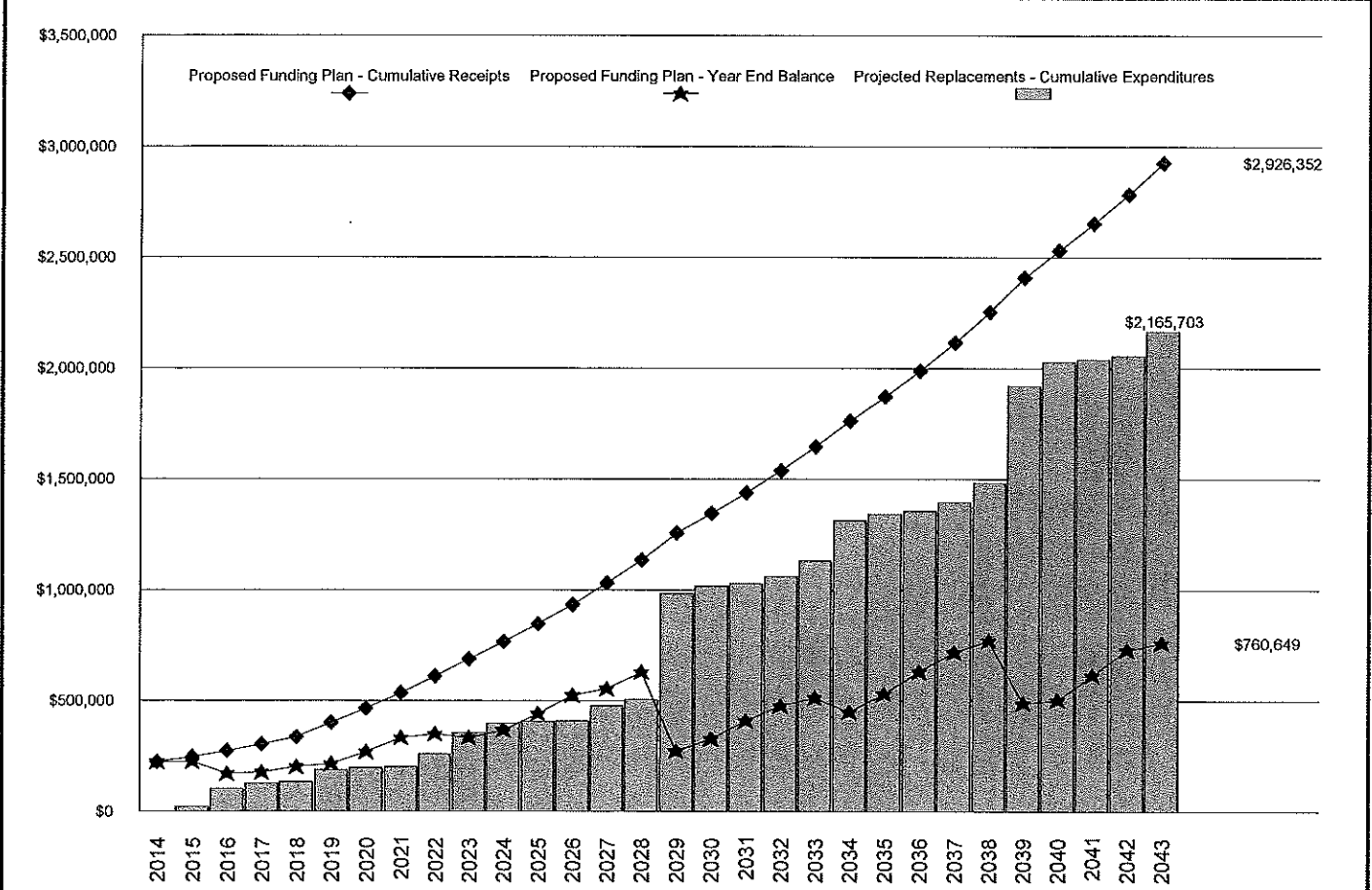


Table #2. Proposed Funding Plan Data - Years 1 through 30

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Starting balance	\$203,525									
Annual deposit	\$21,000	\$23,520	\$26,342	\$29,503	\$33,044	\$65,427	\$64,620	\$68,663	\$75,443	\$78,291
Expenditures		\$22,024	\$80,814	\$23,990	\$7,711	\$52,397	\$10,633	\$4,498	\$58,499	\$95,495
Year end balance	\$224,525	\$226,021	\$171,549	\$177,062	\$202,395	\$215,424	\$269,411	\$333,577	\$350,521	\$333,317
Cumulative Expenditures		\$22,024	\$102,838	\$126,828	\$134,539	\$186,936	\$197,570	\$202,067	\$260,566	\$356,061
Cumulative Receipts	\$224,525	\$248,045	\$274,367	\$303,890	\$336,934	\$402,361	\$466,980	\$535,644	\$611,087	\$689,379
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual deposit	\$77,732	\$80,242	\$87,187	\$97,304	\$103,739	\$122,059	\$88,855	\$92,596	\$100,042	\$108,193
Expenditures	\$43,304	\$6,365	\$3,778	\$67,891	\$28,623	\$478,480	\$33,471	\$10,948	\$32,738	\$71,719
Year end balance	\$367,746	\$441,622	\$525,031	\$654,444	\$629,561	\$273,140	\$328,524	\$410,172	\$477,476	\$513,950
Cumulative Expenditures	\$399,365	\$405,731	\$409,508	\$477,400	\$506,022	\$984,502	\$1,017,973	\$1,028,921	\$1,061,659	\$1,133,378
Cumulative Receipts	\$767,111	\$847,353	\$934,539	\$1,031,843	\$1,135,583	\$1,257,642	\$1,346,497	\$1,439,093	\$1,539,135	\$1,647,328
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Annual deposit	\$115,893	\$109,493	\$116,141	\$126,857	\$139,154	\$154,499	\$122,263	\$121,964	\$130,623	\$142,135
Expenditures	\$179,804	\$28,513	\$15,315	\$40,102	\$85,134	\$437,838	\$108,497	\$11,036	\$15,813	\$110,272
Year end balance	\$450,039	\$531,019	\$631,846	\$718,601	\$772,621	\$489,282	\$503,048	\$613,975	\$728,765	\$760,649
Cumulative Expenditures	\$1,313,182	\$1,341,695	\$1,357,010	\$1,397,112	\$1,482,246	\$1,920,084	\$2,028,581	\$2,039,618	\$2,055,431	\$2,165,703
Cumulative Receipts	\$1,763,221	\$1,872,714	\$1,988,856	\$2,115,713	\$2,254,867	\$2,409,366	\$2,531,629	\$2,653,593	\$2,784,216	\$2,926,352

CURRENT FUNDING

\$15,650 CURRENT ANNUAL FUNDING OF REPLACEMENT RESERVES
 (as reported by the Association).

\$6.79 Per unit (average), reported current monthly funding of Replacement Reserves

Our evaluation of the Current Association Funding assumes that the Association will continue to fund Replacement Reserves at the current level of \$15,650 per year in each of the 30 years of the Study Period.

Graph #5. Current Association Funding - Cumulative Receipts and Expenditures Graph

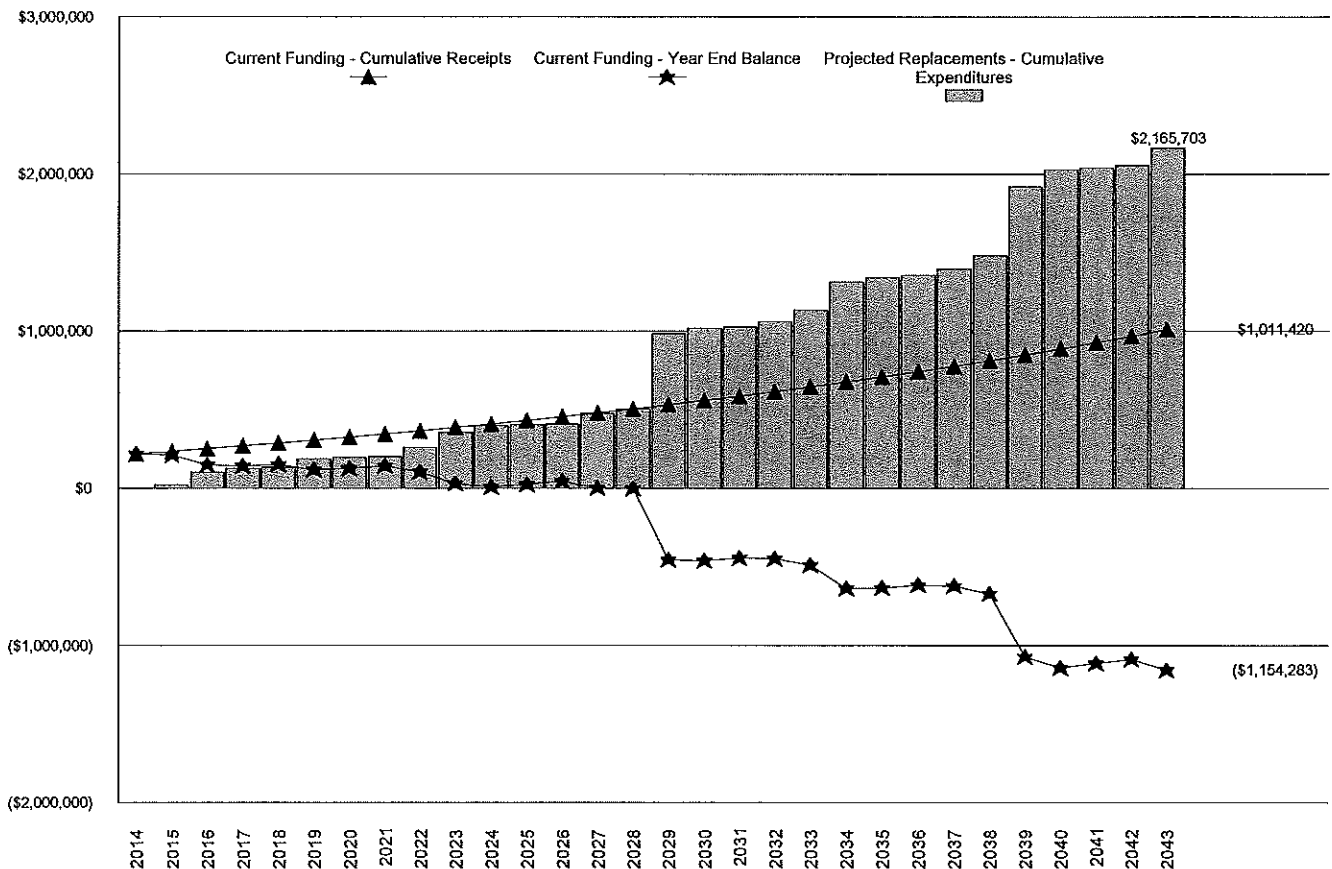


Table #3. Current Funding Data - Years 1 through 30

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Starting balance	\$203,525									
Annual deposit	\$15,650	\$16,198	\$16,765	\$17,351	\$17,959	\$18,587	\$19,238	\$19,911	\$20,608	\$21,329
Expenditures		\$22,024	\$80,814	\$23,990	\$7,711	\$52,397	\$10,633	\$4,498	\$58,499	\$95,495
Year end balance	\$219,175	\$213,349	\$149,299	\$142,661	\$152,908	\$119,098	\$127,703	\$143,117	\$105,226	\$31,060
Cumulative Expenditures		\$22,024	\$102,838	\$126,828	\$134,539	\$186,936	\$197,570	\$202,067	\$260,566	\$358,061
Cumulative Receipts	\$219,175	\$235,373	\$252,137	\$269,489	\$287,448	\$306,035	\$325,273	\$345,184	\$365,792	\$387,121
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual deposit	\$22,078	\$22,849	\$23,648	\$24,476	\$25,333	\$26,219	\$27,137	\$28,087	\$29,070	\$30,087
Expenditures	\$43,304	\$6,365	\$3,778	\$67,891	\$28,623	\$478,480	\$33,471	\$10,948	\$32,738	\$71,719
Year end balance	\$9,832	\$28,315	\$48,188	\$2,770	(\$520)	(\$452,780)	(\$459,115)	(\$441,975)	(\$445,644)	(\$487,276)
Cumulative expenditures	\$399,365	\$405,731	\$409,508	\$477,400	\$506,022	\$984,502	\$1,017,973	\$1,028,921	\$1,061,659	\$1,133,378
Cumulative receipts	\$409,197	\$432,046	\$455,694	\$480,170	\$505,502	\$531,722	\$558,858	\$586,945	\$616,015	\$646,102
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Annual deposit	\$31,140	\$32,230	\$33,358	\$34,526	\$35,734	\$36,985	\$38,279	\$39,619	\$41,006	\$42,441
Expenditures	\$179,804	\$28,513	\$15,315	\$40,102	\$85,134	\$437,838	\$108,497	\$11,038	\$15,813	\$110,272
Year end balance	(\$635,940)	(\$632,223)	(\$614,179)	(\$619,755)	(\$669,155)	(\$1,070,069)	(\$1,140,226)	(\$1,111,645)	(\$1,086,452)	(\$1,154,283)
Cumulative Expenditures	\$1,313,182	\$1,341,695	\$1,357,010	\$1,397,112	\$1,482,246	\$1,920,084	\$2,028,581	\$2,039,618	\$2,055,431	\$2,165,703
Cumulative Receipts	\$677,242	\$709,472	\$742,830	\$777,356	\$813,090	\$850,075	\$888,354	\$927,973	\$968,979	\$1,011,420

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

- This Replacement Reserve Study has been developed in compliance with the Community Associations Institute, National Reserve Study Standards, for a Level Two - Update (with site visit and on-site review).
- Settlers' Mill HOA has 192 units. The type of property is a home owner association.
- Our calculations assume that Replacement Reserves are not subject to tax.
- The Association requested an annual increase in addition to the 4.5% inflation for an initial result to reach "fully funded" status by year 3.

- Several new inventory items have been added to this update that were not included in the previous study by Reserve Advisors.

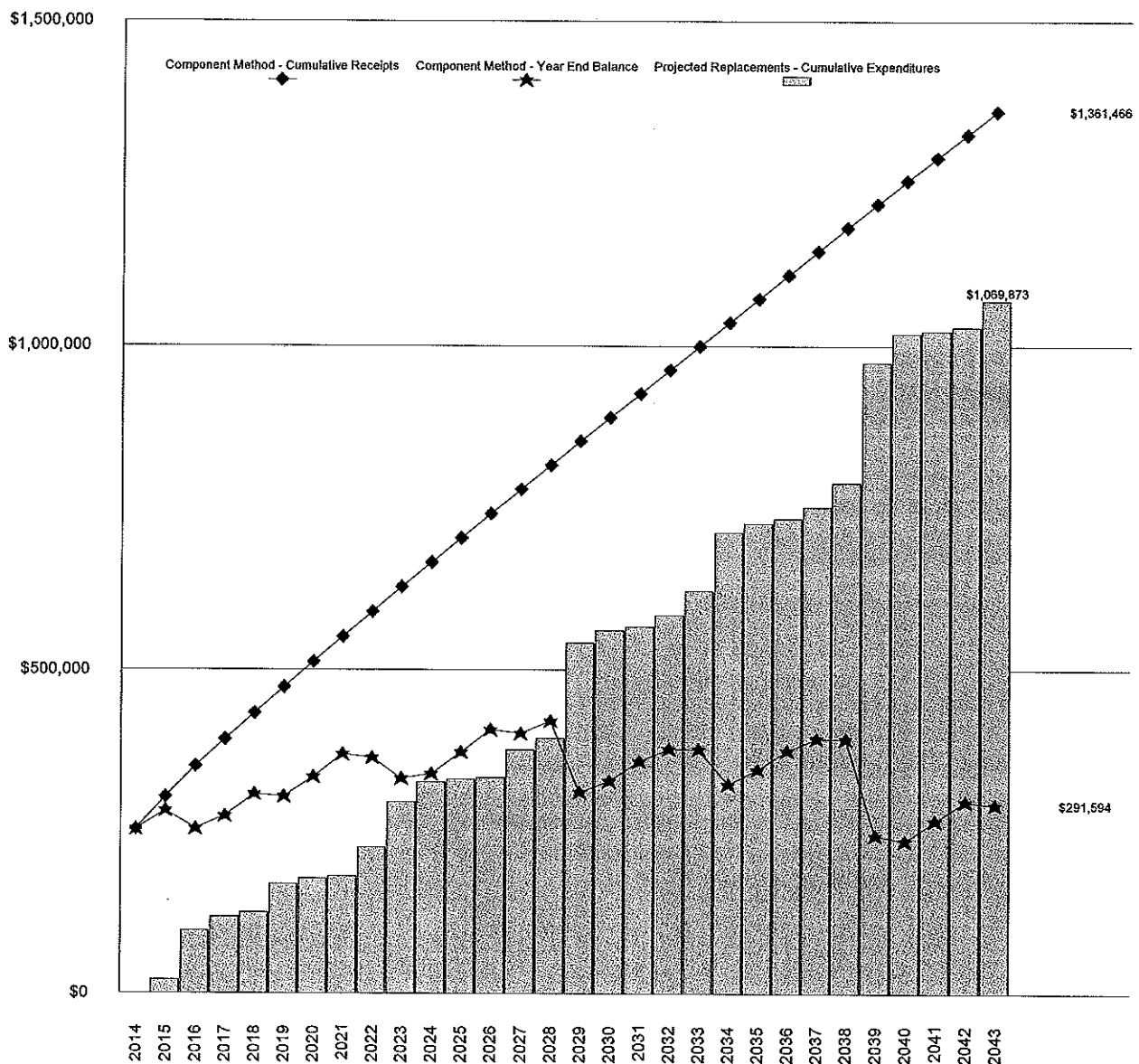
COMPONENT METHOD

\$50,143 COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2014.

\$21.76 Per unit (average), recommended monthly funding of Replacement Reserves

General. The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the 94 Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. The calculation of Recommended Annual Funding of Replacement Reserves is a multi-step process outlined in more detail on Page A9.

Graph #4: Component Method - Cumulative Receipts and Expenditures Graph



COMPONENT METHOD (cont'd)

- **Current Funding Objective.** A Current Funding Objective is calculated for each of the Projected Replacements listed in the Replacement Reserve Inventory. Replacement Cost is divided by the Normal Economic Life to determine the nominal annual contribution. The Remaining Economic Life is then subtracted from the Normal Economic Life to calculate the number of years that the nominal annual contribution should have been made. The two values are then multiplied to determine the Current Funding Objective. This is repeated for each of the 94 Projected Replacements. The total, \$293,167, is the Current Funding Objective.

For an example, consider a very simple Replacement Reserve Inventory with one Projected Replacement, a fence with a \$1,000 Replacement Cost, a Normal Economic Life of 10 years, and a Remaining Economic Life of 2 years. A contribution to Replacement Reserves of \$100 (\$1,000 + 10 years) should have been made in each of the previous 8 years (10 years - 2 years). The result is a Current Funding Objective of \$800 (8 years x \$100 per year).

- **Funding Percentage.** The Funding Percentage is calculated by dividing the Beginning Balance (\$203,525) by the Current Funding Objective (\$293,167). At Settlers' Mill HOA the Funding Percentage is 69.4%
- **Allocation of the Beginning Balance.** The Beginning Balance is divided among the 94 Projected Replacements in the Replacement Reserve Inventory. The Current Funding Objective for each Projected Replacement is multiplied by the Funding Percentage and these funds are then "locked" into the account of each item.

