

DECLARATION

FOR

MEADOWS EDGE

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SUBMITTED LAND  
ADDITIONAL LAND

EXHIBIT A  
EXHIBIT B

DECLARATION  
FOR  
MEADOWS EDGE

THIS DECLARATION is made as of SEPT. 24, 2007, by CENTEX HOMES, Nevada general partnership ("Declarant"); and MEADOWS EDGE HOMEOWNERS ASSOCIATION, a Virginia nonstock corporation ("Association").

R E C I T A L S:

R-1. The Declarant owns the land designated as "Submitted Land" in the legal description attached as Exhibit A hereto (and made a part hereof by this reference) and the Declarant desires to subject such land to the covenants, restrictions, reservations, easements, servitudes, liens and charges, all as more particularly set forth in this Declaration.

R-2. The Declarant also wishes to reserve the right to add the land designated as "Additional Land" in the legal description attached as Exhibit B hereto (and made a part hereof by this reference), and may hereafter decide to subject all or any portion of that Additional Land to the provisions of this Declaration, as amended from time to time.

R-3. The Declarant deems it desirable and in the best interest of future owners of the land to subject the Submitted Land to this Declaration to protect the value and the desirability of such land by providing for the development of such land in accordance with a common plan and for the maintenance of certain shared facilities.

R-4. To provide a means for meeting the purposes and intents of the Declarant and the intents and requirements of the County (as hereinafter defined), the Declarant has created under the laws of the Commonwealth of Virginia, the Meadows Edge Homeowners Association ("Association"), whose members shall consist of all owners of land within the Property.

NOW, THEREFORE, the Declarant and the Association hereby covenant and declare, on behalf of themselves and their respective successors and assigns, that from the date this Declaration is recorded, the land designated as Submitted Land in Exhibit A shall be held, conveyed, acquired and encumbered subject to the terms and provisions hereof, all of which shall run with the land (including all improvements thereon) and bind and inure to the benefit of all Persons (as hereinafter defined) who may now or hereafter own or acquire any right, title, estate or interest in or to any of such land, or who may now or hereafter occupy or enter upon any portion thereof, subject to the right of the Declarant or the Association to amend this Declaration from time to time in accordance with the provisions for amendment set forth herein. The Association accepts the responsibilities and obligations set forth herein.

PART ONE

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. Definitions. Terms used herein without definition shall have the meanings specified for such terms in Section 13.1-803 of the Act. Capitalized terms used herein shall have the meanings specified for such terms below.

(1) "Act" means the Virginia Nonstock Corporation Act, Chapter 10 of Title 13.1 of the Code of Virginia (1950), as amended, supplemented or replaced from time to time. "POA Act" means the Virginia Property Owners' Association Act, Chapter 26 of Title 55 of the Code of Virginia (1950), as amended, supplemented or replaced from time to time.

(2) "Articles of Incorporation" means the Articles of Incorporation for the Association filed with the Virginia State Corporation Commission, as amended from time to time.

(3) "Assessments" means the sums levied against the Lots to pay Common Expenses as provided in Article 6. Assessments include Annual Assessments, Additional Assessments, Individual Assessments, Special Assessments (Assessments levied pursuant to Section 55-514 of the POA Act).

(4) "Association" means Meadows Edge Homeowners Association and, with respect to the rights and obligations of the Association set forth in this Declaration, its successors and assigns.

(5) "Association Documents" means collectively, the Articles of Incorporation, this Declaration, Supplementary Declarations and the Bylaws, all as amended from time to time. Any exhibit, schedule, certification or amendment to an Association Document is an integral part of that document.

(6) "Board of Directors" or "Board" means the executive and administrative entity established by Article 5 of the Articles of Incorporation as the governing body of the Association.

(7) "Builder" means a Person (other than the Declarant) who is regularly in the business and who purchases land or two or more Lots within the Property for the purpose of constructing improvements for resale.

(8) "Bylaws" means the Bylaws of the Association, as amended from time to time.

(9) "Common Area" means, at any given time, all of the Property (other than Lots) then owned by the Association and available to the Association for the benefit, use and enjoyment of the Owners. "Common Easement Area" means, at any given time, any easement available to the Association for the benefit or use of the Owners. "Reserved Common Area" means a portion of the Common Area for which the Board of Directors has granted a temporary, revocable license for exclusive use pursuant to Section 3.8. "Limited Common Area" means a portion of the Common Area which has been designated by the Declarant pursuant to Section 3.8 for the exclusive use of Owners of one or more but less than all of the Lots.

(10) "Common Expenses" means all expenses incurred by or on behalf of the Association, together with all sums determined by the Board of Directors to be reasonably necessary for the creation and maintenance of reserves pursuant to the provisions of the Association Documents. Except when the context clearly requires otherwise, any reference to Common Expenses includes Limited Common Expenses.

(a) "Limited Common Expenses" means all expenses incurred by or on behalf of the Association and benefiting one or more but fewer than all of the Owners and assessed against the Lots owned by the Owners benefited pursuant to Section 6.2(a)(2).

(11) "County" means Frederick County, Virginia. All references to approval by the County shall mean approval by the appropriate agency of the County, as determined by the Office of the County Attorney at that time.

(12) "Covenants Committee" means one of the committees that may be established pursuant to Article 9 to assure that the Property will be maintained in a manner consistent with the purposes and intents of this Declaration. With respect to initial construction, all references to the Covenants Committee shall mean the Initial Construction Committee or the Declarant.

(13) "Declarant" means Centex Homes, a Nevada general partnership. Following the recordation of an instrument assigning to another Person all or some of the rights reserved to the Declarant under the Association Documents, pursuant to Section 5.2, the term "Declarant" shall mean or include that assignee.

(14) "Declarant Control Period" means the period of time beginning on the date of incorporation of the Association and ending on the earliest of: (i) the later of (A) the tenth anniversary of the date of recordation of the Declaration or (B) the fifth anniversary of the date of recordation of the most recent Supplementary Declaration adding Additional Land (provided, however, that once the Declarant Control Period has expired, the recordation of a subsequent Supplementary Declaration shall not reinstate the Declarant Control Period; and provided, further, that if the Declarant is delayed in the improvement and development of the Property due to a sewer, water or building permit moratorium or other cause or event beyond the Declarant's control, then the aforesaid period shall be extended for the period of the delay or three years, whichever period of time is less); (ii) the date seventy-five percent of the total number of planned dwellings permitted to be located on the Submitted Land and the Additional Land are initially occupied or owned by Owners other than the Declarant or a Builder (the foregoing number may be increased or decreased in accordance with any amendments to the Development Plan or approvals affecting the number of permitted dwellings or if Exhibits A or B are amended to describe land not originally described in Exhibits A or B which would allow an increased number of permitted dwellings or as otherwise provided in Section 4.2(a) of the Articles of Incorporation); (iii) the date specified by the Declarant in a written notice to the Association that the Declarant Control Period is to terminate; or (iv) the end of the Development Period.

(15) "Declaration" means this Declaration for Meadows Edge made by the Declarant and recorded among the Land Records. The term "Declaration" shall include all amendments thereto and, except when the context clearly requires otherwise, all "Supplementary Declarations". "Supplementary Declaration" means any declaration: (i) submitting land to the terms of the Declaration and subjecting such land to the jurisdiction of the Association, whether or not such Supplementary Declaration contains additional or different provisions reflecting the unique characteristics of the land being submitted; or (ii) submitting a portion of the Property to such supplementary covenants in accordance with the provisions of Article 4. A Supplementary Declaration may be part of a deed of subdivision.

(16) "Design Guidelines" means the standards and guidelines developed by the Declarant during the Development Period or adopted by the Board of Directors pursuant to Article 9.

(17) "Development Period" means the period of time that the Declarant or Builders are engaged in development or sales of the Property or the Additional Land or activities relating thereto, during which time the Declarant is entitled to exercise certain "Special Declarant Rights" under the Association Documents as described in Article 5. When all the Submitted Land is owned by Owners other than the Declarant (or a lender holding Special Declarant Rights) or a Builder, all the Additional Land is owned by Owners other than the Declarant (or a lender holding Special Declarant Rights) and all of the Declarant's bonds held by a governmental agency with respect to the Property and the Additional Land have been released, then the Development Period shall end.

(18) "Development Plan" means the general development or site plan or plans for the Submitted Land or the Additional Land as approved by the County and as amended from time to time. Although the Declarant intends to develop the Submitted Land and the Additional Land substantially in accordance with the Development Plan, the Declarant reserves the right to modify the Development Plan subject only to the requirements and procedures of the County.

(19) "Land Records" means the land records of Frederick County, Virginia.

(20) "Lot" means a portion of the Property which is a separate, subdivided lot of record or any other parcel of Submitted Land held in separate ownership (but not including land designated as Common Area and owned by the Association or land dedicated for public street purposes), together with any improvements now or hereafter appurtenant thereto.

(21) "Majority Vote" means a simple majority (more than fifty percent) of the votes entitled to be cast by Owners present in person or by proxy at a duly held meeting of the Owners at which a quorum is present. Any vote of a specified percentage of Owners means that percentage with respect to the number of votes actually cast by Owners present in person or by proxy at a duly held meeting of the Owners at which a quorum is present. Any vote of a specified percentage of the Board of Directors (or committee) means that percentage with respect to the number of votes entitled to be cast by directors (or committee members) present at a duly held meeting of the Board (or committee) at which a quorum is present. Any vote of or approval of a specified percentage of the Mortgagees means a vote of or approval (whether actual or presumed) by the Mortgagees calculated according to the number of votes allocated to the Lots (or the Owners of the Lots) on which a Mortgage is held by a Mortgagee.

(22) "Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) which holds a first mortgage or first deed of trust ("Mortgage") encumbering a Lot and which has notified the Board of Directors of its status in writing and requested all rights under the Association Documents pursuant to Section 13.2. Where the approval of Mortgagees is required, such approval means: (i) written approval; (ii) any written waiver of approval rights; (iii) a letter stating no objection; or (iv) presumptive approval if a Mortgagee does not respond to a notice by certified or registered United States mail,

return receipt requested, within thirty days after the date the request for approval is transmitted in accordance with the notice requirements of Article 10 of the Bylaws and Sections 13.2 and 14.4.

(23) "Officer" means any Person holding office pursuant to Article 6 of the Bylaws.

(24) "Owner" means one or more Persons who own a Lot in fee simple, but does not mean any Person having an interest in a Lot solely by virtue of a contract or as security for an obligation. The term "Owner" is also used to mean a member of the Association.

(25) "Person" means a natural person, corporation, partnership, association, trust or other entity capable of holding title or any combination thereof.

(26) "Proffers" means the Rezoning Request Proffer for Meadows Edge (Racey Tract) dated June 30, 2004 as approved by the appropriate authorities of the County, as the same may be amended from time to time.

(27) "Property" means, at any given time, the Submitted Land, together with all improvements and appurtenances thereto now or hereafter existing.

(28) "Rules and Regulations" means the rules and regulations governing the use, occupancy, operation, Upkeep and physical appearance of the Property adopted from time to time by the Board of Directors.

(29) "Submitted Land" means the land designated as such in Exhibit A and all land which is from time to time submitted to the Declaration. "Additional Land" means the land so designated in Exhibit B as amended from time to time, which the Declarant has reserved the right to submit to the Declaration and to the jurisdiction of the Association pursuant to Section 4.1.

(30) "Upkeep" means care, inspection, maintenance, snow and ice removal, operation, repair, repainting, remodeling, restoration, renovation, alteration, replacement and reconstruction.

#### Section 1.2. Construction of Association Documents.

(a) Captions and Cross-References. The captions are provided only for reference, and shall not be deemed to define, limit or otherwise affect the scope, meaning or effect of any provision of the document in which used. All cross-references are to the Declaration unless otherwise indicated.

(b) Pronouns. The use of the masculine gender shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires.

(c) Severability. Each provision of an Association Document is severable from every other provision and the invalidity or unenforceability of any one or more provisions shall not change the meaning of or otherwise affect any other provision. To the extent that any provision of the Association Documents is found to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision, then the narrower or partially enforceable construction shall be applied and, to the extent lawful, the provision shall be enforced.



(d) Interpretation. If there is any conflict among the Association Documents, the Declaration, and thereafter the applicable Supplementary Declaration, shall control, except as to matters of compliance with the Act, in which case the Articles of Incorporation shall control. Specific provisions shall control general provisions, except that a construction consistent with the Act shall in all cases control over any construction inconsistent with the Act. The provisions of the Bylaws shall control over any conflicting provision of any rule, regulation or other resolution adopted pursuant to any of the Association Documents. The Association Documents shall be construed together and shall be deemed to incorporate one another in full. Any requirements as to the content of one shall be deemed satisfied if the deficiency can be cured by reference to any of the others. The easements granted and reservations made herein or in any Supplementary Declaration shall not terminate or merge and shall continue to run with the land, notwithstanding the common law doctrine of merger and the common ownership of the Property at this time by the Declarant. If there is any ambiguity or question as to whether any Person, land or improvement falls within any of the definitions set forth in Article 1, the determination made by the Declarant (as evidenced by a recorded Supplementary Declaration) shall be binding and conclusive.

### Section 1.3. The Association.

(a) Creation. The Association is a nonstock corporation organized and existing under the laws of the Commonwealth of Virginia, charged with the duties and vested with the powers prescribed by law and set forth in the Association Documents.

(b) Membership. Members of the Association shall at all times be, and be limited to, the Declarant (during the Development Period) and the Owners. If more than one Person owns a Lot, then all of such Persons shall collectively constitute one Owner and be one member of the Association. The Declarant and each such Person is entitled to attend all meetings of the Association. Membership in the Association is mandatory and automatic with ownership of a Lot.

(c) Classes of Members; Voting Rights. The Association shall have the classes of Owners (members) with the voting rights set forth in Article 4 of the Articles of Incorporation and as follows.

The Class A Owners shall be the Owners, other than the Declarant during the Declarant Control Period. A Class A Owner shall have one vote for each dwelling located on or permitted to be located on each Lot owned.

The Class B Owner shall be the Declarant. During the Declarant Control Period, the Class B Owner shall have 684 votes (3 times 228 planned dwellings) less three votes for each vote held by a Class A Owner other than a Builder when a vote is taken. If (i) the land described in Exhibits A or B is rezoned or the Development Plan is amended to permit a greater number of dwellings (or the Declarant obtains other approval to permit a greater number of dwellings) to be constructed than permitted at the time the Declaration is recorded, then the number of votes of the Class B Owner described above shall be increased by three times the number of additional dwellings permitted; or (ii) all or any portion of land that was not originally described in Exhibit B to the Declaration is subjected to the Declaration, then the number of votes of the Class B Owner described above shall be increased by three times the number of dwellings that would be permitted on any Lots located on the whole of such residential land if such land were fully developed under the then applicable zoning and subdivision ordinances and subjected to the Declaration.

After the Declarant Control Period expires, the Class B membership shall expire and the Declarant shall become a Class A Owner and have Class A votes with respect to the Lots owned by the Declarant.

(d) Board of Directors. The Board of Directors is responsible for the management and Upkeep of the Property and the administration of the Association. Unless otherwise specifically provided in the Act or the Association Documents, all rights, powers, easements, obligations and duties of the Association may be performed by the Board of Directors on behalf of the Association.

Section 1.4. Merger or Consolidation. Upon merger or consolidation of the Association with another entity formed for similar purposes, the Association's properties, rights and obligations may be transferred to the surviving or consolidated association, or alternatively, the properties, rights and obligations of the other entity may be assumed by the Association, as the surviving corporation. No such merger or consolidation shall effect any revocation, termination, change or addition to this Declaration except pursuant to Articles 14 and 15.

ARTICLE 2

COMMON AREA

Section 2.1. Conveyance; Title. The Declarant shall convey the Common Area in each subdivided section of the Property to the Association in fee simple, released from any encumbrance securing the repayment of monetary obligations incurred by the Declarant, but subject to all easements and other encumbrances then of record (including those created by this Declaration). The Association shall accept title to any real estate or personal property offered to the Association by the Declarant or as directed by the Declarant. The Declarant shall have the right, subject to obtaining all required governmental approvals and permits, to construct on the Common Area such facilities as the Declarant deems appropriate. The timing and phasing of all such construction shall be solely within the discretion of the Declarant. The Declarant will try to specifically identify the Common Area, but such identification shall not be required in order for land to be Common Area hereunder. If the Declarant determines that particular land is or is not a Common Area, such determination shall be binding and conclusive. The Common Area may change from time to time in connection with changes in Development Plan, the Proffers and other factors not now known. Accordingly, reference to the Common Area shall be deemed to refer to Common Area at the relevant time.

Pursuant to the Proffers, certain areas of the Property are required to be dedicated for public street purposes or other purposes. Upon request of the Declarant or the County, the Association shall execute and deliver such deeds of dedication or other documentation as may be requested in order to fulfill the Proffer requirements with respect to such dedications.

Section 2.2. Boundary Adjustments. The Association, acting through its Board of Directors without Owner or Mortgagee approval, has the power at any time or times, consistent with the then existing zoning or subdivision ordinances of the applicable governmental authority, to transfer part of the Common Area for the purpose of adjusting Lot lines or otherwise in connection with the orderly subdivision and development of the Property; provided, however, that: (i) such transfer shall not reduce the portion of the Property designated as "open space" below the minimum level of "open space" required in the subdivision by the applicable County ordinances at the time of the transfer; (ii) the appropriate governmental authorities approve such Lot line adjustments; (iii) the boundary line adjustment or resubdivision is approved by all Owners of Lots for which the boundaries are being adjusted and each Lot previously adjacent to Common Area remains adjacent to Common Area unless the Owner of such Lot approves otherwise; and (iv) the transfer does not materially change the Development Plan.

Section 2.3. Regulation of Common Area. The Board of Directors shall have the right to regulate use of the Common Area pursuant to Section 8.3. The Association, acting through its Board of Directors, may also lease, mortgage, dedicate or convey Common Area or grant or terminate easements over and through the Common Area subject to the restrictions in Section 14.4. In the event of default upon any mortgage or deed of trust on the Common Area, a lender's rights are limited to taking possession of such Common Area and charging reasonable admission and other fees as a condition of continued enjoyment by the Owners and, if necessary, allowing use by non-Owners. Upon satisfaction of the mortgage or deed of trust, such Common Area shall be returned to the Association with full restoration of the Owners' rights.

ARTICLE 3

EASEMENTS

Section 3.1. Utility and Development Easements.

(a) General Utility Easement. A non-exclusive, perpetual blanket easement is hereby granted over and through the Common Area and any Lot (except that no easements may be granted which run or will run under a dwelling except to serve such dwelling) for the purpose of: (i) installing, constructing, operating, inspecting, maintaining, repairing or replacing equipment used to provide to any portion of the Property or adjacent land any utilities, including without limitation water, sewer, drainage, gas, electricity, street lighting or telephone or television service, whether public or private; (ii) ingress and egress to install, construct, operate, inspect, maintain, repair and replace such equipment; and (iii) storm water management and storm water drainage, as necessary or desirable for the orderly development of the Property or adjacent land. Such easement is hereby granted to any Person providing the aforesaid utilities or installing, constructing, operating, inspecting, maintaining, repairing or replacing equipment related thereto. Any pipes, conduits, lines, wires, transformers and any other apparatus necessary for the provision or metering of any utility may be installed or relocated only where permitted by the Declarant, where contemplated on any site plan approved by the Declarant or where approved by resolution of the Board of Directors. Equipment used to provide or meter such utilities or services may be installed above ground if approved by the Declarant during the Development Period or the Board of Directors thereafter. The Person providing a service or installing a utility pursuant to this easement shall install, construct, operate, inspect, maintain, repair or replace the equipment used to provide or meter the utility as promptly and expeditiously as possible, and shall restore the surface of the land and the surrounding vegetation and improvements to their original condition (to the extent practical) as soon as possible. The Declarant and its affiliates and its and their designees shall have a perpetual easement over, upon and under the Common Area and the unimproved portions of the Lots for the installation, operation, inspection, maintenance, repair, replacement, alteration and expansion of all utilities. If the Person installing the utility or providing a service requests a specific easement across Common Area or any Lot for the purposes contemplated by this Subsection by separate recordable document, then the Declarant or the Association (acting through its Board of Directors without Owner or Mortgagee approval) shall have the right to grant and convey such easements and to record a deed or deeds locating such easements.

(b) Specific Development Easement Areas. The Declarant hereby reserves to itself and to its successors and assigns, and also grants to the Association, the right to grant and reserve easements, rights-of-way and licenses over and through the Common Area and any Lot (except that no easements may be granted which run or will run under a dwelling except to serve such dwelling) for the purposes set forth in Section 3.1(a) or for any other purpose necessary or desirable for the orderly development of the Property or the adjacent land. If the Person installing the utility or providing a service requests a specific easement across Common Area or

any Lot by separate recordable document, then the Declarant or the Association, (acting through its Board of Directors without Owner or Mortgagee approval), shall have the power to grant and convey such easements and to record a deed or deeds locating such easements.

(c) Easements to Facilitate Development.

(1) Easement to Facilitate Construction. The Declarant hereby reserves to itself and its successors and assigns and also grants to each Builder a nonexclusive blanket easement over and through the Property for all purposes reasonably related to the development and completion of improvements on the Property, including without limitation: (i) temporary slope and construction easements; (ii) easements for the temporary storage (in a slightly manner) of reasonable supplies of building materials and equipment necessary to complete improvements; and (iii) easements for the construction, installation and Upkeep of improvements (e.g., buildings, landscaping, street lights, signage, etc.) on the Property or reasonably necessary to serve the Property or adjacent land.

(2) Easement to Facilitate Sales. The Declarant hereby reserves to itself and its successors and assigns and also grants to each Builder the right to: (i) use any Lots owned or leased by the Declarant or such Builder, any other Lot with written consent of the Owner thereof or any portion of the Common Area (with the permission of the Declarant) as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office parking areas or for sales trailers (provided, however, that the Declarant or Builder, as applicable, shall remain responsible for the operating expenses of any portion of any improvements on the Common Area used exclusively for the foregoing purposes); (ii) place and maintain in any location on the Common Area and each Lot trails, paths and sidewalks, street lights, street and directional signs, temporary promotional signs, plantings, entrance features, lighting, stone, wood or masonry walls or fences and other related signs and landscaping features or to grant easements for the Upkeep of any of the foregoing; and (iii) relocate or remove all or any of the above from time to time at the Declarant's or Builder's, as appropriate, sole discretion. The Association is hereby granted an easement to perform the Upkeep of any permanent structure or landscaping installed under (ii) above.

(3) Limitations on a Builder. Any rights granted to a Builder hereunder are specifically limited to the portion of the Property being developed by such Builder and expire upon completion of construction by such Builder, conveyance of all Lots owned by such Builder and release of all County bonds posted by such Builder. Such easement shall be subject to such rules as may be established by the Declarant to maintain reasonable standards of safety, cleanliness and general appearance of the Property. In connection with the portion of the Property being developed by such Builder, such Builder shall comply with standards adopted by the Declarant to ensure an orderly and uniform development scheme for the Property.

(d) Release of Bonds. The Declarant hereby reserves to itself and its successors and assigns an easement and a right to grant and reserve easements or to vacate or terminate easements across all Lots and Common Area as may be required by any governmental agency or authority or utility company in connection with the release of bonds or the acceptance of streets for public maintenance with respect to the Property.

(e) Easement to Correct Drainage. The Declarant reserves to itself and its successors and assigns, and also grants to the Association, an easement and right on, over and under the ground within each Lot and the Common Area to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance, including any necessary right-of-access. ~~Such right expressly includes the right to cut any trees; bushes or shrubbery, to regrade the land, or to take any other similar action reasonably necessary,~~

following which the Declarant or Association, as applicable, shall restore the affected land to its original condition as near as practical.

(f) Dedications and Easements Required by Governmental Authority. The Declarant hereby reserves to itself and its successors and assigns the right to make any dedications and to grant or terminate any easements, rights-of-way and licenses as required by any government or governmental agency over and through all or any portion of the Common Area or the Lots.

(g) Further Assurances. Any and all conveyances made to the Association or any Owner shall be conclusively deemed to incorporate these reservations of rights and easements, whether or not set forth in such grants. Upon written request of the Declarant, the Association and each Owner shall from time to time sign, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested.

(h) Duration of Development Rights; Assignment. The rights and easements reserved by or granted to the Declarant pursuant to this section shall continue throughout the Development Period, unless specifically stated otherwise. The Declarant may make limited temporary assignments of its easement rights hereunder to any Person performing construction, installation or Upkeep on any portion of the Property.

Section 3.2. Association Powers and Rights. The Association's exercise of the rights, powers and easements granted in Section 3.1(a), (b), (c) and (e) is subject to Section 14.4, but the time limitations on duration applicable to the Declarant shall not apply to the Association. If the Declarant or any Owner requests the Association to exercise its powers under this section, the Association's cooperation shall not be unreasonably withheld, conditioned or delayed.

Section 3.3. Easement for Upkeep. The Association, the managing agent and any other Persons authorized by the Board of Directors are hereby granted the right of access over and through any portion of the Property (excluding the interior of any dwelling), for the exercise and discharge of their respective powers and responsibilities, including without limitation to make inspections, to correct any condition originating in a Lot or in the Common Area threatening another Lot or the Common Area, to correct drainage, to perform installations or Upkeep of utilities, landscaping or other improvements located on the Property for which the Association is responsible for Upkeep, or to correct any condition which violates the Association Documents. Each Owner shall be liable to the Association for the cost of all Upkeep performed by the Association and rendered necessary by any act, neglect, carelessness or failure to comply with the Association Documents for which such Owner is responsible pursuant to Section 12.1, and the costs incurred by the Association shall be assessed against such Owner's Lot in accordance with Sections 6.2 and 12.1.

Section 3.4. Easements for Encroachments. If any improvement on any Lot or portion of the Common Area now or hereafter encroaches on any other portion of the Property by reason of: (i) the original construction thereof; (ii) deviations within normal construction tolerances in the Upkeep of any improvement; or (iii) the settling or shifting of any land or improvement, an easement is hereby granted to the extent of any such encroachment for the period of time the encroachment exists. The Owner of the encroaching improvement shall also have an easement for the limited purpose of Upkeep of the encroaching improvement. This easement does not relieve any Owner or any other Person from liability for such Owner's or other Person's negligence or willful misconduct or excuse the violation of County ordinances.

Section 3.5. Easement for Emergency Access. An easement over and through all or any portion of the Property is hereby granted to the County for police, fire, ambulance and other rescue personnel in the lawful performance of their functions during emergencies.

Section 3.6. Easement for Use of Common Area.

(a) Use and Enjoyment. The Declarant reserves to itself and its successors and assigns during the Development Period and grants to each Owner a non-exclusive right and easement of use and enjoyment in common with others of the Common Area, except as limited by the designation of Reserved Common Area or Limited Common Area. Each Owner is also hereby granted a non-exclusive easement for utility services and ingress and egress (including lead sidewalks, driveway aprons and utility laterals) over the Common Area to the extent necessary to provide vehicular and pedestrian access to such Lot for such Owner and such Owner's household members, tenants, guests, employees, agents and invitees. The Association, acting through its Board of Directors without further Owner or Mortgagee approval, is authorized on behalf of each Owner to relocate, modify or terminate easements over and across the Common Area or Common Easement Area now or hereafter granted to one or more Owners in this Declaration, in deeds of subdivision or otherwise; provided, however, that each Owner retains (in a location determined by the Board of Directors) a right of access to such Owner's Lot for vehicular and pedestrian ingress and egress and for utility services. A conveyance or dedication of a portion of the Common Area to any entity, other than an entity formed for similar purposes in which the Owner is a member, shall extinguish the Owner's easement rights except to the extent necessary to provide access and utility services to such Owner's Lot. The foregoing rights and easements of use and enjoyment and access, ingress and egress and utility services shall be appurtenant to each Lot, whether or not mentioned in the deed thereto. Any purported conveyance or other transfer of such rights and easements apart from the Lot to which such rights and easements are appurtenant shall be void.

(b) Delegation. Subject to the Rules and Regulations and such other restrictions as may be adopted by the Association, any Person having the right to use and enjoy the Common Area may delegate such rights to such Person's household members, tenants, guests, employees, agents and invitees and to such other Persons as may be permitted by the Association. The easements and rights granted by this Declaration shall not be enforceable by Persons to whom such easements and rights may be delegated by Owners, including without limitation the household members, tenants, guests, employees, agents and invitees of any Owner. This section does not affect, however, the rights of Mortgagees in possession or court-appointed officers in possession and control of a Lot acting in the name, place and stead of Owners, or any Person's right to enforce any easements or rights granted in any lease or agreement between such Person and an Owner.

(c) Limitations. The rights and easements of enjoyment created by this section shall be subject (in addition to any easements granted or reserved in this Declaration or pursuant to the other Association Documents) to all rights and powers of the Declarant or the Association when exercised in accordance with the other applicable provisions of the Association Documents, including without limitation the Association's right (acting through its Board of Directors) to regulate the use of the Common Area, to designate portions of the Common Area as Reserved Common Area or Limited Common Area pursuant to Section 3.8, to grant easements across the Common Area, to dedicate portions of the Common Area owned in fee simple by the Association and to lease, convey or mortgage the Common Area owned in fee simple by the Association subject to the requirements in Section 14.4 and Section 14.5.

(d) Additional Land. ~~During the Development Period,~~ the Declarant hereby reserves to itself and its successors and assigns the right to grant to each Person lawfully occupying a portion of the Additional Land a non-exclusive easement over all streets, roads,

walks and paths on the Common Area, as may be necessary for vehicular and/or pedestrian ingress and egress across such Common Area from a public right-of-way to any portion of the Additional Land that would not otherwise have access to a public right-of-way; provided, however, that the Persons benefiting from such easement shall pay a portion of the expense of Upkeep for such streets, walks and paths if so determined by the Declarant.

Section 3.7. Limitations on Exercise of Rights and Easements.

(a) Other Easements. These easements are subject to all other easements and encumbrances of record (including those created by this Declaration).

(b) Notice. The Declarant or the Association, as appropriate, when exercising the rights and easements granted by this Article, shall: (i) give reasonable prior notice to all affected Owners, unless an emergency exists which precludes such notice; (ii) minimize any economic or aesthetic injury to the affected Lots or the Common Area; and (iii) not unreasonably interfere with the affected Owners' use, enjoyment and benefit from such Owners' Lots or the Common Area.

(c) Relocation. If an easement is relocated, the cost of such relocation shall be paid by the party requesting the relocation.

(d) Damage. Any damage resulting from the exercise of the aforesaid rights and easements shall be promptly repaired and the site restored to the extent practical by the Declarant or the Association, as appropriate, or at the option of the Declarant or the Association, the Person responsible for such damage. In either case, the cost of such repair and restoration shall be paid for by the Person responsible for the damage or requesting the relocation.

Section 3.8. Reserved Common Area; Limited Common Area.

(a) Reserved Common Area. The Board of Directors shall have the power in its discretion to grant revocable licenses in the Common Area from time to time by designating portions of the Common Area as Reserved Common Area. Such Reserved Common Area shall be subject to such restrictions, reasonable charges and conditions on the use thereof as the Board may deem appropriate. Such Reserved Common Area shall be maintained by the Association or, at the Board's option, by the Persons having the exclusive right to use the Reserved Common Area.

(b) Limited Common Area. During the Development Period, the Declarant shall have the right to restrict portions of the Common Area in the nature of an easement for the exclusive use of the Owners of one or more specific Lots by designating such portions of the Common Area as Limited Common Area. The Declarant may: (1) describe the location of the Limited Common Area and the Lots to which it is appurtenant in this Declaration or a Supplementary Declaration; (2) indicate the locations of the Limited Common Area appertaining to one or more Lots by depicting such Limited Common Area and the Lots to which it is appurtenant on the plat attached as an exhibit to a Supplementary Declaration; or (3) label a portion of the Common Area shown on a plat as an exhibit to a Supplementary Declaration as "Common Area that may be assigned as Limited Common Area", and thereafter assign such Limited Common Area to one or more specific Lots by unilaterally amending the Declaration to indicate the assignment, depicting the Limited Common Area being assigned and the Lots to which it is appurtenant.