If we relate this calculation back to our fence example, it means that the Association has not accumulated \$800 in Reserves (the Funding Objective), but rather at 69.4 percent funded, there is \$555 in the account for the fence.

- **Annual Funding.** The Recommended Annual Funding of Replacement Reserves is then calculated for each Projected Replacement. The funds allocated to the account of the Projected Replacement are subtracted from the Replacement Cost. The result is then divided by the number of years until replacement, and the result is the annual funding for each of the Projected Replacements. The sum of these is \$50,143, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2014).

In our fence example, the \$555 in the account is subtracted from the \$1,000 Total Replacement Cost and divided by the 2 years that remain before replacement, resulting in an annual deposit of \$222. Next year, the deposit remains \$222, but in the third year, the fence is replaced and the annual funding adjusts to \$100.

- **Adjustment to the Component Method for interest and inflation.** The calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, inflation, or a constant annual increase in Annual Funding of Replacement Reserves. The Component Method is a very conservative method and if the Analysis is updated regularly, adequate funding will be maintained without the need for adjustments.

Table #2. Component Method Data - Years 1 through 30

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning balance	\$203,525									
Recommended annual funding	\$50,143	\$50,143	\$47,434	\$41,476	\$40,440	\$40,404	\$39,003	\$38,804	\$38,804	\$38,167
Expenditures		\$21,279	\$75,441	\$21,638	\$6,720	\$44,117	\$8,650	\$3,535	\$44,425	\$70,068
Year end balance	\$253,668	\$282,532	\$254,525	\$274,363	\$308,083	\$304,370	\$334,723	\$369,992	\$364,371	\$332,470
Cumulative Expenditures		\$21,279	\$96,720	\$118,358	\$125,078	\$169,195	\$177,845	\$181,380	\$225,805	\$295,872
Cumulative Receipts	\$253,668	\$303,811	\$351,245	\$392,720	\$433,161	\$473,565	\$512,567	\$551,371	\$590,175	\$628,342
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Recommended annual funding	\$37,815	\$37,622	\$37,517	\$37,517	\$37,220	\$37,181	\$36,653	\$36,621	\$36,621	\$36,621
Expenditures	\$30,699	\$4,360	\$2,500	\$43,410	\$17,683	\$147,475	\$19,303	\$6,100	\$17,625	\$37,305
Year end balance	\$339,686	\$372,749	\$407,766	\$401,873	\$421,411	\$311,117	\$328,467	\$358,988	\$377,984	\$377,300
Cumulative Expenditures	\$326,571	\$330,931	\$333,431	\$376,841	\$394,524	\$541,999	\$561,302	\$567,402	\$585,027	\$622,332
Cumulative Receipts	\$666,157	\$703,680	\$741,197	\$778,714	\$815,934	\$853,115	\$889,768	\$926,390	\$963,011	\$999,632
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Recommended annual funding	\$36,621	\$36,516	\$36,516	\$36,516	\$36,516	\$36,516	\$35,675	\$35,652	\$35,652	\$35,652
Expenditures	\$90,364	\$13,845	\$7,185	\$18,178	\$37,285	\$185,270	\$44,358	\$4,360	\$6,035	\$40,663
Year end balance	\$323,558	\$346,230	\$375,561	\$393,900	\$393,132	\$244,378	\$235,696	\$266,987	\$296,604	\$291,594
Cumulative Expenditures	\$712,695	\$726,540	\$733,725	\$751,903	\$789,188	\$974,458	\$1,018,815	\$1,023,175	\$1,029,210	\$1,069,873
Cumulative Receipts	\$1,036,253	\$1,072,770	\$1,109,286	\$1,145,803	\$1,182,319	\$1,218,836	\$1,254,511	\$1,290,163	\$1,325,815	\$1,361,466

CURRENT FUNDING

\$15,650 CURRENT ANNUAL FUNDING OF REPLACEMENT RESERVES
 (as reported by the Association).

\$6.79 Per unit (average), reported current monthly funding of Replacement Reserves

General. Our evaluation of the Current Association Funding assumes that the Association will continue to fund Replacement Reserves at the current level of \$15,650 per year in each of the 30 years of the Study Period.

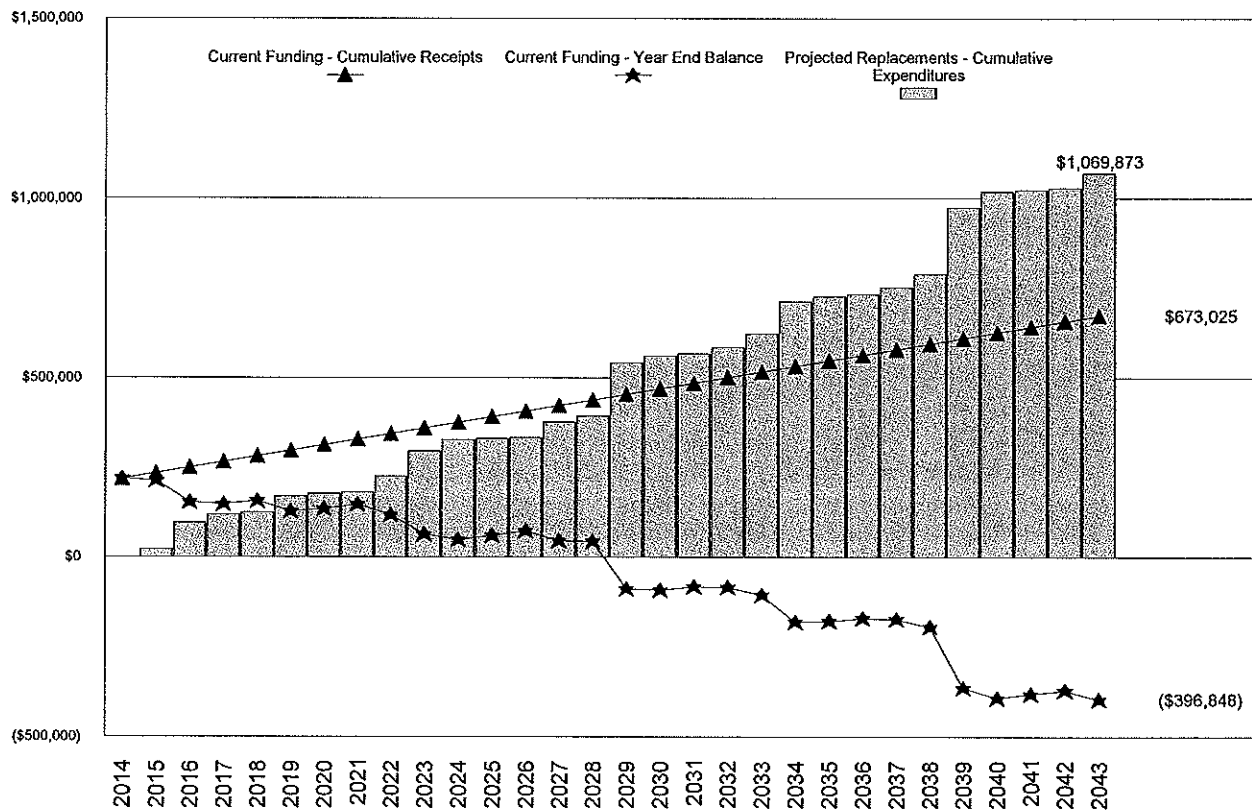
Our evaluation is based upon this Replacement Reserve Funding Level, a \$203,525 Beginning Balance, the Projected Annual Replacement Expenditures shown in Graph #1 and listed in the Replacement Reserve Inventory, and any interest, inflation rate, or constant annual increase in annual contribution adjustments discussed below.

- Evaluation. Our calculations have determined that Current Annual Funding of Replacement Reserves, as reported by the Association, is inadequate to fund Projected Replacement beginning in 2029.

The Current Annual Funding of Replacement Reserves results in insufficient funds to make Projected Replacements in 15 years of the 30-year Study Period, and a maximum shortfall of \$-396,848 occurs in 2043.

- Adjustment to the Current Association Funding for interest and inflation. The Calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, the effects of inflation of the cost of Projected Replacements, or a constant annual increase in Annual Funding of Replacement Reserves.
- Comparison of Current Association Funding and Average Annual Expenditure. The average annual expenditure for Projected Replacements listed in the Reserve Inventory over the 30-year Study Period is \$35,662 (see Graph #1). Current Association annual funding of Replacement Reserves is \$15,650, or approximately 44 percent of the Average Annual Expenditure.

Graph #5. Current Association Funding - Cumulative Receipts and Expenditures Graph



CURRENT FUNDING (cont'd)

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning balance	\$203,525									
Annual deposit	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650
Expenditures		\$21,279	\$75,441	\$21,638	\$6,720	\$44,117	\$8,650	\$3,535	\$44,425	\$70,068
Year end balance	\$219,175	\$213,546	\$153,755	\$147,768	\$156,698	\$128,231	\$135,231	\$147,346	\$118,570	\$64,163
Cumulative Expenditures		\$21,279	\$96,720	\$118,358	\$125,078	\$169,195	\$177,845	\$181,380	\$225,805	\$295,872
Cumulative Receipts	\$219,175	\$234,825	\$250,475	\$266,125	\$281,775	\$297,425	\$313,075	\$328,725	\$344,375	\$360,025
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual deposit	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650
Expenditures	\$30,699	\$4,360	\$2,500	\$43,410	\$17,683	\$147,475	\$19,303	\$6,100	\$17,625	\$37,305
Year end balance	\$49,104	\$60,394	\$73,544	\$45,784	\$43,751	(\$68,074)	(\$91,727)	(\$82,177)	(\$84,152)	(\$105,807)
Cumulative expenditures	\$326,571	\$330,931	\$333,431	\$376,841	\$394,524	\$541,999	\$561,302	\$567,402	\$585,027	\$622,332
Cumulative receipts	\$375,675	\$391,325	\$406,975	\$422,625	\$438,275	\$453,925	\$469,575	\$485,225	\$500,875	\$516,525
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Annual deposit	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650	\$15,650
Expenditures	\$90,364	\$13,845	\$7,185	\$18,178	\$37,285	\$185,270	\$44,358	\$4,360	\$6,035	\$40,663
Year end balance	(\$180,520)	(\$178,715)	(\$170,250)	(\$172,778)	(\$194,413)	(\$364,033)	(\$392,740)	(\$381,450)	(\$371,835)	(\$396,848)
Cumulative Expenditures	\$712,695	\$726,540	\$733,725	\$751,903	\$789,188	\$974,458	\$1,018,815	\$1,023,175	\$1,029,210	\$1,069,873
Cumulative Receipts	\$532,175	\$547,825	\$563,475	\$579,125	\$594,775	\$610,425	\$626,075	\$641,725	\$657,375	\$673,025

COMMENTS ON THE REPLACEMENT RESERVE ANALYSIS

- This Replacement Reserve Study has been developed in compliance with the Community Associations Institute, National Reserve Study Standards, for a Level Two - Update (with site visit and on-site review).
- Settlers' Mill HOA has 192 units. The type of property is a home owner association.
- Our calculations assume that Replacement Reserves are not subject to tax.
- The Association requested an annual increase in addition to the 4.5% inflation for an initial result to reach "fully funded" status by year 3.
- Several new inventory items have been added to this update that were not included in the previous study by Reserve Advisors.

Intentionally Left Blank

REPLACEMENT RESERVE INVENTORY GENERAL INFORMATION

Settlers' Mill HOA - Replacement Reserve Inventory identifies 137 items. Two types of items are identified, Projected Replacements and Excluded Items:

- **PROJECTED REPLACEMENTS.** 94 of the items are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$836,124. Replacements totaling \$2,165,703 are scheduled in the Replacement Reserve Inventory over the 30-year Study Period.

Projected Replacements are the replacement of commonly owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** 43 of the items are Excluded Items, and expenditures for these items are NOT scheduled for funding from Replacement Reserves. The accuracy of the calculations made in the Replacement Reserve Analysis is dependent on expenditures NOT being made for Excluded Items. The Excluded Items are listed in the Replacement Reserve Inventory to identify specific items and categories of items that are not to be funded from Replacement Reserves. There are multiple categories of items that are typically excluded from funding by Replacement Reserves, including but not limited to:

Tax Code. The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, partial replacements, repairs, capital improvements, and one-time only replacements.

Value. Items with a replacement cost of less than \$1,000 are typically excluded from funding from Replacement Reserves. This exclusion is made to accurately reflect how Replacement Reserves are administered. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.

Long-lived Items. Items that when properly maintained, can be assumed to have a life equal to the property as a whole, are typically excluded from the Replacement Reserve Inventory.

Unit improvements. Items located on property owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other non-common improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

The rationale for the exclusion of an item from funding by Replacement Reserves is discussed in more detail in the 'Comments' section of its page of the Replacement Reserve Inventory.

- **CATEGORIES.** The 137 items included in the Settlers' Mill HOA Replacement Reserve Inventory are divided into 13 major categories. Each category is printed on a separate page, Pages B3 to B14.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level Two - Update (with site visit and on-site review), as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

Level II Studies are based entirely on the component inventory from a prior study. This information is adjusted to reflect changes to the inventory that are provided by the property manager, and the quantities are adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings that are made available to us. The condition of all components is ascertained from a site visit and the visual inspection of each component by the analyst. The life expectancy and the value of components are provided based in part on these observations and the fund status and funding plan are derived from analysis of this data.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (cont'd)

- **INVENTORY DATA.** Each of the 94 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

Item Description. We have named each item included in the Inventory. Where the name of the item and the category are not sufficient to specifically identify the item, we have included additional information in the Comments section at the bottom of the page.

Units. We have used standard abbreviations to identify the number of units including SF-square feet, FT-feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Nonstandard abbreviations are noted in the Comments section on the page on which the abbreviation is used.

Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

Unit Replacement Cost. We use three sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, industry standard estimating manuals, and a cost database that we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work. In addition, trends in the Producers Price Index (PPI), labor rates, and transportation costs are monitored and considered. This cost database is reviewed and updated regularly by Miller Dodson and biannually by an independent professional cost estimating firm.

Normal Economic Life (Yrs). The number of years that a new and properly installed item should be expected to remain in service.

Economic Life Remaining (Yrs). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

Each of the 43 Excluded Items includes the Item Description, Units, and Number of Units. Many of the Excluded Items are listed as a 'Lump Sum' with a quantity of 1. For the Excluded Items, this indicates that all of the items identified by the 'Item Description' are excluded from funding by Replacement Reserves.

- **REVIEW OF EXPENDITURES.** All expenditures from Replacement Reserves should be made only after consultation with an accounting professional.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted on in the Comments section.

SITE COMPONENT PROJECTED REPLACEMENTS								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)	
1	Asphalt pavement, seal coat	sf	12,600	\$0.20	6	2	\$2,520	
2	Asphalt pavement, overlay	sf	12,600	\$1.40	18	8	\$17,640	
3	Concrete sidewalks (6%)	sf	93	\$8.55	60	8	\$793	
4	Concrete sidewalks (6%)	sf	93	\$8.55	60	14	\$793	
5	Concrete sidewalks (6%)	sf	93	\$8.55	60	20	\$793	
6	Concrete sidewalks (6%)	sf	93	\$8.55	60	26	\$793	
7	Concrete sidewalks (6%)	sf	93	\$8.55	60	32	\$793	
8	Concrete sidewalks (6%)	sf	93	\$8.55	60	38	\$793	
9	Concrete sidewalks (6%)	sf	93	\$8.55	60	44	\$793	
10	Concrete sidewalks (6%)	sf	93	\$8.55	60	50	\$793	
11	Concrete sidewalks (6%)	sf	93	\$8.55	60	56	\$793	
12	Concrete sidewalks (6%)	sf	93	\$8.55	60	62	\$793	
13	Concrete curb & gutter (20%)	ft	57	\$34.00	54	8	\$1,938	
14	Concrete curb & gutter (20%)	ft	57	\$34.00	54	26	\$1,938	
15	Concrete curb & gutter (20%)	ft	57	\$34.00	54	44	\$1,938	
16	Concrete curb (20%)	ft	43	\$30.00	54	8	\$1,290	
17	Concrete curb (20%)	ft	43	\$30.00	54	26	\$1,290	
18	Concrete curb (20%)	ft	43	\$30.00	54	44	\$1,290	
SITE COMPONENT - Replacement Costs - Subtotal							\$37,770	

SITE COMPONENT COMMENTS	
<ul style="list-style-type: none"> ● We have assumed that the Association will replace the asphalt pavement by the installation of a 2 inch thick overlay. The pavement will need to be milled prior to the installation of the overlay. Milling and the cost of minor repairs (5 to 10 percent of the total area) to the base materials and bearing soils beneath the pavement are included in the cost shown above. ● For concrete components and other roadway shoulder work, we have assumed that the Association will conduct concrete component replacement projects in conjunction with the asphalt pavement and other concrete or right-of-way replacement projects. ● Curb, gutter and walks are exposed aggregate concrete. 	

SITE COMPONENT (cont.)

PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
19	Community entrance sign	ea	1	\$2,300.00	30	10	\$2,300
20	Brick entry wall, repoint	ls	1	\$880.00	30	10	\$880
21	Street signs, partial	ls	1	\$1,000.00	15	1	\$1,000
22	Street signs, partial	ls	1	\$1,000.00	15	6	\$1,000
23	Street signs, partial	ls	1	\$1,000.00	15	11	\$1,000
24	6 feet tall wood fence	lf	2,480	\$23.95	18	2	\$59,396
25	Swing Bench (at play ground)	ea	1	\$2,970.00	15	10	\$2,970
26	Grille	ea	1	\$929.00	15	5	\$929
27	Picnic table, wood	ea	5	\$345.00	8	2	\$1,725
28	Picnic table, steel	ea	8	\$1,019.00	18	8	\$8,152

SITE COMPONENT (cont.) - Replacement Costs - Subtotal \$79,352

SITE COMPONENT (cont.)

COMMENTS

- Partial wood fence replacement for \$1,200 in the past few years but overall fence condition is old.

SITE COMPONENT (cont.) PROJECTED REPLACEMENTS									
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)		
29	Irrigation (entrance area), partial	ls	1	\$2,500.00	5	2	\$2,500		
30	Irrigation (club house area), partial	ls	1	\$4,500.00	5	4	\$4,500		
31	Domestic water lateral, clubhouse (allowance)	ea	1	\$1,100.00	25	20	\$1,100		
32	Sanitary lateral, clubhouse (allowance)	ea	1	\$950.00	35	20	\$950		
33	Stormwater Pond 1 dredging	cy	2,000	\$65.00	20	15	\$130,000		
34	Stormwater Pond 2 dredging	cy	1,950	\$65.00	20	15	\$126,750		
35	Stormwater Pond 2 dredging	cy	300	\$65.00	20	15	\$19,500		
SITE COMPONENT (cont.) - Replacement Costs - Subtotal							\$285,300		

SITE COMPONENT (cont.) COMMENTS	
<ul style="list-style-type: none"> ● Comprehensive drawings detailing the components of the underground systems listed above were not available for our review. We have included the estimated cost allowance based upon our experience with other similar facilities. In the future, this assumption and the estimated costs should be adjusted based upon actual experience. ● The storm water ponds are located in very difficult terrain to be accessed by normal dredging equipment from shoreline and may be technically infeasible. It is recommended that a lake management consultant be retained to survey the ponds and provide study of the design volume and long term maintenance plan that considers the environmental challenges of the ponds locations in the community. ● 09/16/13. The increased volume of the dredging is based on a recent survey by others performed to verify depths. 	

CLUB HOUSE, BUILDING EXTERIOR
 PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
36	CH Shingle asphalt/fiberglass	sf	3,600	\$4.25	25	5	\$15,300
37	CH Exterior trim	lf	300	\$3.09	25	5	\$927
38	CH Brick veneer, repoint (partial)	sf	200	\$3.88	15	5	\$776
39	CH Exterior joint sealant	lf	500	\$2.19	8	5	\$1,095
40	CH Exterior doors	ls	1	\$2,700.00	30	10	\$2,700
41	CH Exterior windows	ls	1	\$1,400.00	30	10	\$1,400
42	CH Concrete Patio	sf	700	\$9.15	45	25	\$6,405
43	CH Vinyl soffit	ls	1	\$3,200.00	30	10	\$3,200
44	CH Dentil moulding	ls	1	\$9,700.00	40	20	\$9,700
45	CH fiberglass columns	ls	1	\$3,200.00	40	20	\$3,200
46	CH Exterior Lighting	ea	8	\$288.00	15	1	\$2,304
47	Stone perimeter drain around patio	lf	90	\$23.00	15	10	\$2,070

CLUB HOUSE, BUILDING EXTERIOR - Replacement Costs - Subtotal \$49,077

CLUB HOUSE, BUILDING EXTERIOR
 COMMENTS

CLUBHOUSE, BUILDING INTERIOR

PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
48	CH Flooring, interior carpet	sf	400	\$4.25	7	1	\$1,700
49	CH Flooring, eopxy concrete coating	sf	850	\$7.34	20	16	\$6,239
50	CH Toilet partitions	ea	3	\$1,845.00	20	16	\$5,535
51	CH Interior lighting, partial	ls	1	\$600.00	5	5	\$600
52	CH Fire alarm system	ls	1	\$3,900.00	25	6	\$3,900
53	CH Security system	ls	1	\$1,800.00	15	6	\$1,800
54	CH CCTV with DVR	ls	1	\$2,000.00	10	9	\$2,000
55	CH Toilet	ea	4	\$384.00	30	10	\$1,536
56	CH Lavatory	ea	2	\$279.00	30	10	\$558
57	CH Shower	ea	2	\$798.00	30	10	\$1,596
58	CH Urinal	ea	1	\$329.00	30	10	\$329
59	CH Hot water heater, instant tankless	ea	1	\$3,190.00	15	1	\$3,190
60	CH Hot water heater, instant tankless	ea	1	\$2,765.00	15	5	\$2,765
61	CH Gas furnace and air handler	ea	1	\$2,490.00	20	14	\$2,490
62	CH compressor	ea	1	\$1,185.00	10	4	\$1,185
63	CH Heat pump, 3 ton	ea	1	\$2,745.00	20	14	\$2,745
64	CH Furniture (partial)	ls	1	\$2,100.00	8	1	\$2,100

CLUBHOUSE, BUILDING INTERIOR - Replacement Costs - Subtotal \$40,268

CLUBHOUSE, BUILDING INTERIOR

COMMENTS

SWIMMING POOL
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
65	Swimming pool, structure	sf	2,400	\$65.00	45	25	\$156,000
66	Swimming pool, whitecoat	sf	3,800	\$6.20	10	9	\$23,560
67	Swimming pool, waterline tile	ft	290	\$15.00	10	9	\$4,350
68	Swimming pool, coping (brick)	ls	290	\$6.75	20	9	\$1,958
69	Swimming pool, cover	sf	4,000	\$1.95	8	2	\$7,800
70	Swimming pool deck joint sealant	ls	1	\$1,950.00	8	6	\$1,950
71	Swimming pool, concrete deck, 20%	sf	640	\$11.00	45	5	\$7,040
72	Swimming pool, concrete deck, 20%	sf	640	\$11.00	45	13	\$7,040
73	Swimming pool, concrete deck, 20%	sf	640	\$11.00	45	25	\$7,040
74	Swimming pool, concrete deck, 20%	sf	640	\$11.00	45	33	\$7,040
75	Swimming pool, concrete deck, 20%	sf	640	\$11.00	45	41	\$7,040
76	Swimming pool, deck joint sealant	lf	600	\$3.10	8	3	\$1,860
77	Swimming pool pump 7.5 hp	ea	1	\$6,200.00	10	5	\$6,200
78	Swimming pool filter	ea	3	\$2,045.00	15	5	\$6,135
79	Swimming pool chlorinator	ea	1	\$850.00	10	5	\$850
80	Pool furniture, partial	ls	1	\$1,500.00	6	2	\$1,500
81	Pool furniture, partial	ls	1	\$1,500.00	6	5	\$1,500
82	Pool wood arbor structure	ls	1	\$3,100.00	15	3	\$3,100
83	Perimeter fence - 6' (wood)	ft	450	\$25.95	20	3	\$11,678
84	Perimeter fence - 6' (chainlink)	ft	150	\$25.95	25	8	\$3,893
SWIMMING POOL - Replacement Costs - Subtotal							\$267,533

SWIMMING POOL
COMMENTS

- We have assumed that the project to replace the pool deck will include the replacement of the plumbing and electrical systems installed beneath the pavement.
- The pool white coat was replaced in the Spring of 2013.
- Partial pool deck replacement (approx. 90 SF) was done for \$2,500 in the past few years.

COURTS PROJECTED REPLACEMENTS								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)	
85	Tennis court, color coat	ea	1	\$5,000.00	5	3	\$5,000	
86	Tennis court, resurface/overlay	ea	1	\$18,000.00	20	13	\$18,000	
87	Tennis court, post & footings	ea	1	\$2,600.00	20	13	\$2,600	
88	Tennis court, fence	ft	360	\$24.00	20	13	\$8,640	
89	Basketball pole & backstop	ea	1	\$1,200.00	20	1	\$1,200	
90	MP court - base asphalt	sf	2,500	\$3.50	20	1	\$8,750	
COURTS - Replacement Costs - Subtotal							\$44,190	

COURTS COMMENTS								

TOT LOT

PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
91	Tot lot - wood mulch	cy	15	\$69.00	3	1	\$1,035
92	Tot lot - synthetic border	ft	220	\$15.00	15	9	\$3,300
93	Tot lot - MP structure	ea	1	\$26,500.00	15	9	\$26,500
94	Tot lot - swing	ea	1	\$1,800.00	15	9	\$1,800

TOT LOT - Replacement Costs - Subtotal \$32,635

TOT LOT

COMMENTS

- Tot lots and tot lot equipment should be evaluated annually by a playground safety specialist for compliance with the Consumer Product Safety Commission, Handbook for Public Playground Safety. Defects should be corrected immediately to protect the users of the facilities from potential injury and the Association from potential liability for those injuries.

VALUATION EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Tennis court nets	ls	1				EXCLUDED
	Basketball goal nets	ls	1				EXCLUDED
	Emergency lighting, exit light, etc.	ls	1				EXCLUDED
	Interior doors	ls	1				EXCLUDED
	Bulletin Board	ls	1				EXCLUDED
	Misc. Cluhouse contents	ls	1				EXCLUDED
	Toilet accessories in the restrooms	ls	1				EXCLUDED
	Accent site lighting at entrance	ls	1				EXCLUDED
	Small pool area lights	ls	1				EXCLUDED
	Storage boxes in the pool area	ls	1				EXCLUDED
	Pool lane dividers	ls	1				EXCLUDED
	Pool water polo net	ls	1				EXCLUDED

VALUATION EXCLUSIONS

COMMENTS

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1,000.00 have not been scheduled for funding from Replacement Reserves. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Masonry features	ls	1				EXCLUDED
	Exterior brick veneer	ls	1				EXCLUDED
	Building foundation(s)	ls	1				EXCLUDED
	Concrete floor slabs (interior)	ls	1				EXCLUDED
	Wall, floor, & roof structure	ls	1				EXCLUDED
	Common element electrical services	ls	1				EXCLUDED
	Electrical wiring	ls	1				EXCLUDED
	Water piping at common facilities	ls	1				EXCLUDED
	Waste piping at common facilities	ls	1				EXCLUDED
	Gas services at common facilities	ls	1				EXCLUDED
	Stainless steel pool fixtures	ls	1				EXCLUDED

LONG-LIFE EXCLUSIONS

COMMENTS

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life but periodic repointing is required and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS								
EXCLUDED ITEMS								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)	
	Domestic water pipes serving one unit	Is	1					EXCLUDED
	Sanitary sewers serving one unit	Is	1					EXCLUDED
	Electrical wiring serving one unit	Is	1					EXCLUDED
	Cable TV service serving one unit	Is	1					EXCLUDED
	Telephone service serving one unit	Is	1					EXCLUDED
	Gas service serving one unit	Is	1					EXCLUDED
	Driveway on an individual lot	Is	1					EXCLUDED
	Sidewalk on an individual lot	Is	1					EXCLUDED
	Curb & gutter on an individual lot	Is	1					EXCLUDED
	Fence on an individual lot	Is	1					EXCLUDED
	All units	Is	1					EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS
COMMENTS

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Primary electric feeds	ls	1				EXCLUDED
	Electric transformers	ls	1				EXCLUDED
	Cable TV systems and structures	ls	1				EXCLUDED
	Telephone cables and structures	ls	1				EXCLUDED
	Site lighting	ls	1				EXCLUDED
	Gas mains and meters	ls	1				EXCLUDED
	Water mains and meters	ls	1				EXCLUDED
	Sanitary sewers	ls	1				EXCLUDED
	Stormwater management system	ls	1				EXCLUDED

UTILITY EXCLUSIONS

COMMENTS

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 94 Projected Replacements in the Settlers' Mill HOA Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICES, PROCEDURES, AND ADMINISTRATION

- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision, if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **UPDATING.** In the first two or possibly three years after the completion of a Level One Replacement Reserve Study, we recommend the Association review and revise the Replacement Reserve Analysis and Inventory annually to take into account replacements which have occurred and known changes in replacement costs. This can frequently be handled as a Level Two or Level Three Study (as defined by the Community Associations Institute), unless the Association has completed major replacement projects. A full analysis (Level One) based on a comprehensive visual evaluation of the site should be accomplished every three to five years or after each major replacement project.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the next thirty years, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.
- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Settlers' Mill HOA Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

PROJECTED REPLACEMENTS - YEARS 1 TO 6

Item	2014	\$
No Scheduled Replacements		

Item	2015	\$
21	Street signs, partial	\$1,035
46	CH Exterior Lighting	\$2,385
48	CH Flooring, interior carpet	\$1,760
59	CH Hot water heater, instant	\$3,302
64	CH Furniture (partial)	\$2,174
89	Basketball pole & backstop	\$1,242
90	MP court - base asphalt	\$9,056
91	Tot lot - wood mulch	\$1,071
Total Scheduled Replacements		\$22,024

Item	2016	\$
1	Asphalt pavement, seal coat	\$2,699
24	6 feet tall wood fence	\$63,626
27	Picnic table, wood	\$1,848
29	Irrigation (entrance area), pa	\$2,678
69	Swimming pool, cover	\$8,356
80	Pool furniture, partial	\$1,607
Total Scheduled Replacements		\$80,814

Item	2017	\$
76	Swimming pool, deck joint s	\$2,062
82	Pool wood arbor structure	\$3,437
83	Perimeter fence - 6' (wood)	\$12,947
85	Tennis court, color coat	\$5,544
Total Scheduled Replacements		\$23,990

Item	2018	\$
30	Irrigation (club house area),	\$5,164
62	CH compressor	\$1,360
91	Tot lot - wood mulch	\$1,188
Total Scheduled Replacements		\$7,711

Item	2019	\$
26	Grille	\$1,103
36	CH Shingle asphalt/fiberglass	\$18,172
37	CH Exterior trim	\$1,101
38	CH Brick veneer, repoint (pa	\$922
39	CH Exterior joint sealant	\$1,301
51	CH Interior lighting, partial	\$713
60	CH Hot water heater, instant	\$3,284
71	Swimming pool, concrete de	\$8,361
77	Swimming pool pump 7.5 hp	\$7,364
78	Swimming pool filter	\$7,286
79	Swimming pool chlorinator	\$1,010
81	Pool furniture, partial	\$1,782
Total Scheduled Replacements		\$52,397

PROJECTED REPLACEMENTS - YEARS 7 TO 12

Item	2020	\$
22	Street signs, partial	\$1,229
52	CH Fire alarm system	\$4,794
53	CH Security system	\$2,213
70	Swimming pool deck joint se	\$2,397
Total Scheduled Replacements		\$10,633

Item	2021	\$
29	Irrigation (entrance area), pe	\$3,181
91	Tot lot - wood mulch	\$1,317
Total Scheduled Replacements		\$4,498

Item	2022	\$
1	Asphalt pavement, seal coal	\$3,318
2	Asphalt pavement, overlay	\$23,229
3	Concrete sidewalks (6%)	\$1,044
13	Concrete curb & gutter (20%)	\$2,552
16	Concrete curb (20%)	\$1,699
28	Picnic table, steel	\$10,735
48	CH Flooring, interior carpet	\$2,239
80	Pool furniture, partial	\$1,975
84	Perimeter fence - 6' (chainlir	\$5,126
85	Tennis court, color coat	\$6,584
Total Scheduled Replacements		\$58,499

Item	2023	\$
30	Irrigation (club house area),	\$6,133
54	CH CCTV with DVR	\$2,726
64	CH Furniture (partial)	\$2,862
66	Swimming pool, whitecoat	\$32,110
67	Swimming pool, waterline til	\$5,929
68	Swimming pool, coping (bric	\$2,668
92	Tot lot - synthetic border	\$4,498
93	Tot lot - MP structure	\$36,117
94	Tot lot - swing	\$2,453
Total Scheduled Replacements		\$95,495

Item	2024	\$
19	Community entrance sign	\$3,244
20	Brick entry wall, repoint	\$1,241
25	Swing Bench (at play grounc	\$4,189
27	Picnic table, wood	\$2,433
40	CH Exterior doors	\$3,809
41	CH Exterior windows	\$1,975
43	CH Vinyl soffit	\$4,514
47	Stone perimeter drain aroun	\$2,920
51	CH Interior lighting, partial	\$846
55	CH Toilet	\$2,167
56	CH Lavatory	\$787
57	CH Shower	\$2,251
58	CH Urinal	\$464
69	Swimming pool, cover	\$11,003
91	Tot lot - wood mulch	\$1,460
Total Scheduled Replacements		\$43,304

Item	2025	\$
23	Street signs, partial	\$1,460
76	Swimming pool, deck joint si	\$2,716
81	Pool furniture, partial	\$2,190
Total Scheduled Replacements		\$6,365

PROJECTED REPLACEMENTS - YEARS 13 TO 18

Item	2026	\$
29	Irrigation (entrance area), pe	\$3,778
Total Scheduled Replacements		\$3,778

Item	2027	\$
39	CH Exterior joint sealant	\$1,713
72	Swimming pool, concrete de	\$11,010
85	Tennis court, color coat	\$7,820
86	Tennis court, resurface/over	\$28,151
87	Tennis court, post & footings	\$4,066
88	Tennis court, fence	\$13,513
91	Tot lot - wood mulch	\$1,619
Total Scheduled Replacements		\$67,891

Item	2028	\$
1	Asphalt pavement, seal coal	\$4,079
4	Concrete sidewalks (6%)	\$1,283
30	Irrigation (club house area),	\$7,284
61	CH Gas furnace and air han	\$4,031
62	CH compressor	\$1,918
63	CH Heat pump, 3 ton	\$4,443
70	Swimming pool deck joint se	\$3,156
80	Pool furniture, partial	\$2,428
Total Scheduled Replacements		\$28,623

Item	2029	\$
33	Stormwater Pond 1 dredging	\$217,795
34	Stormwater Pond 2 dredging	\$212,350
35	Stormwater Pond 2 dredging	\$32,669
48	CH Flooring, interior carpet	\$2,848
51	CH Interior lighting, partial	\$1,005
77	Swimming pool pump 7.5 hp	\$10,387
79	Swimming pool chlorinator	\$1,424
Total Scheduled Replacements		\$478,480

Item	2030	\$
21	Street signs, partial	\$1,734
46	CH Exterior Lighting	\$3,995
49	CH Flooring, epoxy concrete	\$10,818
50	CH Toilet partitions	\$9,598
59	CH Hot water heater, instant	\$5,531
91	Tot lot - wood mulch	\$1,795
Total Scheduled Replacements		\$33,471

Item	2031	\$
29	Irrigation (entrance area), pe	\$4,487
64	CH Furniture (partial)	\$3,769
81	Pool furniture, partial	\$2,692
Total Scheduled Replacements		\$10,948

PROJECTED REPLACEMENTS - YEARS 19 TO 24

Item	2032	\$
27	Picnic table, wood	\$3,204
69	Swimming pool, cover	\$14,488
82	Pool wood arbor structure	\$5,758
85	Tennis court, color coat	\$9,287
Total Scheduled Replacements		\$32,738

Item	2033	\$
30	Irrigation (club house area),	\$8,651
54	CH CCTV with DVR	\$3,845
66	Swimming pool, whitecoat	\$45,294
67	Swimming pool, waterline til	\$8,363
76	Swimming pool, deck joint s	\$3,576
91	Tot lot - wood mulch	\$1,990
Total Scheduled Replacements		\$71,719

Item	2034	\$
1	Asphalt pavement, seal coal	\$5,014
5	Concrete sidewalks (6%)	\$1,577
24	6 feet tall wood fence	\$118,185
26	Grille	\$1,849
31	Domestic water lateral, club	\$2,189
32	Sanitary lateral, clubhouse (\$1,890
38	CH Brick veneer, repoint (pa	\$1,544
44	CH Dentil moulding	\$19,301
45	CH fiberglass columns	\$6,367
51	CH Interior lighting, partial	\$1,194
60	CH Hot water heater, instant	\$5,502
78	Swimming pool filter	\$12,207
80	Pool furniture, partial	\$2,985
Total Scheduled Replacements		\$179,804

Item	2035	\$
22	Street signs, partial	\$2,059
39	CH Exterior joint sealant	\$2,255
53	CH Security system	\$3,707
89	Basketball pole & backstop	\$2,471
90	MP court - base asphalt	\$18,020
Total Scheduled Replacements		\$28,513

Item	2036	\$
29	Irrigation (entrance area), pe	\$5,329
48	CH Flooring, interior carpet	\$3,624
70	Swimming pool deck joint se	\$4,156
91	Tot lot - wood mulch	\$2,206
Total Scheduled Replacements		\$15,315

Item	2037	\$
81	Pool furniture, partial	\$3,309
83	Perimeter fence - 6' (wood)	\$25,762
85	Tennis court, color coat	\$11,031
Total Scheduled Replacements		\$40,102

PROJECTED REPLACEMENTS - YEARS 25 TO 30

Item	2038	\$
30	Irrigation (club house area),	\$10,275
62	CH compressor	\$2,706
92	Tot lot - synthetic border	\$7,535
93	Tot lot - MP structure	\$60,508
94	Tot lot - swing	\$4,110
Total Scheduled Replacements		\$85,134

Item	2039	\$
25	Swing Bench (at play ground	\$7,019
42	CH Concrete Patio	\$15,137
47	Stone perimeter drain aroun	\$4,892
51	CH Interior lighting, partial	\$1,418
64	CH Furniture (partial)	\$4,963
65	Swimming pool, structure	\$368,666
73	Swimming pool, concrete de	\$16,637
77	Swimming pool pump 7.5 hp	\$14,652
79	Swimming pool chlorinator	\$2,009
91	Tot lot - wood mulch	\$2,446
Total Scheduled Replacements		\$437,838

Item	2040	\$
1	Asphalt pavement, seal coal	\$6,164
2	Asphalt pavement, overlay	\$43,147
6	Concrete sidewalks (6%)	\$1,939
14	Concrete curb & gutter (20%	\$4,740
17	Concrete curb (20%)	\$3,155
23	Street signs, partial	\$2,446
27	Picnic table, wood	\$4,219
28	Picnic table, steel	\$19,939
69	Swimming pool, cover	\$19,078
80	Pool furniture, partial	\$3,669
Total Scheduled Replacements		\$108,497

Item	2041	\$
29	Irrigation (entrance area), pe	\$6,329
76	Swimming pool, deck joint si	\$4,709
Total Scheduled Replacements		\$11,038

Item	2042	\$
85	Tennis court, color coat	\$13,101
91	Tot lot - wood mulch	\$2,712
Total Scheduled Replacements		\$15,813

Item	2043	\$
30	Irrigation (club house area),	\$12,203
39	CH Exterior joint sealant	\$2,970
48	CH Flooring, interior carpet	\$4,610
54	CH CCTV with DVR	\$5,424
66	Swimming pool, whitecoat	\$63,892
67	Swimming pool, waterline til	\$11,797
68	Swimming pool, coping (bric	\$5,309
81	Pool furniture, partial	\$4,068
Total Scheduled Replacements		\$110,272

CASH FLOW METHOD ACCOUNTING SUMMARY

This Settlers' Mill HOA - Cash Flow Method Accounting Summary is an attachment to the Settlers' Mill HOA - Replacement Reserve Study dated April 11, 2013 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2014, 2015, and 2016 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- **CASH FLOW METHOD CATEGORY FUNDING REPORT, 2014, 2015, and 2016.** Each of the 94 Projected Replacements listed in the Settlers' Mill HOA Replacement Reserve Inventory has been assigned to one of 8 categories. The following information is summarized by category in each report:
 - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
 - Cost of all Scheduled Replacements in each category.
 - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
 - Cost of Projected Replacements in the report period.
 - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Cash Flow Method.