Section 3.9. Land Submitted by Owners Other than the Declarant; Grants to the Association for the Benefit of the Owners; Power of Attorney. Any Person other than the Declarant submitting land to this Declaration hereby grants to the Declarant, the Association and

to each other Owner all rights, easements and other interests with respect to such land granted or reserved in this Article and shall provide such further assurances as may be required.

If the intended creation of any easement provided for in this Declaration should fail by reason of the fact that at the time of creation there may be no grantee in being having the capacity to take and hold such easement, then any such grant of easement deemed not to be so created shall nevertheless be considered as having been granted directly to the Association as agent for such intended grantees for the purpose of allowing the Persons to whom the easement were originally to have been granted the benefit of such easement.

Each Owner hereby designates the Declarant and the Association (or either of them) as their lawful attorney-in-fact and grants either of them a power of attorney for the limited purpose of signing any instrument on such Owner's behalf as may hereafter be required or deemed necessary for the purpose of later creating any easement as it was intended to have been created herein.

ARTICLE 4

DEVELOPMENT OF THE PROPERTY

Section 4.1. Supplementary Declaration.

(a) By the Declarant.

(1) Adding Additional Land. The Declarant hereby reserves a unilateral right until the later of: (i) the tenth anniversary of the date of recordation of this Declaration; or (ii) the fifth anniversary of the recordation of the most recently recorded Supplementary Declaration adding Additional Land, to expand the Property from time to time without the approval or joinder of the Association or any Owner (except the owner of such land) or Mortgagee by unilaterally submitting all or any portion of the Additional Land to the provisions of this Declaration and the jurisdiction of the Association whether or not such land is owned by the Declarant. The Declarant may also unilaterally submit land not described as Additional Land to the extent the submission of such land is adjacent to the Property. The right to expand may be terminated only upon the recordation by the Declarant of an instrument relinquishing such right. The Declarant shall add land in accordance with the procedures set forth in Subsection 4.1(c). There are no limitations on the right to expand except as set forth in this Article. If the Declarant does not submit all or any portion of the Additional Land to the Declaration, such unsubmitted land may be developed in any manner allowable under local ordinances without regard to the restrictions in this Declaration and no negative reciprocal easement shall encumber the Additional Land unless such land is submitted to this Declaration.

(2) Additional Covenants. The Declarant also reserves the unilateral right, without the approval or joinder of the Association or any Owner (except the owner of such land) or Mortgagee, to sign and record a Supplementary Declaration, subjecting any portion of the Property to such additional or different covenants and restrictions as may be necessary to reflect the different characteristics of such portion of the Property. The Declarant shall not record a Supplementary Declaration affecting a Lot after the conveyance of such Lot to an Owner other than the Declarant without the written consent of the Owner of such Lot.

(b) By the Association. Only with the written consent of the fee simple owner of such land, and upon approval by: (i) at least a Majority Vote of the Owners or the written approval of Owners entitled to cast more than fifty percent of the total number of votes entitled to be cast by the Owners; and (ii) the written consent of the Declarant during the Development Period, the Association may submit any additional land to the provisions of this Declaration and



the jurisdiction of the Association, in accordance with the procedures set forth below and subject to the limitations of Section 14.4.

(c) Procedure for Expansion. The Declarant or the Association, as appropriate, may record one or more amendments to the Declaration submitting the land described therein to this Declaration and to the jurisdiction of the Association ("Supplementary Declarations"). Each Supplementary Declaration shall include a legally sufficient description of the land added and shall designate such land with a unique identifier so as to differentiate between each section of the Property. Any Supplementary Declaration may contain such additional or different provisions as may be necessary to reflect the different character of the land described therein and as are not inconsistent with the overall scheme of this Declaration; provided, however, that such additions shall not apply to any Lot previously submitted to this Declaration without the written consent of the Owner of the Lot subject to the additional provisions. Upon recording a Supplementary Declaration submitting land to the Declaration, the provisions of the Declaration shall apply to the land thereby added as if such land was originally part of the Submitted Land (except as otherwise specifically provided by the Declarant in the Supplementary Declaration) including without limitation the provisions for voting and Assessment.

#### Section 4.2. Withdrawal.

(a) By the Declarant. During the Development Period, the Declarant has the unilateral right, without the approval or joinder of the Association or any Owner (except the Owner of the land being withdrawn) or Mortgagee, to sign and record an amendment to the Declaration and the applicable Supplementary Declaration withdrawing any portion of the Submitted Land from time to time if such land is: (i) dedicated or to be dedicated to public use; (ii) conveyed or to be conveyed to a public agency; or (iii) zoned, used or to be used for commercial or non-residential purposes; provided, however, that to withdraw a Lot not owned by the Declarant, the consent of the Owner is required. Any land dedicated to a public authority for public street purposes is automatically withdrawn and the Declarant may unilaterally, without the approval or joinder of the Association or any Owner or Mortgagee, record an instrument confirming such withdrawal.

The Declarant hereby also reserves a unilateral right, without the approval or joinder of the Association or any Owner (except the Owner of the land withdrawn) or Mortgagee to withdraw any portion of the Property until such time as such portion of the Property is owned by an Owner other than the Declarant, a Builder or the Association. The Declarant may record one or more amendments to this Declaration and the applicable Supplementary Declaration amending the exhibits thereto to withdraw the land described therein from the jurisdiction of the Association, and upon the recordation of any such amendment, this Declaration and the applicable Supplementary Declaration shall thereupon cease to bind, run with or otherwise affect the real estate thereby withdrawn.

The Declarant may exercise the rights reserved without the approval or joinder of the Association or any Owner (except the owner of the land withdrawn) or Mortgagee, and such rights may be terminated only upon the recordation by the Declarant of an instrument relinquishing such right. There are no limitations on the right to withdraw except as set forth in this section and in Sections 14.4 and 14.5.

(b) By the Association. In addition, any portion of the Property that is: (i) dedicated or to be dedicated for public purposes; (ii) conveyed or to be conveyed to a public agency; and (iii) zoned, used or to be used for nonresidential purposes may be withdrawn by the Association upon: (i) the approval of the Board of Directors; (ii) the approval of the Declarant, during the Development Period; (iii) the approval of Owners by a sixty-seven Percent Vote of the

Owners or the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes (in both cases excluding the votes of the Declarant during the Declarant Control Period); and (iv) the approval of the owner of the land being withdrawn. Any land dedicated for public street purposes shall be deemed to be automatically withdrawn.

## ARTICLE 5

### SPECIAL DECLARANT RIGHTS; TRANSFER

Section 5.1. Special Declarant Rights. Special Declarant Rights are those rights reserved for the benefit of the Declarant as provided for in the Association Documents, and shall include without limitation the following rights: (i) to have, use, grant, reserve, vacate and terminate easements over and through the Property for the purpose of making improvements within the Property as provided in Article 3; (ii) to maintain models, management offices, construction offices, sales offices, customer service offices or offices for similar purposes and signs advertising the Property as provided in Article 3; (iii) to exercise the rights and votes of the Class B Owner; (iv) to remove and replace any director elected by the Class B Owner; (v) to make unilateral amendments to the Association Documents as provided in Sections 3.8, 4.1, 4.2 and 14.1; (vi) to add Additional Land pursuant to Section 4.1; (vii) to withdraw Submitted Land pursuant to Section 4.2 and (viii) to exercise any other rights reserved or given to the Declarant by the Association Documents.

#### Section 5.2. Transfer of Special Declarant Rights.

The Declarant may unilaterally transfer (without the approval or joinder of the Association or any Owner or Mortgagee) Special Declarant rights created or reserved under the Association Documents to (i) any Person acquiring Lots or Additional Land from the Declarant or (ii) any lender holding a mortgage or deed of trust on Lots or Additional Land owned by the Declarant. Such transfer shall be evidenced by an instrument recorded in the Land Records. The instrument is not effective unless signed by the transferor and transferee; provided, however, that a Person may unilaterally sign an instrument to acquire some or all of the Special Declarant Rights with respect to the land acquired if such Person acquires all the Lots and/or Additional Land owned by a declarant at the time of transfer pursuant to a mortgage or deed of trust by foreclosure or deed in lieu of foreclosure. Such instrument must be recorded within a reasonable time after acquisition of the land.

A successor to Special Declarant Rights held by a transferor who succeeded to those rights pursuant to a mortgage or deed of trust or a foreclosure or a deed in lieu of foreclosure may declare the intention in an instrument recorded in the Land Records to hold those rights solely for transfer to another Person. Thereafter, until transferring the Special Declarant Rights to a Person acquiring title to any Lots or Additional Land owned by such successor, or until such successor records an instrument assuming the right to exercise the Special Declarant Rights, that successor may not exercise any of the Special Declarant Rights other than (i) any right held to vote as the Class B Owner or (ii) to approve or disapprove: (A) amendments to the Association Documents, (B) dissolution of the Association, or (C) termination of the Declaration. So long as a successor does not exercise Special Declarant Rights (except the right to vote as described above) under this subsection, such successor is not subject to any liability or obligation as a declarant.

A partial transfer of Special Declarant Rights does not prevent the transferor declarant from continuing to exercise Special Declarant Rights with respect to land retained by such declarant. The instrument providing for a partial transfer of Special Declarant Rights shall allocate voting rights between the transferor and the transferee as such Persons shall agree among themselves or based on the relative square footage of (if unimproved) or number of dwellings permitted to be located on (if improved) the Submitted Land and Additional Land owned by each

declarant if not otherwise provided. Each Person having declarant rights under the Association Documents has the right to transfer such rights unilaterally with respect to land owned by such Person except to the extent provided otherwise in an instrument assigning the Special Declarant Rights to such Person. If at any time the Declarant ceases to exist and has not made an assignment of the Special Declarant Rights, a successor may be appointed by an amendment to the Declaration made pursuant to Section 14.2.

Section 5.3. No Obligations. Nothing contained in the Association Documents shall impose upon the Declarant any obligation of any nature to build, construct, renovate, provide or warrant any improvements. The Declarant shall not be liable to any Owner or occupant by reason of any mistake in judgment, negligence, nonfeasance, action or inaction or for the enforcement or failure to enforce any provision of this Declaration. This section shall not be construed to release or absolve the Declarant, its successors or assigns, from any obligation imposed by the duly adopted ordinances of the County, including the conditions of subdivision approval.

## P A R T T W O

### ARTICLE 6

#### COMMON EXPENSES AND ASSESSMENTS

##### Section 6.1. Determination of Common Expenses and Budget.

(a) Fiscal Year. The first fiscal year of the Association shall be as determined in accordance with Section 9.4 of the Bylaws.

(b) Preparation and Approval of Budget.

(1) At least thirty days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary for the ensuing fiscal year to pay the cost of management and Upkeep of the Common Area and, to the extent provided in the Association Documents or deeds of subdivision, Upkeep of the Lots, the cost of administration of the Association and other expenses that may be declared to be Common Expenses by the Association Documents or by a resolution of the Board of Directors, including without limitation services provided to the Owners, Lots or Common Area.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital (available cash for day-to-day expenses which is otherwise uncommitted), a general operating reserve (including an amount to cover operating losses due to insurance deductibles), reserves for contingencies (potential costs or liabilities which have not been incurred but which should be planned for) and reserves for replacements. At least twenty-one days before the beginning of each fiscal year, the Board of Directors shall make available a copy or summary of the budget. Such budget shall constitute the basis for determining the Assessment against each Lot.

(3) The budget may also reflect the separate Assessment of Limited Common Expenses, including without limitation certain expenses (and reserves) relating to or benefiting one or more but fewer than all of the Lots, whether categorized by location or type of expense. Such expenses may be assessed only against the Lots benefited in accordance with Section 6.2(a)(2):

(c) Installment Payments and Due Dates. Any and all such Assessments and other charges shall be a lien against each Owner's Lot as provided in Section 12.2. On or before the first day of each fiscal year, and the first day of each succeeding payment period in such fiscal year, each Owner shall pay to the Association at such place as the Board of Directors may direct that installment of the Annual Assessment which is due during such period. The Board of Directors shall establish one or more payment periods and the due dates for each such payment in each fiscal year; provided, however, that payments shall be due not less than annually or more frequently than monthly unless specifically provided otherwise herein. All sums collected by the Board of Directors from Assessments or any other source may be commingled into a single fund.

(d) Initial Assessment.

(1) The first installment of the Annual Assessment for Common Expenses shall be prorated based upon the number of days remaining in the payment period and shall be due on the date the Lot is first subject to Assessment pursuant to Section 6.2. Any additional amounts due shall be divided by the number of full payment periods (if any) remaining in that fiscal year and paid in equal installments on the first day of each payment period remaining in that fiscal year.

(2) Each initial purchaser of a Lot from the Declarant, (other than a Builder), or from a Builder, shall pay at settlement an "Initial Assessment" equal to Two Hundred Dollars (\$200.00) to provide necessary working capital and initial reserve funding for the Association. The foregoing amount may be increased, in the sole discretion of the Declarant, by five percent each fiscal year.

(e) Effect of Failure to Prepare or Adopt Budget. For the first fiscal year of the Association following the first conveyance of any Lot to an Owner other than the Declarant or a Builder, and for all fiscal years thereafter, the Board of Directors shall establish the Annual Assessment against each Lot for Common Expenses. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay the allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay Assessments at the rate established for the previous fiscal year until notified of the new payment which is due on the first day of the next payment period which begins more than ten days after such new annual or adjusted budget is adopted and the Owner receives such notice.

(f) Pledge of Revenues. The Board of Directors, by a vote of two-thirds of the total number of directors, shall have the right and power to assign and pledge all revenues to be received by the Association, including but not limited to Annual and Additional Assessments, in order to secure the repayment of any sums borrowed by the Association from time to time.

Section 6.2. Assessments.

(a) Purpose and Rate of Assessment.

(1) Subject to the provisions of paragraph (2) of this Subsection 6.2(a) and Section 6.3 and after determining the total amount of the estimated funds required: (i) for the management and Upkeep of the Property; (ii) for services to the Lots and Owners; (iii) for the maintenance of adequate reserves; or (iv) for meeting other obligations of the Association established pursuant to this Declaration, other shared maintenance agreements, subdivision documents or easements or governmental requirements, the Board of Directors shall establish an Annual Assessment rate for each Lot for Common Expenses, excluding Limited Common Expenses, in an equal amount against all Lots subject to Assessment.

(2) Limited Common Expense Assessment. Limited Common Expenses may be assessed only against the Lots benefited in proportion to their relative Common Expense liability inter se or based on usage, as appropriate. Such Limited Common Expenses may include without limitation:

(A) Any expenses designated in a Supplementary Declaration as Limited Common Expenses shall be paid by the Owners of Lots subject thereto.

(B) Any services or utilities to Lots which vary based on usage shall be assessed against the Lots served based on usage.

(C) Any expenses proposed by the Board of Directors or a specific group of Owners as Limited Common Expenses against a specific group of Lots and agreed to by such Owners entitled to cast a majority of the total number of votes with respect to such Lots, shall be assessed against such Lots as such Owners may agree or on the basis set forth in Section 6.2(a)(1), inter se.

(D) Any expenses incurred by the Association in Upkeep for Common Driveways shall be assessed against the Lots served by such driveways.

(E) Any expenses unique to a certain housing type or geographic location may be assessed as a Limited Common Expense.

(b) Additional Assessments. The Board of Directors may levy Additional Assessments on the Lots subject to Assessment pursuant to Section 6.2(a)(1). The Board of Directors shall give notice of any Additional Assessment to the Owners specifying the amount and reasons therefor, and such Assessment shall, unless otherwise specified in the notice, be payable in full with the next periodic installment which is due more than ten days after the date of such notice or in installments, as the Board may otherwise determine. Such Assessment shall be a lien as set forth in Section 12.2.

(c) Individual Assessments. The Board of Directors shall have the power to assess an Owner's Lot individually: (i) for the amount of any costs incurred by the Association pursuant to Section 7.2(a) in performing Upkeep that the Owner failed to perform as required by that section; (ii) for the amount of any charges imposed on that Owner pursuant to Section 12.1(h); (iii) for any costs incurred by the Association because of any violation or negligence for which that Owner is responsible under Section 12.1; and (iv) for contractual charges levied pursuant to Section 6.2(d). Each such Assessment shall be due within ten days after notice thereof is given to the Owner unless the notice specifies a later date.