- **THREE-YEAR REPLACEMENT FUNDING REPORT.** This report details the allocation of the \$203,525 Beginning Balance (at the start of the Study Year) and the \$99,632 of additional Replacement Reserve Funding in 2014 through 2016 (as calculated in the Replacement Reserve Analysis) to each of the 94 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and discussed below. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement schedule in years 2014 through 2016.
 - Allocation of the \$203,525 Beginning Balance to the Projected Replacements by Chronological Allocation.
 - Allocation of the \$99,632 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2014 through 2016, by Chronological Allocation.

- **CHRONOLOGICAL ALLOCATION.** Chronological Allocation assigns Replacement Reserves to Projected Replacements on a "first come, first serve" basis in keeping with the basic philosophy of the Cash Flow Method. The Chronological Allocation methodology is outlined below.
 - The first step is the allocation of the \$203,525 Beginning Balance to the Projected Replacements in the Study Year. Remaining unallocated funds are next allocated to the Projected Replacements in subsequent years in chronological order until the total of Projected Replacements in the next year is greater than the unallocated funds. Projected Replacements in this year are partially funded with each replacement receiving percentage funding. The percentage of funding is calculated by dividing the unallocated funds by the total of Projected Replacements in the partially funded year.

At Settlers' Mill HOA the Beginning Balance funds all Scheduled Replacements in the Study Year through 2021 and provides partial funding (50%) of replacements scheduled in 2022.
 - The next step is the allocation of the \$33,211 of 2014 Cash Flow Method Reserve Funding calculated in the Replacement Reserve Analysis. These funds are first allocated to fund the partially funded Projected Replacements and then to subsequent years in chronological order as outlined above.

At Settlers' Mill HOA the Beginning Balance and the 2014 Replacement Reserve Funding, funds replacements through 2022 and partial funds (15.6%) replacements in 2023.
 - Allocations of the 2015 and 2016 Reserve Funding are done using the same methodology.
 - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

2014 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Settlers' Mill HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF-1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$203,525 as of the first day of the Study Year, January 1, 2014.
- Total reserve funding (including the Beginning Balance) of \$236,736 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2014 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-1							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2014 BEGINNING BALANCE	2014 RESERVE FUNDING	2014 PROJECTED REPLACEMENTS	2014 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	2 to 62 years	\$37,770	\$14,574	\$12,127		\$26,701
SITE COMPONENT (cont.)	8 to 30 years	1 to 11 years	\$79,352	\$68,114	\$4,088		\$72,202
SITE COMPONENT (cont.)	5 to 40 years	0 to 20 years	\$147,175	\$9,500	\$702		\$10,202
CLUB HOUSE, BUILDING EXTERIOR	8 to 45 years	0 to 25 years	\$49,077	\$20,402			\$20,402
CLUBHOUSE, BUILDING INTERIOR	5 to 30 years	1 to 16 years	\$40,268	\$18,087	\$1,492		\$19,580
SWIMMING POOL	5 to 45 years	0 to 41 years	\$267,533	\$52,301	\$7,364		\$59,665
COURTS	5 to 30 years	0 to 13 years	\$44,190	\$17,442	\$2,508		\$19,950
TOT LOT	3 to 30 years	0 to 9 years	\$32,635	\$3,105	\$4,930		\$8,035

2015 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Settlers' Mill HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF-2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$236,736 on January 1, 2015.
- Total reserve funding (including the Beginning Balance) of \$269,947 in 2014 through 2015.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2015 being accomplished in 2015 at a cost of \$21,279.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2015 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-2								
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2015 BEGINNING BALANCE	2015 RESERVE FUNDING	2015 PROJECTED REPLACEMENTS	2015 END OF YEAR BALANCE	
SITE COMPONENT	6 to 60 years	1 to 61 years	\$37,770	\$26,701				\$26,701
SITE COMPONENT (cont.)	8 to 30 years	0 to 10 years	\$79,352	\$72,202		(\$1,000)		\$71,202
SITE COMPONENT (cont.)	5 to 40 years	1 to 19 years	\$147,175	\$10,202	\$2,133			\$12,335
CLUB HOUSE, BUILDING EXTERIOR	8 to 45 years	0 to 24 years	\$49,077	\$20,402		(\$2,304)		\$18,098
CLUBHOUSE, BUILDING INTERIOR	5 to 30 years	0 to 15 years	\$40,268	\$19,580	\$1,943	(\$6,990)		\$14,533
SWIMMING POOL	5 to 45 years	1 to 40 years	\$267,533	\$59,665	\$14,157			\$73,821
COURTS	5 to 30 years	0 to 12 years	\$44,190	\$19,950		(\$9,950)		\$10,000
TOT LOT	3 to 30 years	0 to 8 years	\$32,635	\$8,035	\$14,978	(\$1,035)		\$21,978

2016 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Settlers' Mill HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF-3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$248,668 on January 1, 2016.
- Total Replacement Reserve funding (including the Beginning Balance) of \$303,157 in 2014 to 2016.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2016 being accomplished in 2016 at a cost of \$75,441.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2016 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-3								
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2016 BEGINNING BALANCE	2016 RESERVE FUNDING	2016 PROJECTED REPLACEMENTS	2016 END OF YEAR BALANCE	
SITE COMPONENT	6 to 60 years	0 to 60 years	\$37,770	\$26,701		(\$2,520)	\$24,181	
SITE COMPONENT (cont.)	8 to 30 years	0 to 14 years	\$79,352	\$71,202	\$1,869	(\$61,121)	\$11,950	
SITE COMPONENT (cont.)	5 to 40 years	0 to 18 years	\$147,175	\$12,335	\$1,665	(\$2,500)	\$11,500	
CLUB HOUSE, BUILDING EXTERIOR	8 to 45 years	3 to 23 years	\$49,077	\$18,098	\$2,224		\$20,322	
CLUBHOUSE, BUILDING INTERIOR	5 to 30 years	2 to 14 years	\$40,268	\$14,533	\$2,613		\$17,146	
SWIMMING POOL	5 to 45 years	0 to 39 years	\$267,533	\$73,821	\$12,902	(\$9,300)	\$77,424	
COURTS	5 to 30 years	1 to 19 years	\$44,190	\$10,000			\$10,000	
TOT LOT	3 to 30 years	2 to 7 years	\$32,635	\$21,978	\$11,938		\$33,916	

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CF-4 below details the allocation of the \$203,525 Beginning Balance, as reported by the Association and the \$99,632 of Replacement Reserve Funding calculated by the Cash Flow Method in 2014 to 2016, to the 94 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF-1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$203,525 on January 1, 2014.
- Replacement Reserves on Deposit totaling \$236,736 on January 1, 2015.
- Replacement Reserves on Deposit totaling \$248,668 on January 1, 2016.
- Total Replacement Reserve funding (including the Beginning Balance) of \$303,157 in 2014 to 2016.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2014 to 2016 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$96,720.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF-4												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
SITE COMPONENT												
1	Asphalt pavement, seal coat	2,520	3,776	1,264		5,040			5,040		(2,520)	2,520
2	Asphalt pavement, overlay	17,640	8,793	8,847		17,640			17,640			17,640
3	Concrete sidewalks (6%)	793	395	397		793			793			793
4	Concrete sidewalks (6%)	793										
5	Concrete sidewalks (6%)	793										
6	Concrete sidewalks (6%)	793										
7	Concrete sidewalks (6%)	793										
8	Concrete sidewalks (6%)	793										
9	Concrete sidewalks (6%)	793										
10	Concrete sidewalks (6%)	793										
11	Concrete sidewalks (6%)	793										
12	Concrete sidewalks (6%)	793										
13	Concrete curb & gutter (20%)	1,938	966	972		1,938			1,938			1,938
14	Concrete curb & gutter (20%)	1,938										
15	Concrete curb & gutter (20%)	1,938										
16	Concrete curb (20%)	1,290	643	647		1,290			1,290			1,290
17	Concrete curb (20%)	1,290										
18	Concrete curb (20%)	1,290										
SITE COMPONENT (cont.)												
19	Community entrance sign	2,300									546	546
20	Brick entry wall, repoint	880								209		209
21	Street signs, partial	1,000	1,000			1,000		(1,000)				
22	Street signs, partial	1,000	1,000			1,000			1,000			1,000
23	Street signs, partial	1,000										
24	6 feet tall wood fence	59,396	59,396			59,396			59,396		(59,396)	705
25	Swing Bench (at play ground)	2,970								705		705
26	Grille	929	929			929			929			929
27	Picnic table, wood	1,725	1,725			1,725			1,725	409	(1,725)	409
28	Picnic table, steel	8,152	4,064	4,088		8,152			8,152			8,152
SITE COMPONENT (cont.)												
29	Irrigation (entrance area), partial	2,500	5,000			5,000			5,000		(2,500)	2,500
30	Irrigation (club house area), partial	4,500	4,500	702		5,202	2,133		7,335	1,665		9,000
31	Domestic water lateral, clubhouse (allowance)	1,100										
32	Sanitary lateral, clubhouse (allowance)	950										
33	Stormwater Pond 1 dredging	65,000										
34	Stormwater Pond 2 dredging	63,375										
35	Stormwater Pond 2 dredging	9,750										
CLUB HOUSE, BUILDING EXTERIOR												
36	CH Shingle asphalt/fiberglass	15,300	15,300			15,300			15,300			15,300

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE GF-4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
37	CH Exterior trim	927	927			927			927			927
38	CH Brick veneer, repoint (partial)	776	776			776			776			776
39	CH Exterior joint sealant	1,095	1,095			1,095			1,095			1,095
40	CH Exterior doors	2,700								641		641
41	CH Exterior windows	1,400								332		332
42	CH Concrete Patio	6,405										
43	CH Vinyl soffit	3,200								759		759
44	CH Dentil moulding	9,700										
45	CH fiberglass columns	3,200										
46	CH Exterior Lighting	2,304	2,304			2,304		(2,304)				
47	Stone perimeter drain around patio	2,070								491		491
CLUBHOUSE, BUILDING INTERIO												
48	CH Flooring, interior carpet	1,700	2,547	853		3,400		(1,700)	1,700			1,700
49	CH Flooring, epoxy concrete coating	6,239										
50	CH Toilet partitions	5,535										
51	CH Interior lighting, partial	600	600			600			600	142		742
52	CH Fire alarm system	3,900	3,900			3,900			3,900			3,900
53	CH Security system	1,800	1,800			1,800			1,800			1,800
54	CH CCTV with DVR	2,000		312		312	948		1,260			2,000
55	CH Toilet	1,536										365
56	CH Lavatory	558										132
57	CH Shower	1,596										379
58	CH Urinal	329										78
59	CH Hot water heater, instant tankless	3,190	3,190			3,190		(3,190)				
60	CH Hot water heater, instant tankless	2,765	2,765			2,765			2,765			2,765
61	CH Gas furnace and air handler	2,490										
62	CH compressor	1,185	1,185			1,185			1,185			1,185
63	CH Heat pump, 3 ton	2,745										
64	CH Furniture (partial)	2,100	2,100	328		2,428	995	(2,100)	1,323	777		2,100
SWIMMING POOL												
65	Swimming pool, structure	156,000										
66	Swimming pool, whitecoat	23,560		3,676		3,676	11,167		14,843	8,717		23,560
67	Swimming pool, waterline tile	4,350		679		679	2,062		2,740	1,610		4,350
68	Swimming pool, coping (brick)	1,958		305		305	928		1,233	724		1,958
69	Swimming pool, cover	7,800	7,800			7,800			7,800	1,851	(7,800)	1,851
70	Swimming pool deck joint sealant	1,950	1,950			1,950			1,950			1,950
71	Swimming pool, concrete deck, 20%	7,040	7,040			7,040			7,040			7,040
72	Swimming pool, concrete deck, 20%	7,040										
73	Swimming pool, concrete deck, 20%	7,040										
74	Swimming pool, concrete deck, 20%	7,040										
75	Swimming pool, concrete deck, 20%	7,040										
76	Swimming pool, deck joint sealant	1,860	1,860			1,860			1,860			1,860
77	Swimming pool pump 7.5 hp	6,200	6,200			6,200			6,200			6,200
78	Swimming pool filter	6,135	6,135			6,135			6,135			6,135
79	Swimming pool chlorinator	850	850			850			850			850
80	Pool furniture, partial	1,500	2,248	752		3,000			3,000		(1,500)	1,500
81	Pool furniture, partial	1,500	1,500			1,500			1,500			1,500
82	Pool wood arbor structure	3,100	3,100			3,100			3,100			3,100
83	Perimeter fence - 6' (wood)	11,678	11,678			11,678			11,678			11,678
84	Perimeter fence - 6' (chainlink)	3,893	1,940	1,952		3,893			3,893			3,893
COURTS												
85	Tennis court, color coat	5,000	7,492	2,508		10,000			10,000			10,000
86	Tennis court, resurface/overlay	18,000										
87	Tennis court, post & footings	2,600										
88	Tennis court, fence	8,640										
89	Basketball pole & backstop	1,200	1,200			1,200		(1,200)				
90	MP court - base asphalt	8,750	8,750			8,750		(8,750)				
TOT LOT												
91	Tot lot - wood mulch	1,035	3,105			3,105		(1,035)	2,070	246		2,316
92	Tot lot - synthetic border	3,300		515		515	1,564		2,079	1,221		3,300
93	Tot lot - MP structure	26,500		4,134		4,134	12,561		16,695	9,805		26,500
94	Tot lot - swing	1,800		281		281	853		1,134	666		1,800

COMPONENT METHOD ACCOUNTING SUMMARY

This Settlers' Mill HOA - Component Method Accounting Summary is an attachment to the Settlers' Mill HOA - Replacement Reserve Study dated April 11, 2013 and is for use by accounting and reserve professionals experienced in Association funding and accounting principals. This Summary consists of four reports, the 2014, 2015, and 2016 Component Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- **COMPONENT METHOD CATEGORY FUNDING REPORT, 2014, 2015, and 2016.** Each of the 94 Projected Replacements listed in the Settlers' Mill HOA Replacement Reserve Inventory has been assigned to one of 8 categories. The following information is summarized by category in each report:
 - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
 - Cost of all Scheduled Replacements in each category.
 - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
 - Cost of Projected Replacements in the report period.
 - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Component Method.
- **THREE-YEAR REPLACEMENT FUNDING REPORT.** This report details the allocation of the \$203,525 Beginning Balance (at the start of the Study Year) and the \$147,720 of additional Replacement Reserve funding in 2014 through 2016 (as calculated in the Replacement Reserve Analysis) to each of the 94 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using the Component Method as outlined in the Replacement Reserve Analysis. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement schedule in years 2014 through 2016.
 - Allocation of the \$203,525 Beginning Balance to the Projected Replacements by the Component Method.
 - Allocation of the \$147,720 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2014 through 2016, by the Component Method.