(d) Optional Expenses. Upon request, the Association may provide certain services to Owners (including the Declarant) on a contractual basis; provided, however, that the charge for such services shall be assessed against such Owner's Lots in accordance with the terms of the contract.

(e) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, contingencies and replacements. Such funds shall be a Common Expense of the Association. Reserves for items serving only certain Lots shall be accounted for and funded solely by the Owners of the Lots served (as a Limited Common Expense). As to each separate reserve account:

(1) Extraordinary expenditures not originally included in the annual budget, which may become necessary during the year, shall be charged first against the

appropriate reserves. Except for expenses for normal Upkeep shown in the annual operating budget, all expenses for repair and replacement of physical assets maintained by the Association shall be charged first against the appropriate reserves. Unless otherwise determined by the Board of Directors, the amount held as reserves shall not substantially exceed the amount reasonably required to assure the Association's ability to replace components as they reach the end of their useful lives.

(2) If regular annual Upkeep extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items or by distribution to each Owner (including the Declarant) in proportion to the percentage (if any) of Assessments paid by such Owner.

(3) If the total amount of Annual Assessments collected for Common Expenses and Limited Common Expenses is inadequate to meet actual expenditures for any reason then the Board of Directors shall, in accordance with Subsections 6.2(b) and (f), levy an Additional Assessment against the Lots.

(f) Surplus and Deficit.

(1) Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors: (i) be placed in reserve accounts; (ii) be placed in a special account to be expended solely for the general welfare of the Owners; (iii) be credited to the next periodic installments due from Owners under the current fiscal year's budget, until exhausted, (iv) be distributed to each Owner (including the Declarant) in proportion to the percentage (if any) of Assessments paid by such Owner, or (v) be applied to offset any deficit from the prior fiscal year.

(2) Unless the budget for the next two succeeding fiscal years is adjusted to amortize the deficit during such fiscal year, any net shortage in expenses (including reserves) shall be assessed promptly against the Owners as an Additional Assessment in accordance with Section 6.2(b); provided, however, that if unoccupied Lots owned by the Declarant and Builders are exempt from Assessment in accordance with Section 6.3, then during the Declarant Control Period the Declarant shall make up any net shortage (expenses and reserves) in the Association's budgeted operating income over the Association's ordinary operating expenses as provided in Section 6.3, but the Declarant is not obligated to pay any expenses that the Association is unable to meet because of non-payment of any Owner's Assessment or unusual or extraordinary expenses not included in the budget. In addition, previous years' surpluses may be used to offset deficits, even though the Declarant may have a deficit funding obligation under Section 6.3.

(g) Lots Added During the Fiscal Year. Notwithstanding any other provision of this Article, whenever any Additional Land is added, the Assessment against each Lot being added (other than unoccupied Lots which are owned by the Declarant or a Builder and exempt from Assessment in accordance with Section 6.3) shall be calculated in the same manner and be due in the same number of installments as the Assessment for the remainder of the fiscal year against Lots already a part of the Property. In addition, the Owner of the Lot being added shall pay a prorated portion of any amount payable for the period between the date the Lot becomes subject to Assessments and the due date of the next installment. Such proration of the Assessment due for any Lot added shall be based upon the total Assessment due and a 365-day fiscal year. Payment of the prorated portion will be due no later than the due date of the first installment to be paid by the Owner of any Lot added.

Section 6.3. Assessment Against Lots Owned by the Declarant and Builders; Exemptions.

(a) One Time Assessment. The Declarant, or the Builder if so determined by the Declarant, shall pay a one-time Assessment of Two Hundred Dollars (\$200.00) per Lot owned. The Lot shall not be subject to further assessment until the earlier of: (i) conveyance to an Owner other than the Declarant or a Builder; or (ii) initial occupancy.

The above one-time Assessment shall be due upon conveyance to an Owner other than the Declarant or as otherwise determined by the Declarant but no later than upon the date of conveyance of the Lot to an Owner other than the Declarant or a Builder. At the sole discretion of the Declarant, the above amount may be increased for each fiscal year after the first fiscal year by five percent each fiscal year thereafter.

For so long as the Declarant (or Builder), pays the one-time Assessment for an unoccupied Lot, the Builder or Declarant, as applicable, must provide all necessary Upkeep for such Lot. In addition, during the Declarant Control Period, the Declarant must fund all operating budget deficits, including reasonable reserves (based on expected useful life of the Common Area improvements), as determined by the Board of Directors. The Declarant's deficit funding obligation hereunder may be satisfied with in-kind payments of services or materials. The Declarant's obligation under this section does not include any expenses that the Association is unable to meet because of nonpayment of any Owner's Assessment or because of unusual or extraordinary expenses not included in the budget. In addition, previous years' surpluses may be used to offset deficits.

(b) Exemptions. The Common Area and any properties dedicated to a public authority or exempt from taxation by a public authority shall be exempt from Assessment and the lien created hereby. Unoccupied Lots (Lots which have never been occupied) owned by the Declarant or a Builder shall be exempt from full Assessment for Common Expenses for so long as the one-time Assessment for such Lots is paid.

Section 6.4. Liability for Common Expenses.

(a) Owner Liability. Each Owner of a Lot shall pay to the Association all Assessments and other charges assessed by the Board of Directors pursuant to the provisions of this Declaration. Each Owner shall also be personally liable for all Assessments against such Owner's Lot. No Owner shall be exempted from liability for Assessment by reason of waiver of the use or enjoyment of any of the Common Area or by abandonment of the Lot or by temporary unavailability of the Common Area. No Owner shall be liable for the payment of any part of the Common Expenses assessed against the Lot subsequent to the date of recordation of a conveyance by such Owner of such Lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and Assessments shall be paid in full and discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid Assessments against the latter for (i) the amount shown on a Statement of Common Expenses or (ii) if no Statement of Common Expenses is obtained, the amount shown on an assessment or judgment lien against the Lot filed in the Land Records; or (iii) if no Statement of Common Expenses is obtained and no assessment or judgment lien has been filed, the amount owed not to exceed six monthly installments of the Annual Assessment for Common Expenses, including Limited Common Expenses, in any case without prejudice to the purchaser's right to recover from the selling Owner amounts paid by the purchaser therefor. The Lot also shall remain subject to a lien for the amount owed to the Association in accordance with this section until such amount has been paid. Any such purchaser may rely on a Statement of Common Expenses obtained pursuant to Section 6.6.

(b) Mortgagee Liability. Each holder of a Mortgage who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure or any purchaser at a

foreclosure sale shall take the Lot free of any claims for unpaid Assessments or charges against such Lot which accrued prior to the date such Person comes into possession thereof, except as provided below and except for claims for a pro rata share of such Assessments or charges resulting from a pro rata reallocation of such Assessments or charges to all Lots including the mortgaged Lot assessed after such Person takes title. The lien created by Section 12.2 shall cease to exist with respect to Assessments and charges levied prior to the time title is transferred by foreclosure or by deed or assignment in lieu thereof; provided, however, that if the proceeds of a foreclosure exceed the total amount due under the Mortgage, then the excess shall first be paid to the Association and applied to the satisfaction of the Association's lien.

Section 6.5. Collection of Annual Assessments. Any Assessment, or installment thereof, not paid within ten days after the due date shall be delinquent and may accrue a late charge in the amount of Twenty-Five Dollars per dwelling or such other amount as may be established from time to time by the Board of Directors. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any Assessments due from any Owner which remain unpaid for more than thirty days after the due date for payment thereof. The late charge is in addition to the Association's other enforcement powers pursuant to Article 12.

Section 6.6. Statement of Common Expenses. The Board of Directors or managing agent shall provide any Owner, contract purchaser or Mortgagee, within fourteen days after a written request therefor (or within such other time period as may be required by law), with a written statement of all unpaid Assessments due with respect to a specific Lot (or a statement that the amount of unpaid Assessments is zero) as part of the "Association Disclosure Packet" substantially in the form attached as Exhibit B to the Bylaws or otherwise ("Statement of Common Expenses"). No contract purchaser, Mortgagee or purchaser from a Mortgagee requesting such a statement shall be liable for, nor shall the Lot conveyed to such Person relying on such statement be subject to a lien for, any unpaid Assessments due prior to the date of such statement in excess of the amount set forth on such statement; provided, however, that this section shall not be interpreted to release any Person from personal liability for such Assessments levied while such Person owned the Lot. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

ARTICLE 7

OPERATION OF THE PROPERTY

Section 7.1. Upkeep by Association. (a) General. The Association shall be responsible for the management and Upkeep of all of the Common Area and Common Easement Area, including without limitation: (i) Upkeep of all open areas, including grass cutting, garbage and trash collection, landscaping and lawn maintenance; and (ii) Upkeep of all other improvements located on the Common Area including, fencing, recreational facilities (including, pool, bathhouse, tennis court, multi-purpose court), buildings, trails, sidewalks and dams established in association with the construction of dedicated public streets and located in the public right-of-way (not otherwise maintained by the County or VDOT) and storm water management facilities. The cost of such management and Upkeep shall be charged to Owners as a Common Expense or Limited Common Expense, depending on the nature of the service provided. Notwithstanding the foregoing, lead sidewalks, driveway aprons and utility laterals shall be maintained by the Owner of the Lot served or, if so determined by the Board of Directors, by the Association at such Owner's expense. The Association shall not have any responsibility for the Upkeep of any Lot except for those responsibilities and duties specifically enumerated within the Association Documents for easement areas pursuant to Section 3.3 or other areas described in the subdivision documents for the Property or separate easement agreements. Notwithstanding the general provisions for Upkeep of Common Area set forth in this section, other specific responsibilities for Upkeep and allocations of the costs of Upkeep shall be determined by any provisions therefor



included in a Supplementary Declaration or as part of a deed of subdivision or deed of easement for a portion of the Property. If the Board of Directors determines that certain Upkeep was necessitated by the negligence, misuse or misconduct of an Owner or for which an Owner is responsible pursuant to Section 12.1, the cost of such Upkeep shall be assessed against such Owner's Lot pursuant to Sections 6.2(c) and 12.1(h). Further, the Board may determine that all or a part of the Upkeep of any portion of the Common Area designated as Reserved Common Area or Limited Common Area shall be performed by the Person having the exclusive right to use the same. The Board of Directors shall establish the standards for Upkeep of the Common Area and Common Easement Area in its sole discretion.

(b) Storm Water Management. The Upkeep of the storm water management facilities and easements on or serving the Property shall be performed by the Association and shall be a Common Expense; provided, however, that the Upkeep obligations identified in this subsection shall cease and terminate at such time as the County, through a department of public works or some similar agency, by some clear and unequivocal act such as the recordation of a document among the land records of Frederick County, Virginia, elects to maintain the storm drainage and management facilities contained within the easements, or elects to maintain all such easements within the watershed where the easement is located. If the County elects to take such action as set forth above, the Association may, but is not obligated to provide such Upkeep to the extent not provided by the County. The Owner of any Lot on which there is located an easement for storm water drainage, management or control shall be responsible for the following items of maintenance, where applicable, grass mowing with reasonable frequency and the removal of debris and other matter to the best of Owner's ability where such debris or matter has impeded or threatens to impede the free flow of storm water through drainage structures. Such Owner's responsibility shall include notification of the Association of: (i) any defects in any fencing, if any, surrounding or within the easement; (ii) any debris or other matter which is beyond such Owner's ability to remove; and (iii) any excessive erosion within the area of the easement. The Association shall have easements pursuant to Sections 3.1, 3.2 and 3.3 to enter upon any Lot to the extent necessary for Upkeep of such facilities.

(c) Entrance Features, Signs and Rights-of-Ways. The Board of Directors may also determine to provide for Upkeep of the road frontage (including public rights-of-way to the extent not maintained by the appropriate governmental authorities and to the extent permitted by the appropriate governmental authorities) of all public roads within, adjacent to or leading to the Property, such Upkeep to include without limitation: (i) entrance features; (ii) sidewalks, trails and paths; (iii) project, street, traffic and directional signage and accessories, including poles; (iv) street lights and accessories, including poles; (v) mail box pavilions; and (vi) landscaping and associated lighting and irrigation systems -- but not including street pavement area. The Association shall also maintain the items listed above located within the Property or within the public rights-of-way adjacent to or leading to the Property to the extent such items are not maintained by a governmental authority or others and to the extent required and permitted by the appropriate governmental authorities.

(d) Other Services. The Association shall also provide for a trash collection service for the benefit of the Owners. In addition, to the extent determined to be reasonably necessary or desirable by the Board of Directors, the Association may provide recycling programs, water or cable television, transportation or similar services to the Owners as a Common Expense or a Limited Common Expense, as appropriate.

(e) Shared Maintenance. The Board of Directors may enter into shared maintenance agreements to maintain areas whether or not located within the Property. Such areas may include without limitation storm water management or drainage easements and facilities, landscaping, entrance features, signage, trails, sidewalks and areas along streets and roadways (including within public rights-of-way to the extent not maintained by the appropriate

governmental authorities, excluding street pavement areas). The amounts charged the Association pursuant to such agreements shall be a Common Expense, or a Limited Common Expense, as determined by the Board of Directors.

Section 7.2. Upkeep by Owners.

(a) Individual Upkeep. Each Owner shall keep such Owner's Lot and all improvements located on the Lot in good order, condition and repair and in a clean and sanitary condition including without limitation, all necessary grounds maintenance and snow removal, in accordance with local ordinances, except as provided otherwise in this Declaration or in a Supplementary Declaration. Each Owner shall maintain the lead sidewalk, driveway, driveway apron and utility laterals serving each Owner's Lot, even if located on Common Area. Each Owner shall also provide snow removal for any sidewalks located adjacent to such Owner's Lot. Each Owner shall perform these responsibilities in such a manner as shall not unreasonably disturb or interfere with the reasonable enjoyment by the other Owners of their Lots. If any Owner shall fail to keep such Owner's Lot in as good repair and condition as when acquired (normal wear and tear excepted) and in a neat and orderly condition, consistent with such Rules and Regulations as the Board of Directors may promulgate, then the Board or the Covenants Committee may, pursuant to resolution, give notice to that Owner of the condition complained of, describing generally the action to be taken to rectify that condition. If the Owner fails to take the actions described or to otherwise rectify the condition within thirty days after the date the notice is given, or such other period as may be specified in the notice if the circumstances warrant a different period, the Board of Directors or the Covenants Committee shall have the right, but not the obligation, pursuant to Sections 3.3 and 12.1(f) and any resolutions adopted by the Board of Directors or the Covenants Committee, to rectify that condition by taking such action (or by causing action to be taken) as was generally described in the notice. The costs incurred in rectifying the condition shall be assessed against such Owner's Lot in accordance with Sections 6.2(c) and 12.1. The Owner shall reimburse the Association within thirty days after delivery of a statement for such expenses from the Board.

(b) Streetlights. If a carriage light or other type of lighting designed to operate automatically from dusk to dawn and to provide for street lighting is connected to the dwelling located on an Owner's Lot, such Owner shall be responsible for the daily operation and ongoing maintenance and replacement of such light. If the Owner fails to operate and to maintain such light in an operating manner, then the Association may do so at the Owner's sole expense, pursuant to Section 3.3, 6.2(c) and 12.1. The Board of Directors may also determine to maintain all streetlights, whether located on Lots or Common Area, as a Common Expense or as a Limited Common Expense of the Lots served.

Section 7.3. Manner of Repair and Replacement. All repairs and replacements by the Association or the Owners shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be made with contemporary materials. The method of approving payment vouchers for all repairs and replacements made by the Association shall be determined by the Board of Directors.