2014 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Settlers' Mill HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM-1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$203,525 as of the first day of the Study Year, January 1, 2014.
- Total reserve funding (including the Beginning Balance) of \$253,668 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2014 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-1								
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2014 BEGINNING BALANCE	2014 RESERVE FUNDING	2014 PROJECTED REPLACEMENTS	2014 END OF YEAR BALANCE	
SITE COMPONENT	6 to 60 years	2 to 62 years	\$37,770	\$12,588	\$2,307		\$14,895	
SITE COMPONENT (cont.)	8 to 30 years	1 to 11 years	\$79,352	\$41,386	\$10,095		\$51,481	
SITE COMPONENT (cont.)	5 to 40 years	0 to 20 years	\$147,175	\$20,258	\$9,015		\$29,274	
CLUB HOUSE, BUILDING EXTERIOR	8 to 45 years	0 to 25 years	\$49,077	\$20,185	\$3,074		\$23,259	
CLUBHOUSE, BUILDING INTERIOR	5 to 30 years	1 to 16 years	\$40,268	\$11,936	\$3,845		\$15,781	
SWIMMING POOL	5 to 45 years	0 to 41 years	\$267,533	\$76,619	\$14,383		\$91,002	
COURTS	5 to 30 years	0 to 13 years	\$44,190	\$13,001	\$4,597		\$17,597	
TOT LOT	3 to 30 years	0 to 9 years	\$32,635	\$7,552	\$2,826		\$10,379	

2015 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Settlers' Mill HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM-2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$253,668 on January 1, 2015.
- Total reserve funding (including the Beginning Balance) of \$303,811 in 2014 through 2015.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2015 being accomplished in 2015 at a cost of \$21,279.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2015 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-2							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2015 BEGINNING BALANCE	2015 RESERVE FUNDING	2015 PROJECTED REPLACEMENTS	2015 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	1 to 61 years	\$37,770	\$14,895	\$2,307		\$17,203
SITE COMPONENT (cont.)	8 to 30 years	0 to 10 years	\$79,352	\$51,481	\$10,095	\$1,000	\$60,575
SITE COMPONENT (cont.)	5 to 40 years	1 to 19 years	\$147,175	\$29,274	\$9,015		\$38,289
CLUB HOUSE, BUILDING EXTERIOR	8 to 45 years	0 to 24 years	\$49,077	\$23,259	\$3,074	\$2,304	\$24,029
CLUBHOUSE, BUILDING INTERIOR	5 to 30 years	0 to 15 years	\$40,268	\$15,781	\$3,845	\$6,990	\$12,636
SWIMMING POOL	5 to 45 years	1 to 40 years	\$267,533	\$91,002	\$14,383		\$105,386
COURTS	5 to 30 years	0 to 12 years	\$44,190	\$17,597	\$4,597	\$9,950	\$12,244
TOT LOT	3 to 30 years	0 to 8 years	\$32,635	\$10,379	\$2,826	\$1,035	\$12,170

2016 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Settlers' Mill HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM-3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$282,532 on January 1, 2016.
- Total Replacement Reserve funding (including the Beginning Balance) of \$351,245 in 2014 to 2016.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2016 being accomplished in 2016 at a cost of \$75,441.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2016 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-3							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2016 BEGINNING BALANCE	2016 RESERVE FUNDING	2016 PROJECTED REPLACEMENTS	2016 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	0 to 60 years	\$37,770	\$17,203	\$2,307	\$2,520	\$16,990
SITE COMPONENT (cont.)	8 to 30 years	0 to 14 years	\$79,352	\$60,575	\$9,962	\$61,121	\$9,417
SITE COMPONENT (cont.)	5 to 40 years	0 to 18 years	\$147,175	\$38,289	\$9,015	\$2,500	\$44,804
CLUB HOUSE, BUILDING EXTERIOR	8 to 45 years	3 to 23 years	\$49,077	\$24,029	\$2,769		\$26,797
CLUBHOUSE, BUILDING INTERIOR	5 to 30 years	2 to 14 years	\$40,268	\$12,636	\$2,996		\$15,632
SWIMMING POOL	5 to 45 years	0 to 39 years	\$267,533	\$105,386	\$14,383	\$9,300	\$110,469
COURTS	5 to 30 years	1 to 19 years	\$44,190	\$12,244	\$3,228		\$15,472
TOT LOT	3 to 30 years	2 to 7 years	\$32,635	\$12,170	\$2,774		\$14,944

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM-4 below details the allocation of the \$203,525 Beginning Balance, as reported by the Association and the \$147,720 of Replacement Reserve Funding calculated by the Cash Flow Method in 2014 to 2016, to the 94 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF-1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$203,525 on January 1, 2014.
- Replacement Reserves on Deposit totaling \$253,668 on January 1, 2015.
- Replacement Reserves on Deposit totaling \$282,532 on January 1, 2016.
- Total Replacement Reserve funding (including the Beginning Balance) of \$351,245 in 2014 to 2016.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2014 to 2016 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$96,720.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM-4												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
SITE COMPONENT												
1	Asphalt pavement, seal coat	2,520	875	548		1,423	548		1,972	548	(2,520)	
2	Asphalt pavement, overlay	17,640	6,123	1,280		7,403	1,280		8,682	1,280		9,962
3	Concrete sidewalks (6%)	793	468	36		504	36		540	36		576
4	Concrete sidewalks (6%)	793	413	25		438	25		463	25		489
5	Concrete sidewalks (6%)	793	358	21		378	21		399	21		420
6	Concrete sidewalks (6%)	793	303	18		321	18		339	18		357
7	Concrete sidewalks (6%)	793	248	17		264	17		281	17		297
8	Concrete sidewalks (6%)	793	193	15		208	15		223	15		239
9	Concrete sidewalks (6%)	793	138	15		152	15		167	15		181
10	Concrete sidewalks (6%)	793	83	14		96	14		110	14		124
11	Concrete sidewalks (6%)	793	28	13		41	13		54	13		68
12	Concrete sidewalks (6%)	793		13		13	13		25	13		38
13	Concrete curb & gutter (20%)	1,938	1,121	91		1,212	91		1,303	91		1,393
14	Concrete curb & gutter (20%)	1,938	673	47		720	47		766	47		813
15	Concrete curb & gutter (20%)	1,938	224	38		262	38		300	38		338
16	Concrete curb (20%)	1,290	746	60		807	60		867	60		928
17	Concrete curb (20%)	1,290	448	31		479	31		510	31		541
18	Concrete curb (20%)	1,290	149	25		175	25		200	25		225
SITE COMPONENT (cont.)												
19	Community entrance sign	2,300	1,011	117		1,128	117		1,246	117		1,363
20	Brick entry wall, repoint	880	387	45		432	45		477	45		521
21	Street signs, partial	1,000	602	199		801	199	(1,000)		67		67
22	Street signs, partial	1,000	370	90		460	90		550	90		640
23	Street signs, partial	1,000	139	72		211	72		282	72		354
24	6 feet tall wood fence	59,396	34,362	8,345		42,707	8,345		51,051	8,345	(59,396)	
25	Swing Bench (at play ground)	2,970	550	220		770	220		990	220		1,210
26	Grille	929	387	90		477	90		568	90		658
27	Picnic table, wood	1,725	748	326		1,074	326		1,399	326	(1,725)	
28	Picnic table, steel	8,152	2,830	591		3,421	591		4,012	591		4,604
SITE COMPONENT (cont.)												
29	Irrigation (entrance area), partial	2,500	694	602		1,296	602		1,898	602	(2,500)	
30	Irrigation (club house area), partial	4,500		900		900	900		1,800	900		2,700
31	Domestic water lateral, clubhouse (all)	1,100	122	47		169	47		215	47		262
32	Sanitary lateral, clubhouse (allowance)	950	264	33		296	33		329	33		362
33	Stormwater Pond 1 dredging	65,000	9,025	3,498		12,523	3,498		16,022	3,498		19,520
34	Stormwater Pond 2 dredging	63,375	8,799	3,411		12,210	3,411		15,621	3,411		19,032
35	Stormwater Pond 2 dredging	9,750	1,354	525		1,879	525		2,403	525		2,928
CLUB HOUSE, BUILDING EXTERIOR												
36	CH Shingle asphalt/fiberglass	15,300	8,072	1,205		9,277	1,205		10,482	1,205		11,686

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM-4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014			2015			2016		
				Reserve Funding	Projected Replacements	End of Year Balance	Reserve Funding	Projected Replacements	End of Year Balance	Reserve Funding	Projected Replacements	End of Year Balance
37	CH Exterior trim	927	489	73		562	73		635	73		708
38	CH Brick veneer, repoint (partial)	776	323	75		399	75		474	75		550
39	CH Exterior joint sealant	1,095	190	151		341	151		492	151		643
40	CH Exterior doors	2,700	1,187	138		1,325	138		1,462	138		1,600
41	CH Exterior windows	1,400	616	71		687	71		758	71		829
42	CH Concrete Patio	6,405	1,877	174		2,052	174		2,226	174		2,400
43	CH Vinyl soffit	3,200	1,407	163		1,570	163		1,733	163		1,896
44	CH Dentil moulding	9,700	3,199	310		3,508	310		3,818	310		4,127
45	CH fiberglass columns	3,200	1,055	102		1,157	102		1,259	102		1,362
46	CH Exterior Lighting	2,304	1,386	459		1,845	459	(2,304)				154
47	Stone perimeter drain around patio	2,070	383	153		537	153		690	153		843
CLUBHOUSE, BUILDING INTERIO												
48	CH Flooring, interior carpet	1,700	843	429		1,271	429	(1,700)			243	243
49	CH Flooring, epoxy concrete coating	6,239	650	329		978	329		1,307	329		1,636
50	CH Toilet partitions	5,535	576	292		868	292		1,160	292		1,451
51	CH Interior lighting, partial	600		100		100	100		200	100		300
52	CH Fire alarm system	3,900	1,949	279		2,228	279		2,507	279		2,785
53	CH Security system	1,800	666	162		828	162		990	162		1,152
54	CH CCTV with DVR	2,000		200		200	200		400	200		600
55	CH Toilet	1,536	675	78		754	78		832	78		910
56	CH Lavatory	558	245	28		274	28		302	28		331
57	CH Shower	1,596	702	81		783	81		864	81		946
58	CH Urinal	329	145	17		161	17		178	17		195
59	CH Hot water heater, instant tankless	3,190	1,919	635		2,555	635	(3,190)			213	213
60	CH Hot water heater, instant tankless	2,765	1,152	269		1,421	269		1,689	269		1,958
61	CH Gas furnace and air handler	2,490	432	137		569	137		707	137		844
62	CH compressor	1,185	411	155		566	155		721	155		876
63	CH Heat pump, 3 ton	2,745	476	151		628	151		779	151		930
64	CH Furniture (partial)	2,100	1,093	503		1,597	503	(2,100)			263	263
SWIMMING POOL												
65	Swimming pool, structure	156,000	45,726	4,241		49,968	4,241		54,209	4,241		58,450
66	Swimming pool, whitecoat	23,560		2,356		2,356	2,356		4,712	2,356		7,068
67	Swimming pool, waterline tile	4,350		435		435	435		870	435		1,305
68	Swimming pool, coping (brick)	1,958	679	128		807	128		935	128		1,063
69	Swimming pool, cover	7,800	3,384	1,472		4,856	1,472		6,328	1,472	(7,800)	
70	Swimming pool deck joint sealant	1,950	169	254		424	254		678	254		932
71	Swimming pool, concrete deck, 20%	7,040	4,236	467		4,703	467		5,170	467		5,638
72	Swimming pool, concrete deck, 20%	7,040	3,367	262		3,629	262		3,892	262		4,154
73	Swimming pool, concrete deck, 20%	7,040	2,064	191		2,255	191		2,446	191		2,638
74	Swimming pool, concrete deck, 20%	7,040	1,195	172		1,367	172		1,539	172		1,710
75	Swimming pool, concrete deck, 20%	7,040	326	160		486	160		646	160		805
76	Swimming pool, deck joint sealant	1,860	646	304		949	304		1,253	304		1,556
77	Swimming pool pump 7.5 hp	6,200	1,722	746		2,468	746		3,214	746		3,961
78	Swimming pool filter	6,135	2,555	597		3,152	597		3,749	597		4,345
79	Swimming pool chlorinator	850	236	102		338	102		441	102		543
80	Pool furniture, partial	1,500	521	326		847	326		1,174	326	(1,500)	
81	Pool furniture, partial	1,500		250		250	250		500	250		750
82	Pool wood arbor structure	3,100	1,578	380		1,959	380		2,339	380		2,720
83	Perimeter fence - 6' (wood)	11,678	6,485	1,298		7,783	1,298		9,081	1,298		10,379
84	Perimeter fence - 6' (chainlink)	3,893	1,729	240		1,970	240		2,210	240		2,450
COURTS												
85	Tennis court, color coat	5,000	694	1,076		1,771	1,076		2,847	1,076		3,924
86	Tennis court, resurface/overlay	18,000	3,749	1,018		4,767	1,018		5,785	1,018		6,803
87	Tennis court, post & footings	2,600	541	147		689	147		836	147		983
88	Tennis court, fence	8,640	1,799	489		2,288	489		2,777	489		3,265
89	Basketball pole & backstop	1,200	750	225		975	225	(1,200)			60	60
90	MP court - base asphalt	8,750	5,467	1,641		7,109	1,641	(8,750)			438	438
TOT LOT												
91	Tot lot - wood mulch	1,035	240	398		637	398	(1,035)			345	345
92	Tot lot - synthetic border	3,300	764	254		1,017	254		1,271	254		1,525
93	Tot lot - MP structure	26,500	6,132	2,037		8,169	2,037		10,206	2,037		12,243
94	Tot lot - swing	1,800	417	138		555	138		693	138		832

CONDITION ASSESSMENT

General Comments. Miller - Dodson Associates conducted a Reserve Study at Settler's Mill in April 2013. Settler's Mill is in good overall condition for a Home Owner Association constructed in the mid-1990's. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

SITE IMPROVEMENTS

Asphalt Pavement. The site includes asphalt pavement for vehicle access and parking. In general, the asphalt pavement is in fair to good overall condition for its age with only a few areas of defects. The Association maintains an inventory of 12,600 square feet of asphalt pavement for the club house parking area.



Photo 1 - View of parking

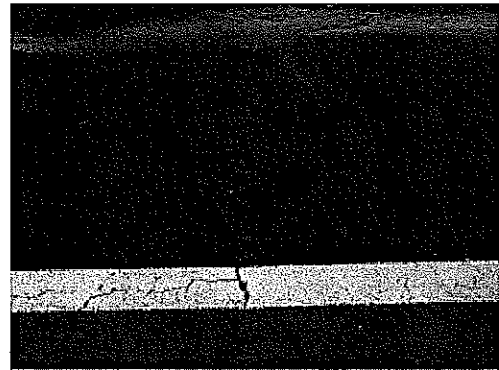


Photo 2 - Asphalt has several significant cracks that should be filled prior to next seal coating

The defects noted include the following:

- **Open Cracks.** There are multiple locations where open cracks are allowing water to penetrate to the asphalt base and the bearing soils beneath the pavement. This water will erode the base accelerating the deterioration of the asphalt pavement. If the cracks have allowed the deterioration of the base materials and the bearing soil, the damaged areas should be removed and replaced. All other cracks should be cleaned and filled.
- **Improper Grading.** The asphalt pavement is not properly graded in a number of areas, resulting in the ponding of water on the pavement. Water ponding on asphalt pavement accelerates the deterioration of the pavement and will result in the formation of potholes. Proper grading of the asphalt pavement will require replacement of portions of the asphalt. It may also require replacement of some of the adjacent segments of curb and gutter that are not properly sloped to move water to the storm water management system.

As a rule of thumb, asphalt should be overlaid when approximately five percent of the surface area has become cracked or has failed. The normal service life of asphalt pavement is typically 18 to 20 years.

In order to maintain the condition of the pavement throughout the community and to ensure the longest life of the asphalt, we recommend a systematic and comprehensive maintenance program that includes:

- **Crack Sealing.** All cracks should be sealed with an appropriate sealing compound to prevent water infiltration through the asphalt compound into the base. This repair should be done annually. This is an entirely different process from the seal coating discussed below. Crack sealing is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight by crack sealing should be cut out and patched.
- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned, or if deterioration has penetrated the asphalt, patched. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
- **Seal Coating.** The asphalt should be seal coated every three to five years. For this maintenance activity to be effective in extending the life of the asphalt, the crack sealing and cleaning of the asphalt as discussed above should be completed first.

Pricing used in the study is based on a recent contract for a two-inch overlay and reflects the current local market.

Asphalt Seal Coat. The asphalt pavement was reported to have been seal coated within the past few years. The seal coating is in fair condition overall. We recommend following a crack filling and recoating cycle of five years for asphalt surfaces.

Concrete Flatwork. The concrete flatwork includes the club house area sidewalks. The concrete walks are an exposed aggregate finish and the clubhouse patio is a coated troweled finish. The Association maintains an inventory of approximately 1,550 square feet of concrete flatwork. The overall condition of the concrete flatwork is good.



Photo 3 - Concrete walk has some broken sections



Photo 4 - There is one significant trip hazard near the pool walk

The standards we used for recommending replacement are as follows:

1. Trip hazard, 0.5 inch height difference.
2. Severe cracking.
3. Severe spalling
4. Uneven riser heights on steps.
5. Steps with risers in excess of 8.25 inches.

Because it is highly unlikely that all of the community's concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of 60% of the

inventory and spread those funds over a 60-year timeframe to reflect the incremental nature of this work. This approach assumes a failure rate of 1% per year.

Curb and Gutter. The Association maintains an inventory of 285 linear feet of concrete curb and gutter and 215 linear feet of curb only at the club house parking area. All components have been well maintained and are in excellent condition. Any problems noted are in the form of minor cracks, spalling or settlement that can be repaired by continued periodic replacement of broken sections.

Because it is highly unlikely that all of the community's concrete curb and gutter sections will fail and require replacement in the period of the study, we have programmed funds for the replacement of 60 percent of the inventory and spread those funds over a 60-year timeframe to reflect the incremental nature of this work. This approach assumes a failure rate of one percent per year.

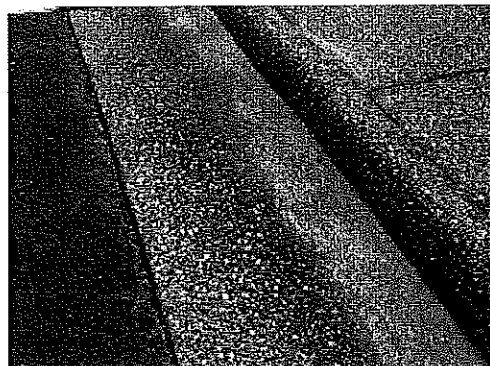


Photo 5 - Curbs & gutter are in good overall condition

Wood Board Fencing. Wood board fencing is installed as privacy fencing along a portion of the property perimeter for the community. The Association maintains an inventory of approximately 2,480 linear feet of wood board fencing. Despite evidence of recent repairs, the general condition of the fencing is poor based on its overall age. The defects noted include the following:



Photo 6 - View of perimeter fence



Photo 7 - Several sections of fence have recently been replaced due to tree damage

- Missing or broken boards. Some sections of the fencing have missing or broken boards.
- Loose/Leaning Fence Posts. A number of the wood fence posts are not properly supported by the ground or are under the weight of vegetative growth. As a result, they are loose and can be easily moved. Additional posts are leaning.
- Broken Sections. The Association has recently repaired or replaced support rails between the fence posts that were broken by tree limbs from recent wind damage.

Signage. There is a modest amount of signage for the community that includes a main entrance on the brick monument wall as well as carved and painted wood signage next to the tennis court and a small sign at the entrance to the club house parking. The carved wood signs show considerable deterioration and may not be in suitable condition to refurbish. Other signage includes the miscellaneous traffic and street signs. It was commented that the traffic signs are VDOT responsibility; however, the posts and the signs themselves are not VDOT standard and therefore may not actually be a VDOT component for

replacement purposes. This should be confirmed in writing. The street signs are private and in fair overall condition.

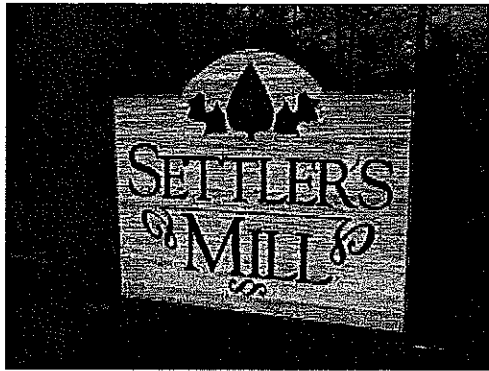


Photo 8 - Carved wood entrance sign has some rot at posts and along top edge



Photo 9 - Club house sign is weathered and worn



Photo 10 - Street signs are in fair overall condition



Photo 11 - Several traffic signs are in poor condition

Entrance Monuments. A large brick masonry wall has been erected at the Lakewood Drive entrance to the community. Because the brickwork has a very long life expectancy, we have excluded replacement of these walls. We have, however, included funding for the periodic tuckpointing of mortar joints as exposure to weather over an extended period of time will wash lime out of the mortar and weaken the joint. Periodic tuckpointing of these joints and replacement of damaged brick is required to extend the life of the wall. Unless the wall is damaged by settlement, this work is typically not required until the wall is approximately 35-40 years old. At that point we expect that approximately 10 percent of the surface area will require repair and that an additional 10 percent will require repair every 10 years thereafter.



Photo 12 - Entrance monument is in good overall condition

Irrigation System. There is a limited amount of irrigation at the main entrance and the club house. These are reported to be on municipal water rather than a well. Major components include the controllers and the backflow preventers.

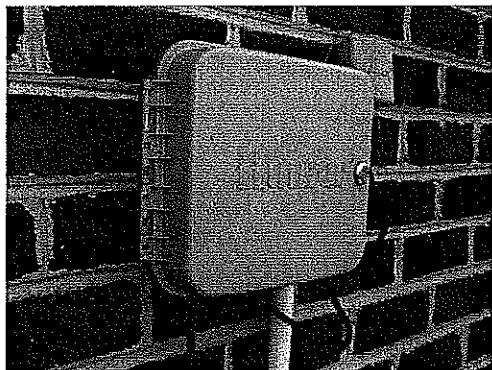


Photo 13 - Irrigation system controller at the clubhouse

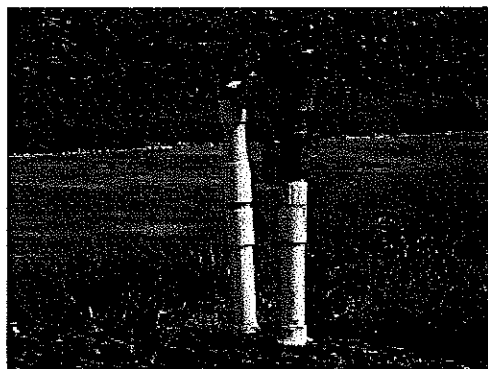


Photo 14 - Irrigation system backflow preventer at the main entrance landscaping

There are no drawings available to accurately estimate the value of the system. Accordingly, we have provided an estimate of the approximate replacement cost based on our experience with other communities of similar size and on our inspection of the visible components while on site. Irrigation systems should be carefully monitored to eliminate repeated saturation and erosion of soils near foundations and retaining walls. The estimate includes replacement of the irrigation system controls only.

Storm Water Pond. The community is served by three storm water ponds that have an approximate total surface area of approximately 60,000 SF. The ponds are basically natural topography features that were impounded by construction of earthen dams. These ponds are located in very difficult natural terrain that will make access for any future dredging challenging if not impossible. We recommend that a lake consultant conduct a comprehensive survey of these ponds to include the earth dams and spillways and confirm the environmental and storm water regulations (water quality and quantity) in effect in the municipality as these may greatly impact a maintenance protocol over a dredging approach. Such a study is beyond the scope of the Replacement Reserve Update.

For the time being we are retaining a replacement reserve cost for these ponds.



Photo 15 - View of BMP from the earth dam overlooking the spillway - debris should be removed regularly



Photo 16 - BMP's are generally in difficult to access areas and may prove hard to maintain and dredge in the future

Estimates of cost and the frequency of dredging the ponds are a function of many variables, including the volume of the pond, the siltation rate, the nature of the material being removed, the method of removal, and the haul distance to a site that will accept the spoil material. Most of this information is unknown and must be assumed for the purpose of Reserve Study planning. The rate of siltation and the cost of

periodically dredging the ponds to remove this material are very speculative and will vary greatly with local conditions.

As a rule of thumb, dredging should be accomplished when approximately one third of the volume of the pond has been filled with silt. In the absence of accurate information about the original depth of the pond and the local siltation rate, we have assumed that it will be necessary to remove one cubic yard of material over one third of the pond area every 20 years. We have assumed that the material being removed is free of heavy metals and hydrocarbons, and that it will be accepted as fill at a local landfill. The cost to remove, haul and dispose of the material is estimated at \$50 to \$69 per cubic yard. A more accurate prediction will require a hydrologic analysis and testing of the silt for contaminants, which is beyond the scope of our study.

Because of the significance of the cost of this work in establishing the correct reserve contribution, it is recommended that the Association undertake studies to refine the information and replace the assumptions we have had to make with more factual information as a basis for the estimates.

We recommend the following:

- Periodically remove accumulated debris and vegetation growing in the ponds.
- Survey the ponds to establish the current profile of the bottom. After five years of operation, have the pond re-surveyed to establish new depths to determine the local siltation rate. This will establish the frequency required for periodic dredging.
- Periodically sample and test for contaminants.
- Consult with local contractors to determine the cost of removing and disposing of the spoil once its nature is known. Firms that specialize in this work include:

Virginia Lake Management
Newport News, VA

Please note that the periodic removal of overgrown vegetation from the pond is considered to be a maintenance activity and has not been reserved for or included in the Reserve Analysis.

CLUB HOUSE EXTERIOR

Asphalt Shingle Roofing. The asphalt shingle roof is in varied but fair overall condition. We noted areas where the asphalt shingles showed some granular loss as well as a recent repair from tree limb damage.

We have estimated the remaining useful life of the roofs based on the conditions seen at the site as well as the age of the roofs. We have assumed that when the roofs eventually will require replacement, all roofs will be replaced with 30-year roofs. We have assumed that the gutters and downspouts will be replaced when the roofs are replaced.



Photo 17 - View of the clubhouse showing the roofing, brick, windows and columns

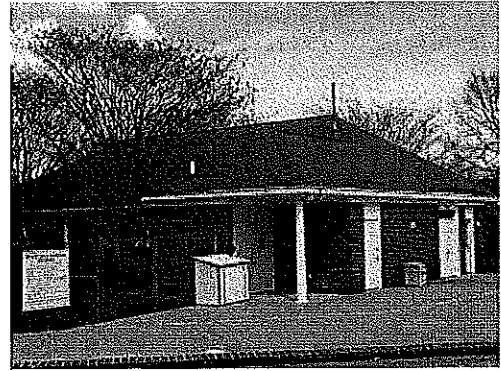


Photo 18 - View of the clubhouse showing the doors, fascia trim, and dentil moulding.

Brickwork. The brickwork on the buildings is in good overall condition. Brick is usually considered to be a life of structure item and therefore excluded from reserve funding. Because weather and other conditions result in the slow deterioration of the mortar in the brick joints, we have included funding in the Reserve Analysis for tuckpointing.

Tuckpointing is the process of raking and cutting out damaged sections of mortar and replacing them with new mortar. When mortar joints become damaged, they allow water to gain access to the brick joints. Repeated freeze-thaw cycles gradually increase the damage to the mortar joints, allowing even more moisture into the brick joints. If allowed to progress sufficiently, the brick surfaces can spall or entire bricks can be loosened.

Periodic tuckpointing limits the damage done by moisture penetration, maximizing the life of both the mortar and the bricks. For the Reserve Analysis, we have assumed that five percent of the brick will require tuckpointing every ten years once the brickwork is approximately 30 to 35 years old.

Exterior Doors and Windows. The club house exterior doors and windows are in fair overall condition. These components are of medium original quality and are approaching 20 years of age. The normal life of these is estimated to be 30-35 years and should be capable of achieving the remaining 10+ years of service.

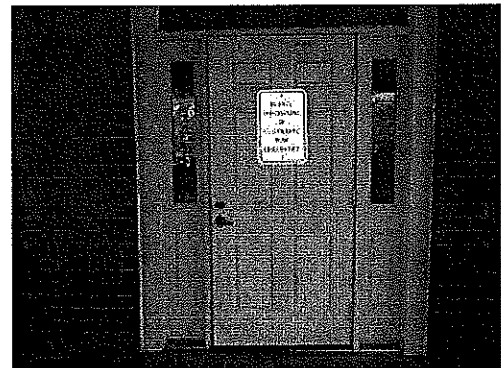


Photo 19 - Exterior doors are in fair overall condition with some wear and minor damage present

Exterior Trim, Moulding, Soffit and Columns. Exterior components and architectural accents include the fascia trim, dentil moulding, soffits and columns. These are all believed to be original and have varying conditions based on original quality and current age. Several of these components were not included in the previous study and have been added to this update.



Photo 20 - View of covered patio showing columns, vinyl soffit and trim

BUILDING INTERIOR, PLUMBING AND HVAC

Interior Floor Finishes. The clubhouse has a relatively small quantity of finish flooring that includes epoxy non-slip flooring and carpet. These are both in relatively good condition. The epoxy is reported to have been recently reapplied and its age and value are based on the information provided.

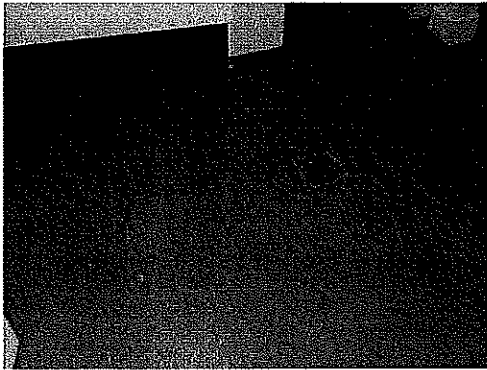


Photo 21 - The epoxy floor finish in bathrooms and hall is relatively new.



Photo 22 - Carpet is in good overall condition with some soiling evident

Miscellaneous Interiors. Toilet partitions are in good overall condition. These were not included in the previous study. Vanities in each restroom are in fair overall condition. The modest amount of furnishings in the meeting room is in fair to good condition.



Photo 23 - Toilet partitions are in good overall condition



Photo 24 - Vanities are in good overall condition

Plumbing Fixtures. The fixtures include the toilets, lavatories, urinal and showers. These all appeared to be in good overall condition and are expected to achieve their full normal economic life. Hot water heaters are understood to be in good operating condition.

HVAC. The clubhouse heating, ventilation and air conditioning is understood to be in good operating condition. The major components are listed individually as they have different economic life spans. The air condition compressor system is an R22 system and will become technologically obsolete before its full life potential is met due to the cost prohibitive nature of this refrigerant which will no longer be sold in the near future. This will require replacement of both the air handler and the compressor to ensure operational compatibility.



Photo 25 - The compressor is in good overall condition

Security and CCTV Systems. The clubhouse security and CCTV systems are in good overall condition. A new CCTV system with DVR capability was installed in 2012 and the value used is based on the amount reported by the Association. Individual cameras may need to be replaced periodically and eventually the entire system will need to be replaced.

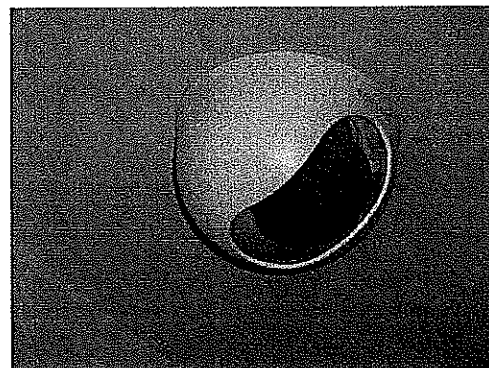


Photo 26 - New CCTV cameras were installed recently

RECREATIONAL FACILITIES

Swimming Pool. The community operates an outdoor pool of concrete construction with a concrete deck. The concrete deck is not coated. Listed below are the major components of the pool facilities:

- **Pool Shell.** The shell for the swimming pool is in good overall condition. Pool shells normally have a finite life of approximately 45 years. At that time it may not be necessary to replace the entire structure. However, it is prudent to anticipate a major expenditure for replacement of underground lines and sections of the pool. Based on our research, we have found it to be prudent to program \$70 per square foot of pool surface to cover these needs.

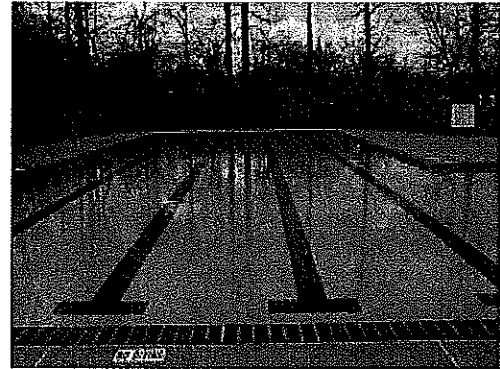


Photo 27 - View of the pool

- **Pool Deck.** The pool has a concrete deck. The overall condition of the deck is good. Because it is highly unlikely that all of the community's concrete pool deck sections will fail and require replacement at the same time, we have divided the deck into equal components in the Reserve Analysis and have spread their replacement over a 45 year period.



Photo 28 - View of concrete deck

- **Whitecoat.** The pool whitecoat is reported by the Manager to be replaced in 2013 and we are assuming it will be in new condition for 2014. We have assumed a service life of ten years for the pool whitecoat.
- **Coping.** The pool is edged with brick coping. The coping is in good overall condition and some work was done in 2010.

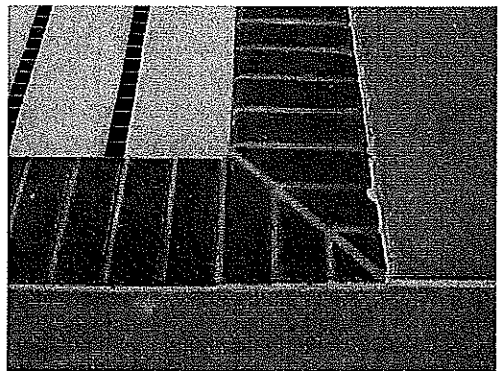


Photo 29 - View of brick coping and deck joint sealant

- **Waterline and Lane Tile.** The waterline and Lane tile is in good condition. Any defects should be addressed this year when the whitecoat is done. We have assumed that the waterline tile will be replaced or restored when the pool is whitecoated.

- **Pump and Filter System.** The filter system is in fair overall operating condition. We have assumed a service life of 20 years for the filter system, and 10 years for the pump.

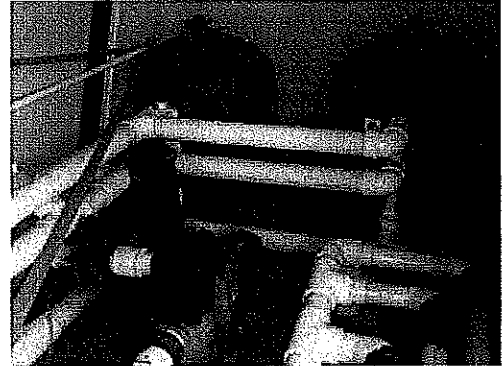


Photo 30 - View of pump and 2 of the 3 sand filters

Pool Fence and Arbor. The pool area is enclosed with a six-foot tall wood fence and chainlink fence.

Tennis Courts - Asphalt. The community maintains a single tennis court. The overall condition of the court is good. Listed below are the major components of the tennis court facilities:

- **Asphalt Pavement.** The asphalt pavement for the tennis court is in fair condition with minimal cracks and splits that extend into the playing surface. We have assumed a service life of 20 years for the asphalt.
- **Color Coat.** The color coat on the tennis courts is in fair condition with some defects in its finish where water appears to pond on the surface.
- **Fencing.** The fencing installed around the tennis courts is chain link and in fair overall condition. The fencing has damage in several locations. The fencing and poles are beginning to show corrosion. We have assumed that the fencing will be replaced when the asphalt pavement is replaced.
- **Net Posts.** The net posts are in fair condition. We have assumed that the new posts will be replaced when the asphalt pavement is replaced.

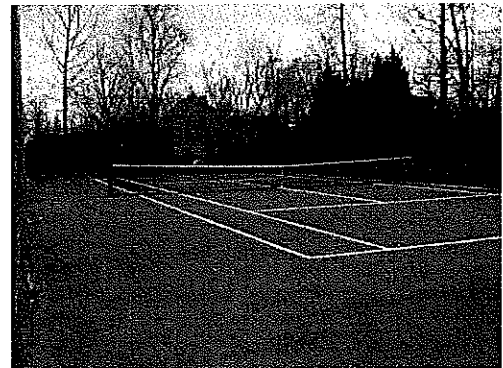


Photo 31 - View of tennis court



Photo 32 - There are some splits and cracks in the tennis court

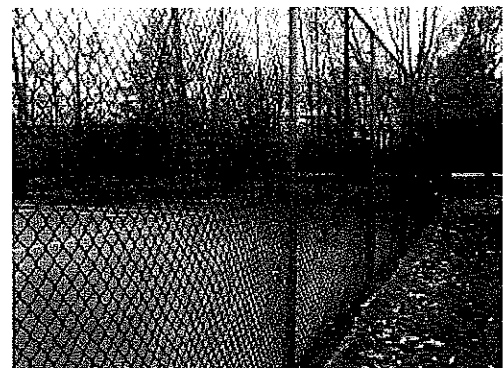


Photo 33 - Tennis fence has some damage

Basketball Court. The community maintains a half court basketball court. The overall condition of the court is poor. Listed below are the major components of the basketball court facilities:

- Asphalt Pavement. The asphalt pavement for the basketball court is in poor condition with cracks and splits that extend into the playing surface. We have assumed a service life of 20 years for the asphalt.
- Color coat and striping is in poor overall condition.
- Backboard. The backboard and goal are in good overall condition and the post is in fair overall condition based primarily on its current age and normal deterioration.



Photo 34 - View of basketball court



Photo 35 - A portion of the court has tree root damage that may be a hazard



Photo 36 - The asphalt court has several large cracks

Tot Lots. The community maintains 1 tot lot near the clubhouse. The tot lot includes a single medium sized multi-play structure, a swing set for toddlers, synthetic borders, and wood chip surfacing. The facilities are in fair overall condition. The previous study did not include the tot lot equipment or edging.



Photo 37 - View of the tot lot

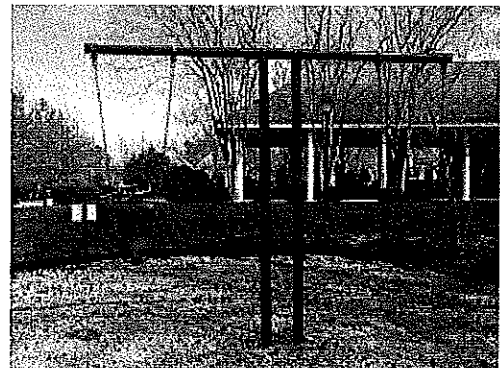


Photo 38 - View of the swing set

We noted that the playground does appear to have adequate protective surface under the majority of equipment and around it. Random measurement of the wood chips stone indicates approximately 2 1/2" to 3" maximum depth under the play equipment. The area under the swing bench was basically bare. The safety of each individual piece of playground equipment as well as the layout of the entire play area should be considered when evaluating a playground for safety. The installation and maintenance of protective surfacing under and around all equipment is crucial. Information for playground design and safety can be found in the "Handbook for Public Playground Safety", U.S. Consumer Product Safety Commission, Washington, DC 20207. (Pub. No. 325). The publication can be downloaded at www.cpsc.gov.

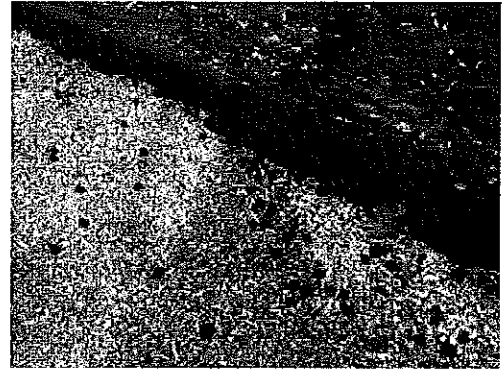


Photo 39 - HDPE edging s in good condition

Our estimates for playground equipment are based on comparing photos of the existing equipment with equipment of a similar size in manufacturer's catalogs. We use the pricing that is quoted by the manufacturer and add 30% for the disposal of the old equipment and the labor to install the new equipment.