Section 7.4. Additions, Alterations or Improvements by the Board of Directors. Whenever in the judgment of the Board of Directors the Common Area shall require capital additions, alterations or improvements (other than for Upkeep) costing in the aggregate in excess of twenty percent of the total Annual Assessment for Common Expenses for that fiscal year during any period of twelve consecutive months, the making of such additions, alterations or improvements shall require a vote of the Owners pursuant to Section 14.4, and the Board of Directors shall assess all Owners benefited for the cost thereof as a Common Expense, a Limited Common Expense depending on the nature of the improvement. Any capital additions, alterations or improvements costing in the aggregate twenty percent or less of the total Annual

Assessment for Common Expenses for that fiscal year or replacement items or items of Upkeep during any period of twelve consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute a Common Expense, or a Limited Common Expense depending on the nature of the improvements.

Section 7.5. Disclaimer of Liability. The Board of Directors, the Association, any Owner and the Declarant shall not be considered a bailee of any personal property stored or placed on the Common Area (including property located in vehicles parked on the Common Area), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, and shall not be responsible for the security of such personal property or for any loss or damage thereto. The Association shall not be liable for any failure of or interruption to the water supply or other services to be obtained by the Association or paid for as a Common Expense, or for personal injury or property damage which is caused by the elements or by any Owner or any other Person, or which results from electricity, water, snow or ice which may leak or flow from or over any portion of the Property or from any pipe, drain, conduit, appliance or equipment, or any secondary or consequential damages of any type. No diminution, offset or abatement of any Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Property by the Association or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any governmental authority. This section is not intended nor shall it be construed to relieve any insurer of its contractual obligations under any policy benefiting the Association or an Owner.

ARTICLE 8

RESTRICTIONS ON USE OF LOTS AND COMMON AREA; RULES AND REGULATIONS

Section 8.1. Permitted Uses. No Lot shall be used for other than residential, recreational or related purposes which are permissible under local ordinances, without the prior written approval of the Board of Directors, as provided in Section 8.2(g). Notwithstanding the foregoing, nothing in the Association Documents shall be construed to prohibit the Declarant from using any Lot owned by the Declarant (or any other Lot with the permission of the Owner thereof) or any portion of the Common Area for promotional, marketing, display or customer service purposes (such as a visitors' center) or for the settlement or sales of Lots. Further, the Declarant specifically reserves the right to operate a construction office or a rental, brokerage and management office at any time on Lots owned or leased by the Declarant (or any other Lot with the permission of the Owner thereof) and on any portion of the Common Area, to the extent permitted by law. The Declarant may assign its rights under this subsection to or share such rights with one or more other Persons who are Builders, exclusively, simultaneously or consecutively with respect to the Common Area or Lots owned or leased by the Declarant or such Persons.

Section 8.2. Restrictions on Use.

(a) No Waste. Nothing shall be done or kept on the Property which will increase the rate of insurance for the Common Area or any part thereof applicable for permitted uses without the prior written approval of the Board of Directors; including without limitation any activities which are unsafe or hazardous with respect to any person or property. No Person shall permit anything to be done or kept on the Property which will result in the cancellation of any insurance on the Common Area or any part thereof or which would be in violation of any law, regulation or administrative ruling. The Board of Directors may assess any excess costs for insurance against the responsible Owner. No waste will be committed on the Property.

(b) Compliance with Laws. No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning and other ordinances, rules and regulations of all governmental agencies having jurisdiction thereof shall be observed; provided, however, that the Association and the Board of Directors shall have the power but not the obligation to enforce such laws, ordinances and regulations, enforcement being the primary responsibility of government officials. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Owner, the Association or the Declarant, whichever shall have the obligation for the Upkeep of such portion of the Property, and if the Association, then the cost of such compliance shall be a Common Expense or a Limited Common Expense, as appropriate.

(c) Harmful Discharges. There shall be no emissions of dust, sweepings, dirt, cinders, odors, gases or other substances into the atmosphere (other than normal residential chimney or outdoor grill emissions), no production, storage or discharge of hazardous wastes on the Property or discharges of liquid, solid wastes or other harmful matter into the ground, sewer or any body of water, if such emission, production, storage or discharge may adversely affect the use or intended use of any portion of the Property or may adversely affect the health, safety or comfort of the occupants of the Lots.

(d) Noise. No Person shall cause any unreasonably loud noise (except for security devices) anywhere on the Property, nor shall any Person permit or engage in any activity, practice or behavior resulting in significant and unjustified annoyance, discomfort or disturbance to any Person lawfully present on any portion of the Property.

(e) Obstructions. No Person shall obstruct any of the Common Area or Common Easement Area or otherwise impede the rightful access of any other Person lawfully on any portion of the Property. No Person shall place or cause or permit anything to be placed on or in any portion of the Common Area or Common Easement Area without the prior written approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Area or Common Easement Area except with the prior written approval of the Board of Directors or the Declarant during the Development Period.

(f) Association Property and Employees. The Common Area shall be used only for the furnishing of the services and facilities for which the same is reasonably suited and which are incident to the use and occupancy of the Lots. The improvements located on the Common Area, if any, shall be used only for their intended purposes. Except as otherwise expressly provided in the Association Documents, no Owner shall make any private, exclusive or proprietary use of any of the Common Area (except those areas, if any, designated as Reserved Common Area or Limited Common Area ) without the prior written approval of the Board of Directors, and then only on a temporary basis. No Person shall engage or direct any employee of the Association on any private business of the Owner or otherwise direct, supervise or in any manner attempt to assert control over such employee during the hours such employee is employed by the Association, except the Association or the managing agent.

(g) Home Businesses. No Lot containing a single family dwelling shall be used for any business, commercial, manufacturing, mercantile, storage, sales or other similar purposes; provided, however, that an Owner may maintain an office or home business in the dwelling on such Owner's Lot if: (i) such office or home business is operated by a member of the Owner's household residing on the Lot; (ii) there are no displays or signs indicating that the Lot is being used other than as a residence; (iii) such office or business does not generate significant traffic or parking usage (as determined by the Board of Directors) by clients, customers or other persons related to the business; (iv) no equipment or other items related to the business are stored, parked or otherwise kept on such Owner's Lot or the Property outside of an approved

enclosure; (v) such Owner has obtained any required approvals for such use from the appropriate local governmental agency; and (vi) the activity is consistent with the residential nature of the Property and complies with local ordinances. As a condition to such use, the Board may require the Owner to pay any increase in the rate of insurance, trash removal, utilities or other costs for the Association or other Owners which may result from such use. Garage sales, yard sales and similar activities shall be conducted only in accordance with the Rules and Regulations adopted by the Board of Directors.

(h) Signs. Except for such signs (including without limitation flags, banners or similar items) as may be posted by the Declarant or a Builder (as permitted by the Declarant) for promotional or marketing purposes or by the Association, no signs of any character shall be erected, posted or displayed in a location that is visible from the neighboring property unless in compliance with the Design Guidelines without the prior written approval of the Covenants Committee.

(i) Trash. Trash storage and collection shall be in accordance with the Rules and Regulations. Except in connection with construction activities, no burning of any trash and no accumulation or storage of litter, refuse, bulk materials, building materials or trash of any other kind shall be permitted on any Lot. No Lot shall be used as a dumping ground for trash and rubbish. Trash containers shall not be permitted to remain in public view except on days of trash collection. The Board of Directors may determine to negotiate a trash service contract on behalf of some or all of the Owners, the cost of which shall be a Common Expense or a Limited Common Expense, as appropriate. No incinerator shall be kept or maintained upon any Lot without the prior written approval of the Board of Directors.

(j) Landscaping; Utility Lines. No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets or private streets and roadways. Pavement, plantings and other landscape materials shall not be placed or permitted to remain upon any Lot: (i) if such materials may damage or interfere with any easement for the installation or maintenance of utilities; (ii) in violation of the requirements of such easements; (iii) unless in conformity with public utility standards; or (iv) if such materials may unreasonably change, obstruct or retard direction or flow of any drainage channels. Otherwise, the installation of such materials within utility easements shall be permitted. Except for hoses, temporary lines and the like which are reasonably necessary in connection with construction activities or normal landscape maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television or telephone cable, electric line or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground except for those located in easements existing prior to the recordation of this Declaration or as approved by the Declarant, during the Development Period, or the Board of Directors thereafter.

(k) Accessory Improvements. No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable or other accessory building shall be erected, used or maintained on any Lot except in connection with construction or marketing activities by the Declarant or a Builder (as permitted by the Declarant) without the prior written approval of the Covenants Committee. No exterior air conditioning unit, solar panels, burglar bars or similar equipment attached to the exterior of a building may be installed or modified without the prior written approval of the Covenants Committee unless in compliance with established Design Guidelines. No basketball hoops, swings or other play equipment may be erected, placed or maintained on any Lot, except with the prior written approval of the Covenants Committee, unless in compliance with established Design Guidelines. No decorative items may be placed on the dwellings or in the yard of any Lot, without the approval of the Covenants Committee, unless in compliance with established Design Guidelines.

(l) Cutting Trees. No live trees with a diameter in excess of four inches, measured twelve inches above ground, nor trees in excess of two inches in diameter, similarly measured, which are generally known as flowering trees (such as dogwood or redbud) or as broad leaf evergreens (such as holly, laurel, or rhododendron), no live vegetation on slopes of greater than twenty percent gradient or marked "no cut" areas on approved site plans may be cut without the prior written approval of the Covenants Committee unless necessary to construct improvements based on plans previously approved by the Covenants Committee. Further, no live trees planted by the Declarant or a Builder to comply with County ordinances shall be cut without the prior written approval of the Covenants Committee. The Board of Directors may adopt Rules and Regulations for cutting of trees to allow for selective clearing or cutting.

(m) Antennas. No exterior antenna, satellite dish or similar exterior improvement shall be maintained upon the Property unless the prior written approval of the Covenants Committee is obtained; provided, however, that the Association shall not prevent access to telecommunication services in violation of applicable law. Exterior antennas, satellite dishes greater than one meter (39 inches) in diameter, or amateur radio equipment generally will not be allowed upon the Property; provided, however, that: (i) an Owner may install an antenna permitted by the Association's antenna rules upon prior written notice to the Covenants Committee; (ii) the Covenants Committee may approve other antennas in the appropriate circumstances; and (iii) the Covenants Committee may establish additional guidelines for antennas as the law and technology change. Notwithstanding the foregoing, the Board of Directors may install and maintain antennas, satellite dishes or similar equipment on the Common Area to serve the Property.

(n) Fences. Except for any fence or wall installed by the Declarant or a Builder (if permitted by the Declarant) or by the Association, no fence or wall shall be installed except with the prior written approval of the Covenants Committee. No chain link fences shall be permitted without the prior written approval of the Covenants Committee; provided, however, that chain link fences or other metal fencing may be used for the protection of recreational facilities and the Declarant or a Builder may erect a chain link fence for the protection of building materials or building sites.

(o) Vehicles. Except in connection with construction activities, no commercial vehicles (vehicles on which commercial lettering or equipment is visible or which are larger than normally used for noncommercial purposes) or trailers, campers, recreational vehicles, boats or other large vehicles, including grounds maintenance equipment, ATVs or dune buggies, may be parked or used on any portion of the Common Area or on any portion of a Lot visible from the Common Area or another Lot or on any public right-of-way within or adjacent to the Property, unless expressly permitted by the Board of Directors and then only in such parking areas or for such time periods (if any) as may be designated for such purposes by the Board of Directors. Parking of all such vehicles and related equipment, other than on a temporary and non-recurring basis, shall be in garages or in areas designated by the Board of Directors, if any. The Board has no obligation to designate any such area or permit parking of such vehicles. No junk or derelict vehicle or other vehicle on which current registration plates or decals and current county and state inspection permits are not displayed shall be kept upon any portion of the Common Area or any portion of a Lot visible from the Common Area or another Lot or on any public right-of-way within or adjacent to the Property. Vehicle repairs and storage of vehicles are not permitted, except in accordance with the Rules and Regulations; provided, however, that washing of vehicles on Lots and noncommercial repair of vehicles is permitted as provided in the Rules and Regulations. All motor vehicles shall be driven only upon paved streets and parking lots. No motor vehicles, including without limitation trail bikes, motorcycles, dune buggies or snowmobiles, shall be driven on trails or unpaved portions of Common Area, except vehicles which are authorized by the Board of Directors as needed to maintain, repair or improve the Common Area or for other specific purposes approved by the Declarant during the Development

Period or the Board of Directors. This prohibition shall not apply to normal vehicular use of designated streets and lanes constructed on Common Area.

Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained herein or in the Rules and Regulations now or hereafter adopted may be towed by the Association at the sole expense of the Owner of such vehicle if such vehicle remains in violation for a period of 24 hours from the time a notice of violation is paced on the vehicle. The Association shall not be liable to the Owner of such vehicle for trespass, conversion or otherwise, not guilty of any criminal act, by reason of such towing and once the notice is posted, neither its removal, nor failure of the Owner to receive the notice for any other reason, shall be ground for relief of any kind. An affidavit of the person posting the aforesaid notice stating that it was properly posted shall be conclusive evidence of proper posting. For purposes of this paragraph, "vehicle" also includes without limitation campers, mobile homes and trailers.

(p) Animals. The maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited on any Lot or upon the Common Area, except that the keeping of guide animals and a reasonable number of orderly, traditional domestic pets is permitted subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding. Any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon ten days written notice from the Board of Directors. Pets shall not be permitted upon the Common Area unless accompanied by someone who can control the pet and unless carried or leashed. Pet droppings shall be cleaned up by the Owner responsible for the pet being on the Property. Any Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Property. All pets which regularly leave the Lot shall be registered and inoculated as required by law. The Board of Directors may require that pets which regularly leave the Lot be registered with the Board. The Board of Directors may establish reasonable fees for the registration of such pets to compensate for the costs incurred by the Association due to the presence of such animals on the Property. The appropriate governmental authorities shall have an easement across the Property to enforce local animal control laws and ordinances.

(q) Hunting and Firearms. No hunting or trapping of any kind or discharge of any firearm or other weapon shall be permitted without the prior written approval of the Board of Directors.

(r) Mining. No Lot shall be used for the purposes of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth except with the prior written approval of the Board of Directors.

(s) Mailboxes and Newspaper Tubes. Only mailboxes and newspaper tubes meeting Design Guidelines or approved by the Covenants Committee will be permitted.

(t) Lighting. No exterior lighting on a Lot shall be directed outside the boundaries of such Lot except for required street and parking lot lighting; typical residential flood lights directed toward the dwelling shall be permitted. All exterior lighting must comply with the Design Guidelines or have the prior written approval of the Covenants Committee.

~~(u) Clothes Drying Equipment. No exterior clotheslines or other clothes drying apparatus shall be permitted, unless approved in writing by the Covenants Committee. It~~

is initially contemplated that no exterior clotheslines or other exterior clothes drying apparatus will be permitted.

(v) Timeshares. No Lot shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail weekly, monthly or any other type of revolving or periodic occupancy by multiple owners, cooperators, licensees or timesharing participants.

(w) Tennis Courts. No tennis courts shall be permitted on the Property unless approved in writing by the Covenants Committee and the Declarant (during the Development Period).

(x) Construction and Upkeep Activities. This section shall not be construed as forbidding any work involved in the construction or Upkeep of any portion of the Property so long as such work is performed and carried out: (i) with the minimum practical disturbance to Persons occupying other portions of the Property; (ii) in such a way as does not materially violate the rights of any Person under other provisions of this Declaration; and (iii) in accordance with all applicable restrictions in the Rules and Regulations, the resolutions of the Board of Directors and the other provisions of this Declaration, unless excepted by the Board of Directors. The Board of Directors may approve temporary structures for construction purposes which may otherwise be in violation of the Association Documents or the Rules and Regulations.

Section 8.3. Rules and Regulations. The Board of Directors shall have the power to adopt, amend and repeal Rules and Regulations restricting and regulating the use and enjoyment of the Property or of any portion thereof and the actions of the Owners and occupants which affect the Property, which may supplement, but may not be inconsistent with the provisions of the Association Documents. For the purposes of interpretation and enforcement of the Rules and Regulations, the term Property shall be deemed to include the land immediately adjacent to the Property within the public rights-of-ways or otherwise to the extent an Owner's or occupant's actions affect the appearance of or value of the Property. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Owner. Changes to the Rules and Regulations shall be published prior to the time when the same shall become effective and copies thereof shall be provided to each Owner. Also, the Board of Directors may issue temporary exceptions to any prohibitions expressed or implied by this Article, for good cause shown.

Section 8.4. (a) Exclusion for the Declarant and Designees of the Declarant. Notwithstanding any other provision of the Association Documents, neither the foregoing restrictions in this Article nor the Rules and Regulations of the Association shall apply to any otherwise lawful acts or omissions of the Declarant or the acts of any Builder approved by the Declarant during the Development Period. This exception for Builders shall be subject to such rules as may be established by the Declarant for safety or to maintain the appearance of the Property.

Section 8.5. Leasing and Resale of Lots.

(a) Leasing. No dwelling or any portion thereof shall be used or occupied for revolving use, transient or hotel purposes or in any event leased for an initial period of less than six months. No portion of any dwelling (other than the entire dwelling) shall be leased for any period; provided, however, that a reasonable number of roommates is permitted. No Owner shall lease a Lot other than on a written form of lease: (i) requiring the lessee to comply with the Association Documents; and (ii) providing that failure to comply with the Association Documents constitutes a default under the lease. The Board of Directors may suggest or require a standard form provision for use by Owners. The foregoing provisions of this subsection,



except the restriction against use or occupancy for hotel or transient or revolving use purposes, shall not apply to Lots owned by the Association, by the Declarant or by a Mortgagee in possession of a Lot as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(b) Resale.

(1) Reference to Declaration. The deed or instrument transferring title to any Lot shall contain a provision incorporating by reference the provisions of this Declaration, as well as any applicable Supplementary Declaration. Notwithstanding failure to include a reference to this Declaration in a deed or instrument transferring title to a Lot, the covenants, restrictions, easements, conditions, charges and liens set forth herein shall encumber the Lot as though reference thereof was set forth in such deed or instrument.

(2) Notification. The contract seller of a Lot shall notify the Board of Directors of the contract purchaser and the scheduled date and place conveyance will be accomplished.

(3) Association Disclosure Packet. The Board of Directors shall, upon written request from a contract seller of a Lot, and upon payment of the applicable fee, furnish an Association Disclosure Packet as required by applicable Virginia law and a Statement of Common Expenses in accordance with Section 6.6.

Section 8.6. Resubdivision and Rezoning.

(a) Resubdivision. A Lot may be subdivided or altered so as to relocate the boundaries between such Lot and any adjoining Lot, only with the prior written approval of the Declarant, during the Development Period, or the Board of Directors thereafter, and with any required approvals by the Mortgagees of the affected Lots and the appropriate governmental authorities. This section is not intended to require the approval of the Declarant or the Board of Directors to leases, deeds of correction, deeds to resolve boundary line disputes or similar corrective instruments, or deeds granting any easement, right-of-way or license to any governmental or public entity, utility, the Association or the Declarant for any purpose.

(b) Rezonings. No Owner shall seek to rezone or amend any proffers affecting such Owner's Lot without the prior written approval of the Declarant during the Development Period, and thereafter, without the prior written approval of the Board of Directors. The Declarant reserves the right to seek to subdivide, rezone or amend the zoning or concept plan applicable to any portion of the Property or the Additional Land during the Development Period, without the approval of any Owner, except the Owner of the land described in the application and directly affected by the amendment. To the extent the approval and consent of any other Owner is required under State or local law to apply for or obtain any rezoning, development plan, comprehensive plan or proffer condition amendment or to make any subdivision submission, then each Owner appoints the Board of Directors of the Association as its attorney-in-fact to sign such application or amendment on behalf of the Owner or in the alternative, upon request each Owner agrees to sign the application, amendment or other documents required for such action; provided, however, that such joinder shall be without liability or cost to such Owner unless such liability or cost is expressly accepted by such Owner; and provided, further, that this covenant does not apply to any amendment which would materially, adversely affect an Owner's ability to use such Owner's Lot for its intended purposes or significantly increases such Owner's development costs.

## ARTICLE 9

ARCHITECTURAL REVIEWSection 9.1. Covenants Committee.

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of at least three persons appointed by the Board, each to serve a term of from one to three years as may be determined by the Board of Directors, in order to assure that the Property shall always be maintained in a manner: (i) providing for visual harmony and soundness of repair; (ii) avoiding activities deleterious to the aesthetic or property values of the Property; and (iii) promoting the general welfare and safety of the Owners, such Owners' tenants and such Owners' (or tenants'), household members, guests, employees, agents and invitees. If the Board of Directors fails to appoint a Covenants Committee, then the Board of Directors shall perform the duties of the Covenants Committee.

(b) Powers.

(1) The Covenants Committee shall regulate the external design, signage, appearance, use and Upkeep of the Property; provided, however, that neither the Board of Directors nor the Covenants Committee shall have the power to regulate the activities of the Declarant on the Common Area or any Lot owned by the Declarant or construction or alterations on any Lot which has been approved by the Declarant during the Development Period; and provided, further, that the Covenants Committee established by the Board shall not have the power to review initial construction on the Property, if such construction is reviewed by the Initial Construction Committee or the Declarant.

(2) The Covenants Committee may from time to time establish requirements regarding the form and content of plans and specifications to be submitted for approval. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses or consultations required in connection with improvements or changes proposed by an Owner. Such fees shall be assessed against the Lot owned by the Owner making application; provided, however, that the Committee shall inform the applicant Owner of the potential fees before incurring or assessing such fees and the Owner shall have the option to withdraw such Owner's application.

(3) The Covenants Committee shall have the power pursuant to Section 12.1(h) (upon petition of any Owner or upon its own motion) to impose reasonable charges upon, and issue a cease and desist request to, an Owner, such Owner's tenant and such Owner's (or tenant's) household members, guests, employees, agents or invitees whose actions are inconsistent with the provisions of the Association Documents or the Rules and Regulations.

(4) Subject to the review of the Board of Directors, the Covenants Committee shall from time to time provide interpretations of the Association Documents pursuant to the intents, provisions and qualifications thereof when requested to do so by an Owner or the Board of Directors. The Committee may publish and record such interpretations in order to establish precedents for application of the Association Documents or the Design Guidelines or other matters relative to architectural control and protection of the aesthetic or property values of the Property.

(5) Subject to Section 9.2, the Covenants Committee may propose ~~Design Guidelines for approval by the Board of Directors.~~ Such Design Guidelines approved by the Board of Directors (as the same may be amended by the Board of Directors from time to time) are hereby incorporated by this reference and shall be enforceable as if set forth herein in

full; provided, however, that during the Development Period, the Declarant also has the right to review and approve the Design Guidelines and all amendments thereto.

(6) A Majority Vote of the Covenants Committee shall be required in order to take any action. The Covenants Committee shall keep written records of all of its actions. Any action, ruling or decision of the Covenants Committee (but not the Initial Construction Committee) may be appealed to the Board of Directors by any party who appeared at a hearing with respect to such action, ruling or decision or who submitted a written protest prior to the action, decision or ruling or any other Person as determined appropriate by the Board, and the Board may modify or reverse any such action, decision or ruling.

(c) Authority. The Covenants Committee shall have such additional duties, powers and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Committee of any of its duties, powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in accordance with Section 12.1(h) and (i) and in the manner provided for in the Rules and Regulations adopted by the Board of Directors or by resolution of the Board of Directors. Notwithstanding the foregoing, neither the Covenants Committee nor the Board of Directors shall have authority to regulate new construction or alterations of existing improvements by the Declarant or by others as approved by the Declarant or approved by the Initial Construction Committee during the Development Period.

(d) Time for Response; Variances. The Covenants Committee shall act on all matters properly before it within sixty days after its receipt of a complete application in the form prescribed by the Covenants Committee; failure to do so within the stipulated time shall constitute an automatic referral to the Board of Directors. Except when a request is being handled by the Covenants Committee, the Board of Directors shall be obligated to respond to any properly submitted written application for approval of a proposed structural addition, alteration or improvement within fifteen days after the first Board of Directors meeting held following such referral to the Board, and failure to do so within the stipulated time shall constitute an approval by the Board of Directors of the proposed structure, addition, alteration or improvement; provided, however, that neither the Board of Directors nor Covenants Committee has the right or power, either by action or failure to act, to waive enforcement or grant variances or exceptions from written Design Guidelines without a specific finding stating the variance or exception in a written instrument which shall be part of the records of the Association. Upon such written approval of any specific variance or exception from the requirements of the Design Guidelines, all development conforming to such variance or exception shall be deemed to comply.

Section 9.2. Architectural Review During the Development Period. During the Development Period, the architectural review is actually performed by one of two committees, the Covenants Committee (appointed by the Board of Directors) or the Initial Construction Committee (appointed by the Declarant).

(a) Initial Construction. The Declarant shall have the right to adopt all initial Design Guidelines for the Property during the Development Period and review and approve or disapprove the plans for the initial construction of any structure to be located on the Property, including without limitation the site development plan, architectural design, architectural materials, landscaping plans, minimum square footage, non-structural improvements and general appearance. Such Design Guidelines for initial construction, as the same may be amended by the Declarant during the Development Period from time to time, are hereby incorporated herein by this reference and shall be enforceable as if set forth herein in full. In the alternative, the Declarant has the right to appoint an Initial Construction Committee, consisting of at least three persons to perform such tasks or at the Declarant's sole option the Declarant may delegate such tasks to the Covenants Committee. The Initial Construction Committee may establish its own

applications and procedures and may charge a fee for its review. Decisions of the Initial Construction Committee are not appealable to the Board of Directors. The Declarant or the Initial Construction Committee has the right or power to waive enforcement or grant variances or exceptions from written Design Guidelines in a written instrument stating the variance which shall be part of the records of the Association. Upon such written approval of any specific variance or exception from the requirements of the Design Guidelines, all development conforming to such variance or exception shall be deemed to comply. The Declarant may appoint the Initial Construction Committee during the Development Period. After the Development Period ends, the Initial Construction Committee shall cease to exist. If the Declarant does not delegate its powers hereunder to an Initial Construction Committee or the Covenants Committee, then the Declarant may perform the functions of the Initial Construction Committee. All costs and expenses of the Initial Construction Committee not covered by application fees shall be deemed a Common Expense.

(b) Modifications and Rules Enforcement. Review of the plans for any additions, alterations or modifications to the exterior of existing improvements located on the Property and possible violations of the Association Documents and Rules and Regulations by an Owner, shall be conducted by the Covenants Committee in accordance with Section 9.1.

Section 9.3. Additions, Alterations or Improvements by the Owners.

(a) Approval.

(1) No Person shall make any addition, alteration, improvement or change of grade in or to any Lot (other than for ordinary and routine repairs and maintenance and not including areas within a building visible from the exterior only because of the transparency of glass doors, walls or windows), without the prior written approval of the Covenants Committee. No Person shall paint, affix a sign not specifically permitted by the Rules and Regulations to or alter the exterior of any improvement, including the doors and windows, without the prior written approval of the Covenants Committee. Approval by the Declarant, the Board of Directors or the Covenants Committee shall not relieve an Owner from any obligation to obtain required governmental approvals and permits. Upon request, the Owner shall deliver all approvals and permits required by law to the Covenants Committee, the Board of Directors or the Declarant, as appropriate, prior to the commencement of the construction requiring such approval or permit. If any application to any governmental authority for an approval or a permit to make any such structural addition, alteration or improvement to any Lot or improvement located on any Lot requires signature by the Association and, provided approval has been given by the Declarant, the Board of Directors or the Covenants Committee, as appropriate, then the application shall be signed on behalf of the Association by an Officer or the managing agent without incurring any liability on the part of the Officer, the Declarant, the Board of Directors, the Association, the Covenants Committee or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement or to any Person having a claim for personal injury or property damage arising therefrom. Any addition, alteration or improvement upon any Lot in violation of the Association Documents shall be removed or altered, at the expense of the Owner of the Lot, to conform to the Association Documents (including the Design Guidelines) within thirty days after notice of the violation.

(2) During the Development Period, the provisions of this section shall not apply to Lots owned by the Declarant or to new construction or alteration of existing improvements on any Lot if such construction or alteration has been approved by the Declarant. The Declarant or an Owner, if approved by the Declarant, shall have the right to construct improvements or make alterations to existing improvements without the approval of the Board of Directors or the Covenants Committee.

(3) The provisions of this section shall not apply to a Mortgagee (in possession of a Lot as a result of foreclosure, judicial sale or proceeding in lieu of foreclosure) which affixes a sign or takes any other actions that may be necessary to sell or lease all or any portion of the Lot, if such actions are in accordance with applicable zoning and other ordinances and not detrimental to the value of the Property.

(b) Limitations.

(1) Any Person obtaining approval of the Covenants Committee shall substantially complete any construction or alteration within six months after the date of approval, or within such other period as specified in the approval. Notwithstanding the foregoing, the approval may provide for a different period during which to commence or complete construction. If any such Person does not complete the work within six months after approval, or such other time period determined by the Committee, the approval shall lapse.

(2) Any Person obtaining approval of the Covenants Committee shall not deviate materially from the plans and specifications approved without the prior written approval of the Committee. Such Person shall notify the Committee when the alterations or improvements are complete. Approval of any particular plans and specifications or design does not waive the right of the Committee to disapprove such plans and specifications, or any elements or features thereof, if such plans and specifications are subsequently submitted for use in any other instance or by any other Person.

(c) Confirmation of Compliance. Upon the completion of any construction or alteration in accordance with plans and specifications approved by the Covenants Committee, the Committee, at the request of the Owner thereof, shall issue a letter to such Owner confirming that the construction or alteration referenced in such letter has been approved by the Committee. Any such letter shall not constitute a representation either as to the accuracy or sufficiency of the plans and specifications reviewed by the Committee or the quality or soundness of the construction, alterations or improvements or as a substitute for governmental approvals or permits. The Committee may impose a reasonable charge to cover the costs of inspection and preparation of such a letter.

(d) New Construction. With respect to initial construction, all references in the Declaration to the Covenants Committee shall be deemed to mean the Declarant or the Initial Construction Committee designated by the Declarant pursuant to Section 9.2 to perform architectural review of initial construction, and such initial construction shall be subject only to such limitations as determined by the Declarant.

## ARTICLE 10

### INSURANCE

#### Section 10.1. General Provisions.

(a) Authority, Liability and Notice. The Board of Directors shall have the power and responsibility on behalf of the Association to (1) purchase insurance policies relating to the Common Area, (2) adjust all claims arising under such policies and (3) sign and deliver releases upon payment of claims. The cost of all insurance policies purchased by the Board relating to the Common Area shall be a Common Expense or a Limited Common Expense as appropriate. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure: (i) if such failure is due to the unavailability of such coverages from reputable insurance companies; (ii) if such coverages are so available only at demonstrably unreasonable

cost; or (iii) if the Association's insurance professionals advise that the coverages required by paragraph (2) of Subsection 10.2(b) are unnecessary. Exclusive authority to negotiate losses under policies purchased by or on behalf of the Association shall be vested in the Board of Directors or with its authorized representative. The Board of Directors shall promptly notify the Owners and Mortgagees of material adverse modifications, lapses or termination of, insurance coverages obtained on behalf of the Association.

(b) Policy Requirements.

(1) All policies of insurance shall be written by reputable companies licensed or qualified to do business in Virginia.

(2) The deductible or self-insured retention (if any) on any insurance policy purchased by the Board of Directors shall be a Common Expense (or a Limited Common Expense, as appropriate); provided, however, that the Association may, pursuant to Subsections 6.2(c) and 12.1(a), assess any deductible amount necessitated by the misuse or neglect of an Owner, or such Owner's tenant or such Owner's (or tenant's) household guests, agents or invitees against the Lot owned by such Owner.

(3) The Declarant, so long as the Declarant shall own any Lot, shall be protected by all such policies as an Owner.

(4) Each such policy shall provide that:

(A) The insurer waives any right to claim by way of subrogation against the Declarant, the Association, the Board of Directors, the managing agent, any Owner and the Owner's household tenants, agents and invitees;

(B) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, agents and invitees, without a prior demand in writing that the Board or the managing agent cure the defect and neither shall have so cured such defect within thirty days after such demand;

(C) Such policy may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty days prior written notice to the Board of Directors and the managing agent;

(D) The Association is the "First Named Insured" under such policy.