Site Furnishings. The amenities around the clubhouse include six metal picnic tables under the covered patio, three wood picnic tables and a permanent metal wood grill. There is also a metal swing bench installed at the tot lot. Overall condition of metal tables is good with burn damage to one table top. The wood tables are in varied condition but are fair overall.



Photo 40 - Metal picnic tables are in fair overall condition



Photo 41 - View of the grill and wood tables

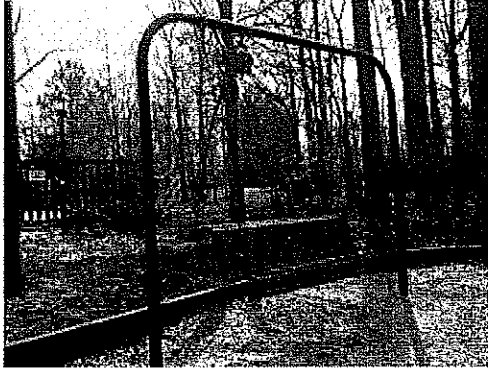


Photo 42 - Swing bench is in good condition

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common elements of the property to ascertain the remaining useful life and the replacement costs of these common elements. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for community facilities and infrastructure around many of our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a home owner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, street lights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965 there were only 500 Community Associations in the United States. According to the U.S. Census, there were 130,000 Community Associations in 1990. Community Associations Institute (CAI), a national trade association, estimates there were more than 200,000 Community Associations in the year 2000, and that the number of Community Associations will continue to multiply.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated problems. Although Community Associations have succeeded in solving many short term problems, many Associations have failed to properly plan for the tremendous expenses of replacing community facilities and infrastructure components. When inadequate replacement reserve funding results in less than timely replacements of failing components, home owners are exposed to the burden of special assessments, major increases in Association fees, and a decline in property values.

2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic replacement, a general view of the condition of these components, and an effective financial plan to fund projected periodic replacements. The Replacement Reserve Study consists of the following:

- Replacement Reserve Study Introduction. The introduction provides a description of the property, reviews the intent of the Replacement Reserve Study, and lists documents and site evaluations upon which the Replacement Reserve Study is based.
- Section A Replacement Reserve Analysis. Many components owned by the Association have a limited life and require periodic replacement. Therefore it is essential the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and value of the community. In conformance with American Institute of Certified Public Accountant guidelines, Section A Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by two generally accepted accounting methods; the Cash Flow Method and the Component Method. Section A Replacement Reserve Analysis includes graphic and tabular presentations of these methods and current Association funding.
- Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly-owned components within the community that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about components excluded from the Replacement Reserve Inventory whose replacement is not scheduled for funding from Replacement Reserves.

Replacement Reserve Inventory includes estimates of the normal economic life and the remaining economic life for those components whose replacement is scheduled for funding from Replacement Reserves.

- Section C Projected Annual Replacements. The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.
- Section D Condition Assessment. Several of the items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed during our visual evaluation.
- Section E Attachments. The Appendix is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc).

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Minimum Annual Contribution to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for the Association. The two methods are:

- **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980s. It treats each item in the replacement schedule as an individual line item budget. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

First, the total Current Objective is calculated, which is the reserve amount that would have accumulated had all of the items on the schedule been funded from initial construction at their current replacement costs. Next, the Reserves Currently on Deposit (as reported by the Association) are distributed to the components in the schedule in proportion to the Current Objective. The Minimum Annual Deposit for each component is equal to the Estimated Replacement Cost, minus the Reserves on Hand, divided by the years of life remaining.

- **Cash Flow Method.** The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the specified minimum level in any year. This method usually results in a calculated requirement for annual contribution somewhat less than that arrived at by the Component Method of analysis.

First, the Minimum Recommended Reserve Level to be Held on Account is determined based on the age, condition, and replacement cost of the individual components. The mathematical model then allocates the estimated replacement costs to the future years in which they are projected to occur. Based on these expenditures, it then calculates the minimum constant yearly contribution (Minimum Annual Deposit) to the reserves necessary to keep the reserve balance at the end of each year above the Minimum Recommended Reserve Level to be Held on Account. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a Minimum Annual Deposit which is less than that arrived at by the Component Method.

- **Adjusted Cash Flow Analysis.** This program has the ability to modify the Cash Flow Method to take into account forecasted inflation and interest rates, thereby producing an Adjusted Cash Flow Analysis. Attempting to forecast future inflation and interest rates and the impact of changing technology is highly tenuous. Therefore, in most cases it is preferable to make a new schedule periodically rather than attempt to project far into the future. We will provide more information on this type of analysis upon request.

4. REPLACEMENT RESERVE STUDY DATA

- **Identification of Reserve Components.** The Reserve Analyst has only two methods of identifying Reserve Components; 1) information provided by the Association and 2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the individuals responsible for maintaining the community after acceptance of our proposal. After completion of the Study, the Study should be reviewed by the Board of Directors, individuals responsible for maintaining the community, and the Association's accounting professionals. We are dependent upon the Association for correct information, documentation, and drawings.

- **Unit Costs.** Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures.

Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

- **Replacement vs. Repair and Maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of repairs or maintenance.

Appendix

5. DEFINITIONS

Adjusted Cash Flow Analysis. Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

Annual Deposit if Reserves Were Fully Funded. Shown on the Summary Sheet A1 in the Component Method summary, this would be the amount of the Annual Deposit needed if the Reserves Currently on Deposit were equal to the Total Current Objective.

Cash Flow Analysis. See Cash Flow Method, above.

Component Analysis. See Component Method, above.

Contingency. An allowance for unexpected requirements. Roughly the same as the Minimum Recommended Reserve Level to be Held on Account used in the Cash Flow Method of analysis.

Critical Year. In the Cash Flow Method, a year in which the reserves on hand are projected to fall to the established minimum level. See Minimum Recommended Reserve Level to be Held on Account.

Current Objective. This is the reserve amount that would have accumulated had the item been funded from initial construction at its current replacement cost. It is equal to the estimated replacement cost divided by the estimated economic life, times the number of years expended (the difference between the Estimated Economic Life and the Estimated Life Left). The Total Current Objective can be thought of as the amount of reserves the Association should now have on hand based on the sum of all of the Current Objectives.

Cyclic Replacement Item. A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

Estimated Economic Life. Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

Estimated Economic Life Left. Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

Estimated Initial Replacement. For a Cyclic Replacement Item (see above), the number of years until the replacement cycle is expected to begin.

Estimated Replacement Cycle. For a Cyclic Replacement Item, the number of years over which the remainder of the component's replacement occurs.

Minimum Annual Deposit. Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves as calculated by the Cash Flow Method (see above).

Minimum Deposit in the Study Year. Shown on the Summary Sheet A1. The calculated requirement for contribution to reserves in the study year as calculated by the Component Method (see above).

Minimum Recommended Reserve Level to be Held on Account. Shown on the Summary Sheet A1, this number is used in the Cash Flow Method only. This is the prescribed level below which the reserves will not be allowed to fall in any year. This amount is determined based on the age, condition, and replacement cost of the individual components. This number is normally given as a percentage of the total Estimated Replacement Cost of all reserve components.

Normal Replacement Item. A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

Normal Replacement Schedules. The list of Normal Replacement Items by category or location. These items appear on pages designated.

Number of Years of the Study. The number of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. This study covers a 40-year period.

One Time Deposit Required to Fully Fund Reserves. Shown on the Summary Sheet A1 in the Component Method summary, this is the difference between the Total Current Objective and the Reserves Currently on Deposit.

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Reserves on Hand. Shown in the Cyclic Replacement and Normal Replacement Schedules, this is the amount of reserves allocated to each component item in the Cyclic or Normal Replacement schedules. This figure is based on the ratio of Reserves Currently on Deposit divided by the total Current Objective.

Replacement Reserve Study. An analysis of all of the components of the common property of the Association for which a need for replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its estimated Replacement Cost, Estimated Economic Life, and Estimated Life Left. The objective of the study is to calculate a recommended annual contribution to the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

EA: each FT: feet LS: lump sum PR: pair SF: square feet SY: square yard

6. LIST OF RECOMMENDED REPAIRS - PROCEDURES

A List of Recommended Repairs is offered as a supplemental report to the Replacement Reserve Study (at an additional fee) to assist the Association in understanding the financial implications of all items owned by the Association, not just the items included for funding by Replacement Reserves listed in the Replacement Reserve Inventory. The following information relates to the List of Recommended Repairs:

- Repair costs. Cost range estimates given in the repair list assume that all work by a given trade will be done together as a single project. If repairs are done piece-meal, the costs would be significantly higher. The costs of any repairs to be funded out of the Reserve Fund should be subtracted from the Reserves Currently on Deposit figure. The Board or Property Manager should coordinate this decision with the Reserve Analyst as part of the revision process.
- Completion of repairs. The Replacement Reserve Analysis assumes that all repairs cited in the Repair List will be completed within a twelve-month period of time. Estimated Life Left in the Replacement Reserve Study has been factored under this assumption. Any deletions or delays of the projects included in the List of Recommended Repairs may result in major inaccuracies in the Replacement Reserve Analysis.
- Safety issues. If safety issues have been cited, they should be given the highest priority and should be done immediately upon receipt of this report. The Board must recognize that from a liability standpoint, they have been made aware of the existence of these unsafe conditions, if any, once the report is delivered for their review.
- Unit costs. Nationally published standards and standard estimating manuals have been used in the development of this report. Contractor proposals or actual cost experience may be available as part of the Association records. We will adjust our figures to conform to your experience if the material or information is disclosed to us and/or made available for our use.

EXHIBIT 12

Settlers Mill Homeowners Association
Board of Directors' Monthly Meeting Minutes
Settlers Mill Community Clubhouse
January 14, 2014

The meeting was called to order by the president, John Klesch at 7:00 pm. Other Board members present: Skip Jensen, Gerald Hart, and Sandra Gillette. Also present, Anne Ingram, and Jeff Anthony.

Neighborhood Comment Period (3 minutes per member)
Special Guest: Ken Johnston, Middle Peninsula Insurance

-Reviewed the blanket policy which means that we have \$354,000 coverage for the pavilion and tennis court/pool area. We can readjust the coverage at any time. Also discussed our liability coverage including Directors and Officers insurance which covers board members from any claims against them and the Workmen's Compensation Policy covering workers such as pool lifeguards. Mr. Johnston indicated his firm considers the association to be adequately covered for our social events.

Call to Order (Business Portion) Mr. Klesch, 7:25 pm

1. Agenda Review & Adoption: Mr. Klesch asked for an addition to old business to change calendar dates of board meetings and two new business items covering Board training offered by the management company and review of actions required from the annual meeting. Changes were adopted.

2. Secretary's Report Ms. Gillette

(a) Minutes for November 2013 & December 2013 & 2013 Annual Meeting (Review & Approval) Minutes were approved

(b) Correspondence & Neighborhood Communications Brochure for Senior Class, approved.

3. Treasurer's Reports Ms. Burden – Approved

These are preliminary numbers for 12/31/13 as there are still some outstanding expenses that the management company is expecting. A final report will be provided by the management company once all 2013 expenses are reconciled.

Operating cash:	\$58,466.41
Reserve cash:	\$215,723.77
Reserves:	\$215,723.77
Income:	\$12,976.18
Expenses:	\$10,348.85

4. Committee Reports:

(a) ARB (Architectural Review Board) Mr. Klesch

Neighborhood inspection completed by Anne Ingram but committee has not met yet to review the findings.

(b) Buildings & Grounds Mr. Klesch –

Must use dry erase to write on neighborhood signs and sponsors of events are responsible for posting event and removing notice after the event.

Problem area on Level Way as edge of road is eroding. Pat Rathke suggested using riprap as a curbing. She volunteered to help pick out the appropriate material.

(c) Beautification Ms. Burden – Pat Rathke

Mrs. Rathke is working on trying to get the church or VDOT to clean out swale at entrance.

Justin & Janine Phillips have volunteered to spray our brick entrance sign with Wet & Forget to kill mildew using a recommended product. Board approved.

Mrs. Rathke reviewed plans for work that will be needed in the spring including trimming trees and bushes, replacing bushes that have died, and planting annuals.

(d) BMP Committee – No report

(e) Neighborhood Watch – Mike Loy, James City County Police conducted more drive throughs in our neighborhood during the holidays; everything was quiet.

Question: have the additional cameras been purchased?

(f) Pool Committee – No report

(g) Social Committee – No report

(h) Welcoming Committee – The “Senior Class” has developed a brochure to welcome seniors to the neighborhood. - Approved

(i) Communications Mr. Jensen. Discussion regarding whether items on webpage needs approval of the board. Standard reporting of news does not require approval only substantive policy changes/notices. Emergency notifications via web or E-mail can go out with concurrent notice to the Board.

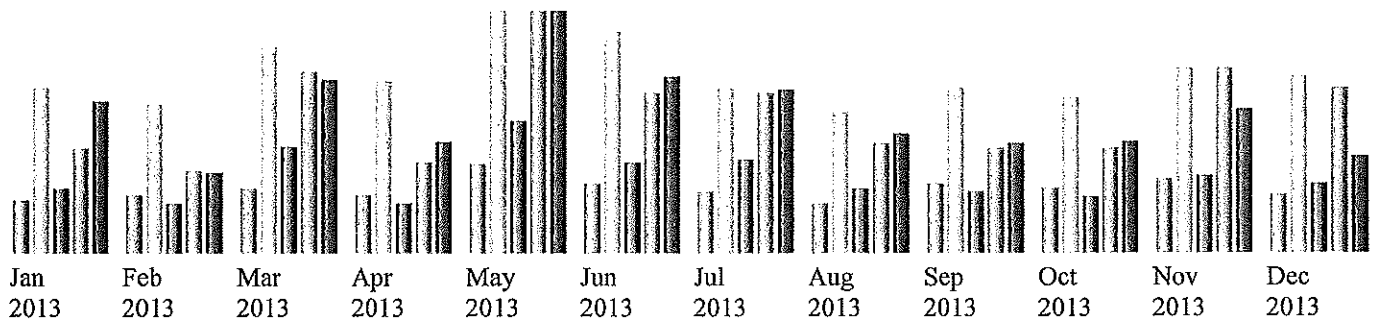
Website & Newsletter – see report from Jeff Anthony, Webb Master

Website Report – January 2014

- 167 registered members
- 154 members visible in Membership Directory (13 others have elected not to have their profiles displayed.)

- BOD/Committee Chair contact info needed to update website.
- Regular topical input from BOD and Committee Chairs is necessary to keep website fresh....and give residents a reason to visit. The website IS the Newsletter.
- Survey Feature. Website can now survey registered users, with or w/o comments. Survey is limited to a single question.
- 2013 Website Traffic Summary (Attached)

2013 Traffic Summary



Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
Jan 2013	196	609	5,113	8,318	430.94 MB
Feb 2013	212	550	4,026	6,514	227.13 MB
Mar 2013	231	757	8,464	14,548	489.41 MB
Apr 2013	211	623	3,968	7,234	314.81 MB
May 2013	324	887	10,639	19,493	683.97 MB
Jun 2013	249	817	7,190	12,970	494.19 MB
Jul 2013	225	607	7,385	12,866	456.16 MB
Aug 2013	183	518	5,153	8,766	334.88 MB
Sep 2013	254	604	4,946	8,350	309.52 MB
Oct 2013	227	563	4,543	8,314	313.27 MB
Nov 2013	272	673	6,253	14,750	403.01 MB
Dec 2013	215	643	5,597	13,341	272.70 MB
Total	2,799	7,851	73,277	135,464	4.62 GB

Unique Visitors (Orange) This shows how many unique people browsed our website. A unique visitor means they have not already visited our website during the time period. So, ideally they are not counted twice. This is based on their computer and/or internet connection. So, if they visit the website from a different computer the website will count them as a new person.

Number of Visits (Yellow) This is the total visitors who browsed our website. So, if somebody visits our website today and returns again tomorrow they are 2 visitors for the month and one for each day.

Pages (Blue) Number of pages that were viewed by all of our visitors during the time period.

Hits (Green) Hits is not a metric we can gain any perspective from. So, it's best to ignore it. Committee chairs are asked to provide information about the committee's activities to the webmaster on at least a quarterly basis.

(j) Nominating Mr. Jensen (Ms. Butler, Mr. Cummins, Mr. Gage) – No report

5. Management Company Report – Approved as written.

6. Old Business:

(a) Approval of Committee Assignments Mr. Klesch: Discussion /Approved. Mr. Klesch will assume Beautification Committee oversight since it is closely tied to the Building and Grounds Committee.

(b) Power Washing Proposals Mr. Klesch Discussion
Ms. Ingram will contact Tennis Courts, Inc to get proposals for power washing pavilion area, roof and sidewalks.

(c) Dates for 2014 Meetings: Feb 11, Mar11, Apr 15, May 13, June 10, no July meeting, Aug 12, Sept 16, Oct 14, Nov 4, Dec 9. Annual meeting will be on 11Nov.

7. New Business

(a) Signers on Accounts - Discussion - Karen Burden, John Klesch, Anne Ingram, Dana Schott Smith – Approved
Anne Will order new signature cards.

(b) SCC Registered Agent Mr. Klesch Discussion / Decision deferred. Ms. Ingram will contact Susan Tarley, Esq. to see if it is feasible for us to hire her on a permanent basis since she has done previous work for Settlers Mill and State of Virginia HOA regulations. This relieves the Board from designating a new Agent each year.

(c) 2014 Landscaping Contract - Discussion /Greenskeepers contract - Approved

(d) BMP Ad Hoc Committee - tabled

(e) 2014 Board Goals Mr. Klesch Discussion

Keep community informed; advanced planning for emergencies, control speeding and running of STOP signs in our community; remind neighbors to wear reflective clothing and/or bring a flashlight when walking at night (Neighborhood Watch Committee). Inform community about budget procedure. Appoint a committee to continue to study the Replacement/Reserve Study.

Meeting was adjourned at 9:35 pm

Next scheduled meeting: Board of Directors meeting : 11 February, 2014 at 7:00 PM .

Respectfully submitted,
Sandra Gillette, Secretary

Settlers' Mill Homeowners' Association Annual Meeting

DRAFT -November 7, 2013

President, Al Cummins welcomed homeowners

Certification of quorum/ proof of notice

38 homes were represented in person and 12 by proxy

Minutes were approved from November 7, 2012 Annual Meeting

Annual Budget for 2014 was presented and the 2013 Reserve Study were presented by Treasurer, Doyle Gage

Al Cummins proposed that the new Board appoint a standing committee to:

Obtain better understanding of dredging process, options, volumes and costs

Monitor pond depths on an ongoing basis

Home Sales data in Settlers' Mill were presented by Anne Ingram, Property Manager comparing 2012 and 2013 figures:

Number of home sales for both years: 5

Average home sale price increased from \$421,260 to \$502,000

Average price per square foot from \$143.69 to \$160.97

Election of new board members

No nominations from the floor

Nominees were introduced and gave brief presentations

Karen Burden

Jerry Hart

Skip Jensen

Ballots were cast and collected

Three new Board members were elected by acclamation

Settler's Mill Volunteer Committee Chairs

Architectural Review Board

Al Cummins – Chairman

Best Management Practice (BMP)

Jim Loveland – Chairman

Need volunteers to assist in developing a long range plan on dredging and maintenance of storm water ponds.