Section 10.2. Property Insurance.

(a) Coverage. The Board of Directors shall obtain and maintain a property insurance policy written on a Special Covered Causes of Loss Form, including without limitation fire damage, vandalism, malicious mischief, sprinkler leakage (if applicable), cost of demolition, debris removal, and water damage coverage, insuring any improvements located on the Common Area, including without limitation any floor coverings, fixtures and appliances), together with all air conditioning and heating equipment and other service machinery contained therein and covering the interests of the Association, in an amount equal to one hundred percent of the then current full insurable replacement cost of any improvements located on the Common Area ~~(exclusive of the land, excavations, foundations and other items normally excluded from such coverage)~~, without deduction for depreciation (such amount to be redetermined periodically by the Board with the assistance of the insurance company affording such coverage). The Board of

Directors shall also obtain and maintain appropriate coverage on all personal property and real estate other than the Common Area owned by the Association.

(b) Waivers and Endorsements. Each such policy shall also provide:

(1) a waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made not to do so;

(2) the following endorsements (or equivalent): (A) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any Owner or occupant or their agents when such act or neglect is not within the control of the insured or the Owners collectively, nor by any failure of the insured or the Owners collectively, to comply with any warranty or condition with regard to any portion of the Property over which the insured, or the Owners collectively have no control; (B) ordinance/law coverage for (i) the "cost of demolition" of the undamaged portion of the Property, (ii) "contingent liability from operation of building laws or codes"; and (iii) "increased cost of construction"; (C) "replacement cost" or "guaranteed replacement cost"; (D) "inflation guard"; and (E) "agreed amount" or "elimination of co-insurance" clause;

(3) that any "no other insurance" clause expressly exclude individual Owners' policies from its operation so that the property damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual Owners or Mortgagees, unless otherwise required by law;

(4) such deductibles and self-insured retentions as to loss as the Board of Directors in its sole discretion deems prudent and economical; and

(5) to the extent a policy covers a dwelling located on any Lot, the standard mortgagee clause.

(c) Certificates. Certificates of property insurance coverage signed by an agent of the insurer, all renewals thereof, and any sub-policies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same, at least ten days prior to expiration of the then current policy.

(d) Notice to Mortgagees. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy arising from damage to improvements located on the Common Area in excess of ten percent of the annual budget for Common Expenses. The Mortgagee of any Lot insured by the Association shall be notified promptly of any event giving rise to a claim under such policy arising from damage to improvements located on such Lot.

Section 10.3. Liability Insurance. The Board of Directors shall obtain and maintain liability insurance in such limits as the Board may from time to time determine, insuring the Association, each director and officer, the managing agent, the Owners and the employees of the Association against any liability to the public or to any Owner or such Owner's tenants and such Owner's (or tenant's) household guests, employees, agents and invitees arising out of, or incident to the ownership or care, custody, control and use of the Common Area or any facilities located in the public right-of-way. Such insurance shall be issued on a commercial general liability basis and shall contain: (1) a cross-liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (2) hired and non-owned vehicle coverage; (3) host liquor liability coverage with respect to

events sponsored by the Association; (4) products and completed operations coverage; and (5) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to an Owner because of negligent acts of the Association or of another. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than two million dollars covering all claims for bodily injury, property damage, personal injury and advertising injury. This coverage, or a separate policy, shall also contain protection for the Association if it operates a website or conducts business using the website, email or similar means. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than three million dollars.

Section 10.4. Other Insurance. The Board of Directors shall obtain and maintain:

(1) Fidelity. Adequate fidelity insurance coverage to protect against dishonest acts on the part of directors, Officers, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association, including the managing agent and volunteers. If the Association has delegated some or all of the responsibility for handling funds to a managing agent, such managing agent shall be covered by its own fidelity insurance. Such fidelity insurance (except for fidelity insurance obtained by the managing agent for its own personnel) shall: (i) name the Association as the insured; (ii) be written in an amount not less than one-third the total annual assessment for Common Expenses; (iii) contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression; and (iv) may provide that the managing agent is an insured under the policy;

(2) Flood Insurance. If required by a majority of the Mortgagees or governmental regulations, flood insurance in accordance with the then applicable regulations for such coverage;

(3) Workers' Compensation. Workers' compensation and employers liability insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);

(4) Boiler and Machinery/Mechanical Breakdown Insurance. If applicable, pressure, mechanical and electrical equipment including information technology and air conditioning equipment coverage on a comprehensive form in an amount not less than the greater of (A) fifty thousand dollars per accident per location or (B) the replacement cost of all such insured equipment;

(5) Directors and Officers Liability Insurance. Directors and officers liability insurance in an amount not less than one million dollars including coverage for the Association, directors, officers, committee members and employees. The policy may also provide that the managing agent is an insured under the policy except with respect to claims that the managing agent may file against the Association or that the Association may file against the managing agent. Such coverage, to the extent available, shall include non-monetary damages, breach of contract, fair housing disputes and allegations of wrongful purchase of the insurance program in form, content or amount; and

(6) Other. Such other insurance: (i) as the Board of Directors may determine; or (ii) as may be requested from time to time by a Majority Vote of the Owners. Such insurance may include, without limitation: (i) business income and extra expense; (ii) employee benefits; (iii) employment practices liability; (iv) auto (owned); (v) medical payments protection; and (vi) electronic data processing (EDP) coverage.



Section 10.5. Insurance on Lots.

Each Owner shall have the right to obtain insurance for such Owner's benefit, at such Owner's expense, covering the improvements located on such Owner's Lot and such Owner's liability. No Person shall obtain separate insurance policies on the Common Area.

ARTICLE 11

RECONSTRUCTION AND REPAIR

Section 11.1. When Required.

(a) Common Area. Except as otherwise provided herein, if all or any part of any improvement located on the Common Area or Common Easement Area is damaged or destroyed by fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof. If destruction of the improvements located on the Common Area or Common Easement Area is insubstantial, the Board of Directors may elect not to repair such insubstantial damage. Otherwise, any decision not to repair or restore improvements on the Common Area or Common Easement Area shall be made in accordance with Section 14.4. If damaged improvements are not repaired, then the Board of Directors shall remove all remnants of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Common Area and the balance of any insurance proceeds received on account of such damage shall be placed in the appropriate reserve account. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of improvements for purposes other than the repair, replacement or reconstruction of such improvements except in accordance with this section and Section 14.4.

(b) Lots. If a building or other major improvement located upon a Lot is damaged or destroyed, the Owner thereof shall restore the site either: (i) by repairing or reconstructing such building or other major improvement; or (ii) by clearing away the debris and restoring the site to an acceptable condition compatible with the remainder of the Property. Unless the Covenants Committee permits a longer time period, such work must be commenced within six months after the casualty and substantially completed within twelve months after the casualty.

Section 11.2. Condemnation

(a) Definitions. For the purposes of this Article, "Taking" means an acquisition of all or any part of the Common Area or of any interest therein or right accruing thereto as a result of in lieu of or in anticipation of the exercise of the right of condemnation or eminent domain, or a change of grade caused by the action of a governmental entity affecting the value of the Common Area or any part thereof so severely as to amount to condemnation.

(b) Taking of Common Area. If there is a Taking of all or any part of the Common Area, then the Association shall notify the Owners, but the Board of Directors shall act on behalf of the Association in connection therewith and no Owner shall have any right to participate in the proceedings incident thereto. The award made for such Taking shall be payable to the Association, to be disbursed as follows. If the Taking involves a portion of the Common Area on which improvements have been constructed, then the Association shall restore or replace such improvements so taken on another portion of the Common Area, to the extent land is available therefor, in accordance with plans approved by the Board of Directors, unless within sixty days after such Taking the Declarant (during the Declarant Control Period) or the Owners by a Sixty-seven Percent Vote (after the Declarant Control Period) otherwise agree. The

provisions of Article 11 regarding the disbursement of funds following damage or destruction shall apply.

## ARTICLE 12

### COMPLIANCE AND DEFAULT

#### Section 12.1. Enforcement Provisions.

(a) Compliance. Each Owner and such Owner's tenants and such Owner's (or tenant's) household members, guests, employees, agents or invitees, shall be governed by, and shall comply with, all of the terms of the Association Documents and the Rules and Regulations, as amended from time to time. A default by an Owner in complying with the Association Documents or the Rules and Regulations shall entitle the Association, acting through its Board of Directors or through the managing agent, to the following relief.

(b) Additional Liability. Each Owner of a Lot shall be liable to the Association for any costs incurred by the Association and the expense of all Upkeep rendered necessary by such Owner's act or omission or the act or omission of such Owner's tenant and such Owner's (or tenants') household members, guests, employees, agents or invitees, regardless of neglect or culpability, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Association. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including without limitation legal fees, incurred as a result of a failure to comply with the Association Documents and Rules and Regulations by any Owner may be assessed against such Owner's Lot.

(c) Costs and Attorneys' Fees. In any proceedings arising out of any alleged default by an Owner or any suit brought by an Owner against the Association or any director or Officer, the prevailing party shall be entitled to recover the costs of such proceeding and reasonable attorneys' fees, even if the proceeding is settled prior to judgment.

(d) No Waiver of Rights. The failure of the Association, the Board of Directors or an Owner to enforce any right, provision, covenant or condition which may be granted by the Association Documents shall not constitute a waiver of the right to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Association Documents shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the Person exercising the same from exercising such other privileges as may be granted to such Person by the Association Documents, the Act or at law or in equity.

(e) Interest. If a default by any Owner in paying any sum assessed against such Owner's Lot continues for a period in excess of thirty days, interest at a rate not to exceed that interest rate then charged by the Internal Revenue Service on delinquent taxes (or charged by a similar agency of the Federal Government) may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid. The imposition of interest shall not preclude collection of a late charge nor shall a late charge levied pursuant to Section 6.5 be considered interest subject to the limitations of this subsection.

(f) Abating and Enjoining Violations. The violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any provision of the Association Documents shall give the Board of Directors the right, in addition to any other rights set forth in

the Association Documents: (i) to enter the portion of the Property (excluding any dwelling) pursuant to Section 3.3, on which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the Association Documents or the Rules and Regulations, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; (ii) to use self-help to remove or cure any violation of the Association Documents or the Rules and Regulations on the Property (including without limitation the towing of vehicles); or (iii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; provided, however, that before any construction may be altered or demolished (except in emergencies) judicial proceedings shall be initiated. Where appropriate, the Board of Directors shall follow the due process procedures set forth in Section 12.1(h) and (i).

(g) Legal Proceedings. Failure to comply with any of the terms of the Association Documents or the Rules and Regulations shall be grounds for relief, including without limitation an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all Assessments, any other relief provided for in the Association Documents and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the managing agent or, if appropriate, by any aggrieved Owner and shall not constitute an election of remedies.

(h) Charges and Suspension of Rights. The Board of Directors or the Covenants Committee, as appropriate, shall have the power to impose charges and to suspend the right to vote in the Association (pursuant to Section 3.2 of the Bylaws) and the right to use Common Area (other than for access or utilities) or other rights (including the right to use recreational facilities) in the case of an Owner found to be responsible for a violation of the Association Documents or the Rules and Regulations; provided, however, that the Board or Committee may not deny an Owner use of the Common Area for ingress or egress to such Owner's Lot or for utility services. Notwithstanding the foregoing, if a utility service is paid for as a Common Expense or a Limited Common Expense and an Owner does not pay the Assessment for such Common Expense or Limited Common Expense for a period of more than sixty days, then such utility service may be discontinued to such Owner until payment of the Assessment for such services is made; provided, however, that such suspension shall not endanger the health, safety or property of any Owner, tenant or occupant. The Board or Committee may suspend the right of an Owner or other occupant, and the right of such Person's household members, tenants, guests or invitees to use the Common Area (other than for access or utilities) for a reasonable period not to exceed sixty days, for any violation of any provision of any of the Association Documents or the Rules and Regulations or for any period during which any Assessment against an Owner's Lot remains unpaid. Before any such charges or suspension may be imposed, the Person charged with such a violation shall be given notice and an opportunity for a hearing as set forth in Section 12.1(i); provided, however, that voting rights and the right to use the Common Area may be suspended due to non-payment of Assessments without giving the Person charged with the violation notice and an opportunity for a hearing to the extent not prohibited by the POA Act or other law. Notices of hearing shall include the charges or other sanctions that may be imposed as a result of the alleged violation. Charges may not exceed Fifty Dollars for each violation or Ten Dollars per day for each violation of a continuing nature or such greater amount as may be permitted by law. No charge may be imposed for failure to pay an Assessment except as otherwise provided in the Declaration. Charges are Individual Assessments and shall be collectible as such and shall also constitute a lien against a Lot in accordance with Section 12.2. Imposition of a charge does not preclude the liability of an Owner for reimbursement to the Association of costs incurred by the Association. ~~The Board of Directors or Covenants Committee may determine to take certain other actions,~~ including, without limitation, towing vehicles or performing Upkeep on a Lot pursuant to Sections 6.2 and 7.2 without providing a hearing. The Board or Committee may deliberate

privately, but shall either announce its decision in the presence of the respondent or give the respondent notice thereof.

(i) Due Process. The Board of Directors or the Covenants Committee, before imposing any charge or before taking any action affecting one or more specific Owners shall afford such Person the following basic due process rights.

(1) Notice. The respondent shall be afforded prior written notice of any action (except when an emergency requires immediate action) and, if notice is of default or violation, an opportunity to cure which is reasonable under the circumstances, prior to the imposition of any sanction. The notice shall also state that the respondent is entitled to a hearing, if a hearing is required pursuant to Section 12.1(h). Notice of any violation or any hearing shall be sent by registered or certified United States mail, return receipt requested, to the Owner at such Owner's address of record with the Association at least fourteen days prior to such hearing.

(2) Hearing. If the respondent is entitled to a hearing pursuant to Section 12.1(h) and requests in writing a hearing before any charge is imposed or action taken, then the imposition of the charge or the taking of the action shall be suspended until the respondent has an opportunity to be heard at a hearing at which the Board or Committee, as appropriate, discusses such charge or action. Each Person so appearing shall have the right to be represented by such Person's counsel, at such Person's own expense. The hearing result shall be hand delivered or mailed by registered or certified mail, return receipt requested, to the Owner at the address of record with the Association within three days after the hearing.

(3) Appeal. Upon receipt of a written request therefor made within ten days after the date of an action by the Covenants Committee, the Board of Directors may afford any Person deemed by the Board to have standing as an aggrieved party the right to appeal to the Board, and the Board may reconsider, review, modify or reverse any action taken by the Committee.

(4) Fairness. The Board of Directors and the Covenants Committee shall treat all Owners equitably, based upon decision-making procedures, standards and guidelines which, even if informal, shall be applied to all Owners consistently.

(j) New Owner Address. If a new Owner does not give the Secretary written notice of such Owner's name and the number or address of the Lot within thirty days after acquiring title to such Lot then reasonable record-keeping costs incurred by the Association, as determined by the Board of Directors, may be assessed against such Owner's Lot. The Board may set or change the amount of such Assessment from time to time. Such Assessment shall be a lien against such Owner's Lot as provided in Section 12.2.

#### Section 12.2. Lien for Assessments.

(a) Lien. In addition to any lien established by the POA ACT, the total Annual Assessment of each Owner for Common Expenses, including Limited Common Expenses, any Additional Assessment, any Individual Assessment or any other sum duly levied (including without limitation charges, interest, late charges, contractual charges, costs of collection, attorney's fees, etc.), made pursuant to the Association Documents, is hereby declared to be a lien against any Lot owned by such Owner in accordance with this Declaration. Until fully paid and satisfied, the lien shall apply to and encumber all of the Lots that were owned, as of the date when payment was due, by the Owner from whom payment was due, and shall also ~~apply to and encumber any and all Lots thereafter acquired by that Owner from the time such Owner becomes the Owner thereof.~~ With respect to Annual Assessments, the lien is effective on the first day of each fiscal year of the Association and, as to Additional Assessments, Individual

Assessments and other sums duly levied, the lien is effective ten days after the date of notice to the Owner of such Assessment or levy. The Board of Directors or the managing agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien by law. The lien created by this section shall be prior to all liens and encumbrances hereafter recorded except Mortgages, real estate taxes and other charges levied by governmental authority and made superior by law. The personal obligation of the Owner to pay such Assessment shall, in addition, remain such Owner's personal obligation and a suit to recover a money judgment for non-payment of any Assessment or installment thereof, levied pursuant hereto, may be maintained without foreclosing or waiving the lien herein created to secure the same.