Building and Grounds Committee

Bob Sowell – Chairman

Always need volunteers

Beautification Committee

Pat Rathke – Chairwoman

Neighborhood Watch

Mike Loy – Chairman

Always looking for new block captains

Pool Management

No report

Social Committee

Joelle Lee – Coordinator

2013 Website

Jeff Anthony – Web manager

Senior Class

Jim Gillette – President

Welcoming Committee

Gayle Pauroso & Karen Burden – Co-chairs

Homeowner's Forum; Questions, Comments:

What can the Board do about residents and others driving too fast on Lakewood?

Electronic sign, speed bumps; need suggestions; purchase own electric sign?

Thank you to the church for providing refreshments for the meeting.

Thank you to residents for voluntarily trimming bushes at STOP sign on Level Way.

Good to see a cross-section of ages of neighbors and new Board members.

Sponsors of activities at the pool need to bring the trash cans to the curb on Sunday nights and return them to the area, on Mondays.

The "Senior Class" is totally self-supporting and does not take any funding from the HOA.

The Social Committee budget was not cut this year and volunteers are needed for events.

Suggestion was made to offer gift certificate for attending annual meeting (winner to be randomly generated).

Settlers' Mill Homeowners Association
Board of Directors' Monthly Meeting Minutes
Monday, Dec 16, 2013

The meeting was called to order at 7:00 pm by President, Al Cummins.

Board members in attendance: Doyle Gage, Denise Butler, John Klesch, Karen Burden, Jerry Hart, Skip Jensen.

Others in attendance: Anne Ingram, Management Agent for Settlers Mill.

1. The agenda was reviewed and adopted.
2. Secretary's Report: The November 2013 Board Meeting Minutes were approved as amended. Denise will contact Sandy for final corrections.
3. Treasurer's Report: Doyle Gage provided the financial report for November. The association ended the month with operating cash of \$53,785.09, reserve cash of \$214,218.06, and reserves of \$268,004.09. The association collected \$13,634.80 in dues and other income; total expenses for November were \$12,499.04. We were over budget by about \$1,594 this month. For the year we are \$10,529 under budget. We are over budget in total income by \$3,400 though \$1,700 is in trash removal and is balanced by trash expenses. We have underspent in tree removal, Maintenance and Repair, Safety and Security, and Additional Landscaping. The social committee was given approval to overspend on the Christmas round robin dinner and am still expecting a bill for the additional security cameras. I expect we will end up the year under budget by about \$8,000.
4. President's Report – Al thanked Denise and Doyle for their service to the board over the past year and extended special acknowledgement to Anne Ingram for her superb effort on keeping Settlers Mill running smoothly. He then asked Doyle to lead a discussion on the Replacement Reserve, which is required by law as part of the recurring 5-year Replacement Reserve Study. The Reserve requirements have to address three major replacements: BMP (Pond dredging), fence replacement, and pool replacement. Discussion included a comparison to that of the Maintenance Reserve, which covers all types of repairs, and which allows the Board flexibility to approve a variety of repairs as required. Al concluded with urging the new members to read the reserve study; particularly the complexity of the BMP issue.
5. Committee Reports:
 - a. ARB – Committee did not meet since there were no new applications. Anne Ingram will conduct the next inspection on 6 January 2014 for homeowner compliance to standards and covenants. Skip commented that for this one committee the Board members may be asked to rule on an appeal to an ARB decision and therefore although providing oversight should not be involved

in any ARB decisions. Board agreed.. This restriction does not apply to other committees.

- b. Building and Grounds – Fence damage was repaired by contract.
- c. Beautification. The Daffodil Day was very successful. The Board wishes to recognize and commend the beautification committee for the beautiful Christmas decorations at both entrances and the general sprucing up that was done to make Settlers Mill residents proud to be living here.
- d. BMP –The need to research future dredging requirements was part of the Replacement Reserve Study discussion noted above.
- e. Neighborhood Watch – No report.
- f. Pool Committee – Pool is now closed. Mr. Cummins reported that the money has been budgeted for an additional hour of pool operation for one day a week next year as a trial run. The Board wishes to thank Mrs. Gage for her service as pool director over the past two years. A new director is required. Jerry Hart indicated an interest in serving that role.
- g. Social Committee – Denise Butler reported the Christmas “Sippin with Santa” and the Progressive dinner were well attended and thoroughly enjoyed by all. The Board wishes to express our thanks on behalf of the entire community to Christy Jensen for the “Sippin with Santa “& Tree Lighting ceremony; and Patti Martin for coordinating the Progressive dinner. Special thanks to the following families who opened their homes for the dinner: Gaye and Tony Pauroso; Mary and Arthur Kefalas; and Jen and Scott Wise. There were indications new people will be willing to come forward for next year’s progressive dinner since all had a great time. Joelle Lee has indicated she would be the coordinator for planning of events; assisting the people in charge of events to insure they are supported by Settler’s Mill.
- h. Welcoming Committee – Karen reported that they supported notification of 7 residents who did not receive the E-mail for the Progressive dinner. Anne will be asked to look at all 7 to determine if they were rental properties not reported or if changes to our E-mail list are required. We will need to address this as part of communication improvements needed.
- i. Communications - No report. Al noted that we need to do a much better job of communicating our important committee activities to allow all homeowners to keep informed and aware of all that is going on.
- j. Nominating Committee – By tradition the departing officers become the nominating committee for the following year. We will continue our look for young people to become involved.

6. Management Company Report – The report was reviewed and accepted as written. Ms. Ingram reported that she will conduct the next inspection on 6 Jan 2014 and forward the results to ARB.
7. Old Business: Checks requiring Board approval were signed for the fence repair. Anne researched the issue of showing of private DVD movies etc in the common areas and determined it was not allowed. Karen indicated that in her work with the PTA there are ways to pay a modest license fee to show movies.
8. New Business: The following Board members were appointed to officer positions for the year 2014 by unanimous approval: John Klesch – president; Skip Jensen - vice president; Karen Burden – treasurer; Sandra Gillette – secretary; Jerry Hart- director -at –large.
9. Board Oversee Assignments for the following year: John Klesch –ARB and Building & Grounds; Skip Jensen – BMP; Karen Burden – Social & Beautification; Jerry Hart – Pool & Neighborhood Watch; Sandra Gillette – Welcoming & Communications.
10. John asked Anne to have our insurance agent prepare a proposal to cover use of alcohol on community property. We will also ask the agent to meet with us in either January or February if available. The committee agreed to hold meetings next year on Wednesdays (usually the 2nd Wednesday for future planning purposes) convening at 7P.M. at the pavilion. Anne will prepare a calendar for Board members and prepare a packet including the Reserve Study, covenants; and last 6 months' minutes.
11. The Board thanked Mr. Al Cummins for the sheer dedication and hard work he contributed, leading by example and bringing us to another successful year
12. Adjournment at 8:30 P.M.

The next Board meeting is scheduled for Jan. 15, 2014 at 7:00 pm.
Respectfully submitted,

Sandra Gillette, Secretary

Settlers' Mill HOA Meeting, November 8, 2013

Neighborhood Comment Period (3 minutes per member) 5:00 PM

Jeff Anthony, webmaster brought to our attention an email from a resident asking if we could advertise a fundraiser for Berkley Middle School on the website. Discussion followed. Our policy is to limit items on website to information related to Settler's Mill items. Jeff will respond to the inquiry.

He also suggested a drawing for a \$50 gift certificate for attendees at annual meeting.

Call to Order (Business Portion) Mr. Cummins

Present at the meeting were Al Cummins, President, Denise Butler, Vice President, Anne Ingram, Chesapeake Management Company, Sandie Gillette, Secretary, Doyle Gage, Treasurer,

- a. Minutes for October 2013 (Review & Approval) Approved
- b. Correspondence & Neighborhood Communications

3. Treasurer's Reports Mr. Gage:

- a. Financials October 2013 (Review & Acceptance) Approved

4. Committee Reports:

- (a) ARB (Architectural Review Board) Mr. Klesch – Items that need to be addressed in the spring: Stains on roofs, stains on side of houses and plantings that extend out into the street.
- (b) Also discussion about maintenance of tennis court and cleaning of pavilion, defer to spring. We may have volunteers but we will not allow volunteers to do anything that is dangerous. Anne suggested cutting back the crepe myrtles before power washing roof of the pavilion.
- (b) Buildings & Grounds, Mr. Klesch – No report
- (c) Beautification, Ms. Butler – (see Management Company Report below)
- (d) BMP Mr. Klesch –No report
- (e) Neighborhood Watch Mr. Gage – No report
- (f) Pool Committee Ms. Butler – No report (Pool is closed)

(g) Social Committee Ms. Butler – Christy Jensen is in charge of “Sippin with Santa” and Christmas tree lighting which will be combined into one activity this year. Plans are in the works for the Holiday Progressive Dinner.

(h) Welcoming - Ms. Gillette

The Committee welcomed three families:

John and Mary Bessler at 124 Mill Stream

Jonathan Hunt, Karen Soleritch and children Tatum and Jason at 100 Mill Stream Way

David and Beatrice Sandford at 119 Lakewood Drive

Communications - Mr. Cummins presented the power point for the Annual Meeting. The Board reviewed the PowerPoint presentation and made some suggestions. The presentation will be posted on the website.

Website & Newsletter – see Neighborhood comment period.

(j) Nominating Mr. Hilburger & Ms. Lee / Mr. Cummins – The committee has three candidates for the three vacancies on the Board.

5. Management Company Report –

Damage was done to common area by home owner’s landscaping company. Tire ruts and plants were pulled up and replanted but they may not survive. Letter will be sent to owner that it is their responsibility to repair.

6. Old Business:

(a) Reserve Study Discussion Mr. Gage /Cummins Discussion / Decision - Approved

(b) Annual Meeting Preparation Mr. Cummins Discussion / Decision - Approved

7. New Business

(a) Power Washing Proposals Mr. Cummins Discussion / Decision - tabled

(b) Motion was made and passed to have a drawing for \$50 gift certificate from Opus 9 for a lucky attendee at the Annual Meeting. - Approved

Review of Actions and Adjourn

Next scheduled meeting: Annual Meeting scheduled to be held **November 12, 2013 at 6:30 PM** to be held at the Grace Covenant Church;

Board of Directors meeting **December 12, 2013 at 7:00 PM**

Sandra Gillette, Secretary
Settlers Mill Homeowners Association

Settlers' Mill Homeowners Association
Board of Directors' Monthly Meeting Minutes
Wednesday, Oct 9, 2013

There was one letter from a resident with suggestions for improvement of safety and security, and another regarding possible ways of saving on maintenance costs. Those items were discussed below under new and old business.

The meeting was called to order at 7:10 pm by President, Al Cummins.

Board members in attendance: Doyle Gage, Denise Butler, John Klesch

Others in attendance: Anne Ingram, Management Agent for Settlers Mill

1. The agenda was reviewed and adopted.
2. Secretary's Report: The September, 2013 Board Meeting Minutes were approved.
3. Treasurer's Report: Doyle Gage provided the financial report for September. The association ended the month with operating cash of \$48,079.94, reserve cash of \$213,305.39, and reserves of \$216,385.33 The association collected \$13, 152.64 in dues and other income: total expenses for September were \$11, 726.42. We were under budget by about \$3235 this month. For the year we are \$10,885 under budget. We have underspent in tree removal, Maintenance and Repair, Safety and Security, and Additional Landscaping
4. President's Report – A formal complaint was received concerning a possible abandoned vehicle. The matter was investigated and problem was resolved.
5. Committee Reports:
 - a. ARB – Committee did not meet since there were no new applications. Mr. Cummins reported that a new request was made for landscape terracing that would mitigate severe erosion on a steep hillside. The ARB will review the application.
 - b. Building and Grounds –Entrance light wring had to be completely replaced because of unshielded buried lines that were damaged by water seepage. Road repairs along edges of Ironbound and Level Way are being made.
 - c. Beautification. No formal report. Note that some tree limbs were pruned to improve road visibility on Ironbound.
 - d. BMP –Since future dredging must be addressed as part of the Reserve Study, Mr. Cummins indicated he will investigate several methods he observed

being planned for waterfront property elsewhere that may be feasible for our BMPS. This may also provide some definitive cost data.

- e. Neighborhood Watch – Watch Captain reported an instance of apparent illegal substance exchange to local authorities who will investigate. He has received approval for use of the portable speed reminder screen to assist residents and visitors in remembering to follow the 25 MPH speed limit.
 - f. Pool Committee – Pool is now closed following a successful season. Mr. Cummins reported that the money has been budgeted for an additional hour of pool operation for one day a week next year.
 - g. Social Committee – Denise Butler reported that plans and volunteers are firm for the chili cook-off. She will continue making contact for the addition of a hayride. Volunteers have also been found for the Christmas “Sippin with Santa” and the progressive dinner.
 - h. Welcoming Committee – No report required.
 - i. Communications - see Website report below.
 - j. Nominating Committee – Three strong candidates have been identified.
6. Management Company Report – The report was reviewed and accepted as written. Ms. Ingram reported that the contractor has painted the lines for Pickle Ball.
7. Old Business: Watch Commander will be advised that funds for the addition of two more security cameras have been approved. BOD approved the 2014 Budget prepared by Mr. Gage to be released for the Annual Meeting. Money was approved for purchase of steel protectors for bottom of STOP signs to prevent deterioration. Building and Grounds committee will be asked to do this work. The Reserve Study update has been received but was tabled to permit closer review. It does appear to satisfy our 5 year projection requirements. Committee slides for Annual Meeting are due no Later Than 23 OCT for review. Parking Lot seal coating has been completed. Viewed as an excellent job.
8. New Business: One power washing proposal has been received. Others will be solicited. Action on fencing proposals has been deferred until next year. Mr. Gage was tasked to look into the possibility of placing speed bumps in certain areas such as near school bus drop offs, pavilion /pool area etc. .
9. Convene to Executive session at 8:20 PM. Reconvened at 8:30 P.M.
10. Review of actions and adjournment at 8:42 P.M.

The next Board meeting is scheduled for Nov 5 , 2013 at 7:00 pm.

Respectfully submitted,

2013 Website Statistics

Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
Jan 2013	196	609	5,113	8,318	430.94 MB
Feb 2013	212	550	4,026	6,514	227.13 MB
Mar 2013	231	757	8,464	14,548	489.41 MB
Apr 2013	211	623	3,968	7,234	314.81 MB
May 2013	324	887	10,639	19,493	683.97 MB
Jun 2013	249	817	7,190	12,970	494.19 MB
Jul 2013	225	607	7,385	12,866	456.16 MB
Aug 2013	183	518	5,153	8,766	334.88 MB
Sep 2013	254	604	4,946	8,350	309.52 MB
Oct 2013	24	35	330	678	26.85 MB
Nov 2013	0	0	0	0	0
Dec 2013	0	0	0	0	0
Total	2,109	6,007	57,214	99,737	3.68 GB

Sandie Gillette, Secretary

Settlers' Mill Meeting, September 5, 2013

Neighborhood Comment Period (3 minutes per member) 7:00 PM. No comments

Call to Order (Business Portion) Mr. Cummins, all members present

1. Agenda Review & Adoption Mr. Cummins

2. Secretary's Report Ms. Gillette

a. Minutes for August 2013 (Review & Approval) – Approved

b. Correspondence & Neighborhood Communications – None

3. Treasurer's Reports Mr. Gage

(a) Financials July 2013 (Review & Acceptance) - Accepted

4. Committee Reports:

(a) ARB (Architectural Review Board) Mr. Klesch approved two requests: one to remove a tree that was not in the CB area. Next, requesting permission to change the color of a shed and approval to install a swing set.

(b) Buildings & Grounds Mr. Klesch – lines have been painted on tennis court for Pickle Ball. The court is in use. Replacement of fencing options will be received soon and include treated pine, cedar, plastic and metal. Chairman does not recommend metal pickets' lack of privacy.

(c) VA Power has trimmed trees along Ironbound and has agreed to remove debris.

(d) Beautification Ms. Butler – No report at this time

(d) BMP Mr. Klesch – A request has been made for possible addition of chemicals to control Duckweed for pond at Mill View Circle. Future plans for dredging are begin addressed as part of the Reserve Study and will be based on the sediment reports recently received..

(e) Neighborhood Watch Mr. Gage – reminding everyone to lock cars at night. Commending Mr. Loy for sending reminder to everyone to observe speed limit as children go back to school.

(f) Pool Committee - Ms. Butler- Pool cover is installed and tables have been stored.

(g) Social Committee Ms. Butler –

The Luau held at the pavilion on Sunday, Sept. 1st was well attended “a good time was had by all”. The limbo was great fun, especially for the kids. Thank you to those who volunteered. Positive comments about the event; food, DJ and good attendance.
BBQ was supplied by Bubba n’ Franks restaurant in Norfolk.

We have volunteers to work on upcoming events; Skip Hensen. Drew and Jen Gilfillan for the Chili Cook Off and Rani Wachter to help with Sing-A-Long for the Sipping with Santa event. (send to Denise).

(h) Welcoming Ms. Gillette –No new neighbors were welcomed in August. The Welcome Committee requests that they be alerted by residents as new people move into the neighborhood. This request will be forwarded to Jeff Anthony, webmaster. Also, check management company report.

(i) Communications Mr. Cummins

Website & Newsletter – No report

Joelle Lee has several possible applicants for Board positions next year; Skip Jensen and Jerry Hart to run for positions on the Board.

5. Management Company Report – Anne Ingram.

(a) Pond treatments for Duckweed: #1 is \$1,384; Pond 2 is \$2,170 (\$750 over budget – coming out of reserves).

(b) Tennis court painting done for \$500

6. Old Business:

(a) Parking Lot Seal Coat Proposals Mr. Cummins Discussion / Decision
Approved Excel Paving to seal parking lot. Out of Operating budget.

7. Accept Douglas Aquatic contract for \$20,050 for next year; same amount. \$705 for opening at 10 is for one day a week; same closing time. Approved.

8. Annual Meeting – Send notice by Oct. 14. Update committee section slides.
Assessment notice included.

(a) Pond Mapping/Dredging Information Mr. Cummins Discussion / Decision
Reserve study by Miller Dodson concluded that 2,000+ yds. of sediment per year from ponds at \$65 per cubic yard. \$138,000 in reserves for 2029. Other co, 11,940 cubic yds per yr. There is a big area of uncertainty about how much sediment and how long it will take to build up. At annual meeting, suggest an ad hoc sub committee to study how to calculate cost of dredging ponds.

(b) Reserve Study Requirement –set up meeting with Miller Dodson: to propose step function to funding (5 yrs at a time); 3.5% inflation instead of 4.5 inflation; Count interest on our deposits. The two largest items in the Reserve Study are dredging ponds in 5 years and replacing swimming pool in 30 yrs. Dues increases of about 5% per year are projected. In order to meet expenses, including inflation and adequately fund Reserve Study.

(c) Draft 2014 Budget Mr. Gage Discussion – under budget for this year; suggestion to put \$21,000 of extra funds into reserve fund.

9. Treasurer's Report: The Association ended the month with operating cash of \$49,282.18, reserve cash of \$215,897.05 total cash and reserves of \$265,179.23. The Association collected \$13,013.18 in dues and other income; total expenses for August were \$12,559.04. We were under budget by about \$3,063 this month. For the year, we are \$7,649 under budget. We have under spent in Tree Removal, Maintenance and Repair, BMP Maintenance and Additional Landscaping.

10. Neighborhood Watch: No report

11. New Business:

None

No Executive Session

Meeting Adjourned at 8:30 PM

EXHIBIT 13

Notice of Current or Pending Rule or Architectural Violation:

None