(b) Acceleration. If an Assessment against an Owner is payable in installments, upon default by such Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such Assessment may be accelerated, at the option of the Board of Directors, and the entire balance of the Assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner. If an Owner is delinquent in payment of Assessments for a prior fiscal year, then the entire Assessment (otherwise payable in installments) shall be due and payable in full when assessed, upon receipt of notice of such Assessment by the defaulting Owner.

(c) Enforcement. The lien for Assessments may be enforced and foreclosed in any manner permitted by the laws of Virginia or by an action in the name of the Board of Directors, or the managing agent, acting on behalf of the Association. Any foreclosure sale is to be conducted in accordance with the provisions of the POA Act, if any, or Title 55, Sections 55-59.1 *et seq.* of the Code of Virginia (1950), as amended, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted or provided by law. During the pendency of any such action to enforce the Association lien, the Owner shall be required to pay a reasonable rental for the Lot for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the law. The Association shall have the power to bid on the Lot at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with such Lot, unless provided otherwise by the POA Act or other law.

(d) Remedies Cumulative. A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section 12.3. Subordination and Mortgagee Protection. Notwithstanding any other provision hereof to the contrary, the lien of any Assessment levied pursuant to the Association Documents upon any Lot (and any interest, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received nor shall such Person be personally liable for such Assessment; provided, however, that such subordination shall apply only to Assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to foreclosure or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the holder of a Mortgage or the purchaser of the Lot at such sale from liability for any Assessments thereafter becoming due, nor from the lien of any such subsequent Assessment, which lien shall have the same effect and be enforced in the same manner as provided herein. Notwithstanding any other provision of this Declaration, to the extent specifically permitted by Virginia statute in the future, the Association's lien shall prime a Mortgage to the extent of six-months worth of Assessments which would have become due (based on the budget adopted by the Association) in the absence of acceleration during the six months immediately preceding perfection of the lien.

### ARTICLE 13

#### MORTGAGEES

Section 13.1. Notice to Board of Directors. Upon request, an Owner who mortgages such Owner's Lot shall notify the Board of Directors of the name and address of the mortgagee. No mortgagee shall be entitled to any Mortgagee rights under the Association Documents unless such mortgagee has notified the Board of its address as required by Section 13.2 and has requested all rights under the Association Documents.

Section 13.2. Notices to Mortgagees. Any holder of a Mortgage who desires notice from the Association shall notify the Secretary of the Association to that effect by certified or registered United States mail, postage prepaid. Any such notice shall contain the name and address, including post office address of such mortgagee and the name of the person or office to whom notices from the Association should be directed. The Mortgagee shall be responsible for keeping such information up to date. The Board of Directors shall notify Mortgagees of the following:

- (1) Any default by an Owner of a Lot, upon which the Mortgagee has a Mortgage, in paying Assessments (which remains uncured for sixty consecutive days) or any other default, simultaneously with the notice sent to the defaulting Owner (failure to notify the Mortgagee shall not affect the validity of the Association's lien);
- (2) Any event giving rise to a claim under the Association's physical damage insurance policy arising from damage to improvements located on the Common Area in excess of ten percent of the annual budget for Common Expenses or to any Lot insured by the Association upon which the Mortgagee holds a Mortgage;
- (3) All actions taken by the Association with respect to reconstruction of the Common Area or a Lot upon which the Mortgagee has a Mortgage;
- (4) Any termination, lapse or material adverse modification in an insurance policy held by the Association at least ten days in advance;
- ~~(5) Any taking by condemnation or by eminent domain of the Common Area and the actions of the Association in connection therewith;~~

(6) Any proposal to terminate this Declaration or dissolve the Association, at least thirty days before any action is taken to terminate or dissolve; and

(7) Any proposal to amend materially the Articles of Incorporation, this Declaration or the Bylaws or to undertake an extraordinary action, at least ten days before any action is taken pursuant to Section 14.4.

Section 13.3. Other Rights of Mortgagees. Upon request, all Mortgagees or their authorized representatives shall have the right to receive notice of and to attend and to speak at meetings of the Association. All Mortgagees shall have the right to examine the Association Documents, Rules and Regulations and books and records of the Association and to require the submission of existing annual financial reports and other budgetary information on the same terms as the Owners. A Majority of the Mortgagees may make a request and shall be entitled to an audited financial statement for the preceding fiscal year of the Association prepared at the Association's expense and provided within a reasonable time. A Majority of the Mortgagees shall have the right to require the Association to hire a professional manager.

## ARTICLE 14

### AMENDMENT; EXTRAORDINARY ACTIONS

Section 14.1. Amendment by the Declarant. During the Development Period and subject to Section 14.5, the Declarant may unilaterally, without the approval or joinder of the Association, or any Owner, Mortgagee or Secondary Mortgage Market Agency, amend any provision of this Declaration or any Supplementary Declaration from time to time to: (i) make non-material, clarifying or corrective changes not materially, adversely affecting any Owner's rights or obligations hereunder; (ii) satisfy the requirements of any government, governmental agency, Secondary Mortgage Market Agency or Mortgagee; (iii) reflect the relocation of boundary lines between the Common Area and any Lots or among any Lots; provided, however, that such relocation is reflected in an approved resubdivision or boundary line adjustment of all or any part of the Property; (iv) add all or any portion of the Additional Land in accordance with Section 4.1; and (v) withdraw Submitted Land in accordance with Section 4.2.

Section 14.2. Amendment by the Association.

(a) Owner Approval. Subject to Sections 14.3, 14.4 and 14.5, the Association may amend this Declaration (not including a Supplementary Declaration) only with at least a Sixty-Seven Percent Vote of the Owners or with the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes.

(b) Certification. An amendment by the Association shall be certified by the President as to compliance with the procedures set forth in this Article, signed and acknowledged by the President and Secretary of the Association, and recorded among the Land Records. Any challenge to an amendment must be made within one year after recordation.

(c) Supplementary Declarations. Amendment of a Supplementary Declaration is governed by the provisions for amendment contained therein and the requirements of Sections 14.4 and 14.5. A Supplementary Declaration may not include provisions inconsistent with the Declaration except as specifically provided by the Declarant in accordance with Section 4.1 hereof. Although the Declaration and Supplementary Declaration should be construed to give effect to both, in the case of conflicting provisions, the Declaration shall control.

Section 14.3. Prerequisites to Amendment. Written notice of any proposed amendment to this Declaration or any Supplementary Declaration by the Association shall be sent to every

Owner (or every Owner of a Lot subject to such Supplementary Declaration) at least fifteen days before any action is taken. No amendment shall increase the financial obligations of an Owner in a discriminatory manner or further restrict development on existing Lots in a discriminatory manner. No amendment to the Declaration shall diminish or impair the rights of the Declarant during the Development Period under the Declaration without the prior written consent of the Declarant. No amendment to the Declaration shall diminish or impair the express rights of the Mortgagees under the Declaration without the prior written approval of at least Fifty-one Percent of the Mortgagees. No amendment may modify this Article or the rights of any Person hereunder without obtaining the approvals required by Subsections 14.4 (c) and (f). Except as specifically provided in the Declaration, no provision of the Declaration shall be construed to grant to any Owner or to any other Person any priority over any rights of Mortgagees.

Section 14.4. Extraordinary Actions and Material Amendments. The provisions of this section shall not be construed to reduce the vote that must be obtained from Owners where a greater vote is required by the Act or other provisions of the Association Documents nor shall it be construed to lessen the unilateral rights given to the Declarant pursuant to Articles 3, 4 and 14 to amend the Declaration or a Supplementary Declaration without the approval or joinder of the Association or any Owner or Mortgagee or Secondary Mortgage Market Agency. To the extent this section applies to amendments to a Supplementary Declaration, the approval of the Owners required shall be deemed to refer only to the Owners owning Lots subject to such Supplementary Declaration.

(a) Material Amendments. A material amendment to the Association Documents includes any amendment adding, deleting or amending any provisions regarding:

- (1) Assessment basis or Assessment liens;
- (2) any method of imposing or determining any charges to be levied against Owners;
- (3) reserves for maintenance, repair or replacement of the Common Area;
- (4) maintenance obligations;
- (5) allocation of rights to use the Common Area;
- (6) any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements;
- (7) reduction of insurance requirements;
- (8) restoration or repair of the Common Area or Lots;
- (9) the addition, annexation or withdrawal of land to or from the Property;
- (10) voting rights (except to reduce the Declarant's voting rights with the consent of the Declarant);
- ~~(11) restrictions affecting lease or sale of a Lot; and~~
- (12) any provision which is for the express benefit of the Mortgagees.



(b) Extraordinary Actions. An extraordinary action of the Association includes:

(1) determining not to require professional management after the Declarant Control Period, if professional management has been required by the Association Documents, a Majority Vote of the Owners or a Majority Vote (or approval) of the Mortgagees;

(2) expanding the Association by including land which is not adjacent to or across a public right-of-way or private street from the Property;

(3) abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of the Common Area except for:

(i) granting easements for utilities or other purposes to serve the Property or adjacent land which are not inconsistent with and which do not interfere with the intended use of such Common Area;

(ii) dedicating or conveying a portion of the Common Area to a public authority or a governmental entity;

(iii) making conveyances or resubdivisions as part of a boundary-line adjustment or otherwise pursuant to Section 2.2; and

(iv) conveyances to an entity formed for similar purposes pursuant to a consolidation or merger;

(4) using insurance proceeds for purposes other than repair and reconstruction of the insured improvements; and

(5) making capital improvements (other than for Upkeep of existing Common Area improvements) during any period of twelve consecutive months costing in excess of twenty percent in the aggregate of the total Annual Assessment for Common Expenses for the fiscal year.

(c) Owner Approval. Any material amendment or extraordinary action listed above must be approved: (i) in writing by Owners entitled to cast at least sixty-seven percent of the total number of votes entitled to be cast by Owners, including the Declarant during the Declarant Control Period, or (ii) by at least a Sixty-seven Percent Vote of the Owners, including the Declarant during the Declarant Control Period, entitled to be cast at a meeting for approval of material amendments or extraordinary actions provided that: (A) at least twenty-five days notice of the meeting is provided to all Owners; (B) the notice of the meeting states the purpose of the meeting and contains a copy or summary of any material amendments or extraordinary actions proposed; and (C) the notice of the meeting also contains a copy of the proxy that can be cast in lieu of attendance at the meeting. Approval of the Declarant is also required during the Development Period.

(d) Class Approval. Any material amendment which changes the rights of any specific Class of Owners, must also be approved in writing by Owners entitled to cast at least fifty-one percent of the total number of votes of such Owners or by at least a Fifty-One Percent Vote of such Owners at a meeting held in accordance with subsection (c) above.

(e) Additional Material Amendments and Extraordinary Actions. The following amendments and actions must be approved in writing by Owners entitled to cast at

least sixty-seven percent of the total number of votes in the Association, including a majority of the total number of votes entitled to be cast by Owners, and the Declarant during the Development Period:

- (1) amendment or addition of any provisions of the Association Documents regarding rights of first refusal or similar restrictions on the right of Owners to sell, transfer or otherwise convey a unit;
- (2) termination of the Declaration or of the planned unit development;
- (3) dissolving, merging or consolidating the Association, except pursuant to a merger or consolidation with another nonprofit entity formed for purposes similar to the purposes for which the Association was formed; or
- (4) conveyance of all the Common Area, except to an entity formed for similar purposes pursuant to a consolidation or a merger.

(f) Mortgagee Approvals. Any material amendment or extraordinary action listed in subparagraphs (a), (b) and (e) except item (b)(5) above must also be approved by Fifty-one Percent of the Mortgagees. If a Mortgagee is notified of proposed amendments or actions of the Association in writing by certified or registered United States mail, return receipt requested, and such Mortgagee does not deliver a negative response within thirty days, such Mortgagee shall be deemed for the purposes of this Declaration to have approved such amendment or action.

(g) Corrective Amendments. Any amendment to the Association Documents shall not be considered material if made only for the purposes of correcting technical errors or for clarification. Any amendment to the Association Documents adding provisions to or interpreting the application of provisions of the Declaration, contained in a Supplementary Declaration and applied to a specific portion of the Property, shall not be considered a material amendment.

Section 14.5. County Approval. A number of provisions are contained within this Declaration to comply with the conditions of subdivision approval applicable to the Property or the Additional Land. Therefore, notwithstanding any other provision of this Declaration, no Supplementary Declaration or amendment, including an amendment withdrawing land as provided in Section 4.2 or otherwise, shall modify or delete any such provision of this Declaration required by such subdivision approval conditions nor shall any Supplementary Declaration or amendment impair the right and authority of the County to require compliance with the subdivision approval conditions applicable to the Property without the prior written approval of the County. Further, the Association may not be dissolved, except pursuant to a merger or consolidation with an entity formed for similar purposes, or the Declaration terminated, without the prior written approval of the County.

## ARTICLE 15

TERMINATION

Section 15.1. Duration; Termination by the Association. The covenants and restrictions of this Declaration shall run with the land and bind the Property and be in full force and effect except as amended as provided above for a period of twenty years, and then shall be automatically extended for successive periods of twenty years each in perpetuity except as amended as provided above or unless terminated as hereinafter provided. Subject to Sections 14.4 and 14.5, the Association may terminate this Declaration only with the approval of Owners entitled to cast at least sixty-seven percent of the total number of votes. The termination shall be certified by the President as to compliance with the procedures set forth in this Article, signed and acknowledged by the President and Secretary of the Association and recorded among the Land Records. See Article 4 for provisions on withdrawing land.

Section 15.2. Prerequisites. Written notice of the proposed termination shall be sent to every Owner and Mortgagee at least thirty days before any action is taken. The Declaration may not be terminated during the Development Period without the prior written consent of the Declarant. Such termination shall not affect any permanent easements or other permanent rights or interests relating to the Property created by or pursuant to the Association Documents. To the extent necessary, the termination agreement shall provide for the transfer or assignment of the easements, rights or interests granted to the Association herein to a successor entity which is assuming the Association's Upkeep and regulatory responsibilities. Any lien which has arisen pursuant to the provisions of the Declaration shall remain in full force and effect despite termination of the Declaration until the amounts secured thereby are paid in full.

Section 15.3. Conveyance of Common Area Upon Dissolution. Upon the dissolution of the Association other than incident to a merger or consolidation, the assets of the Association shall be granted, conveyed and assigned to another nonprofit corporation, association, trust or other organization or governmental agency devoted to purposes similar to those for which the Association was created or offered for dedication to the County; provided, however, that if a site plan is approved for the Property, or any portion thereof containing Common Area, which changes the design, layout or use of the Property in such a manner that the Common Area is no longer necessary to the new design, layout or use, and the County refuses a dedication, then such Common Area and other associated assets of the Association may be distributed as agreed upon by the Owners in accordance with the requirements of Section 14.4.

## ARTICLE 16

COMMON DRIVEWAYSSection 16.1. Definitions.

(a) "Common Driveways" shall be the areas within the ingress and egress easements serving specific Lots as shown on the plats of the Property attached to the deeds of dedication, subdivision, and easement for the Lots.

(b) "Affected Lots" shall be the Lots that use the Common Driveways for access to the dwellings constructed on such Lots. Lots which are subject to the ingress and egress easements but which do not use the Common Driveways for access to the dwelling constructed on such Lot are not Affected Lots and are not subject to the maintenance provisions of Section 16.4 of this Article, unless the Owners of such Lots, or their respective households, guests, tenants or agents make regular use of the Common Driveway.

Section 16.2. Restrictions.

(a) Use. Common Driveways shall be used exclusively for the purpose of ingress and egress to the Affected Lots and for the construction and maintenance of utilities for the Lots subject to the Easements.

(b) Restrictions. No act shall be performed by any Owner, member of such Owners' household or their tenants, guests or agents which would in any manner affect or jeopardize the free and continuous use and enjoyment of any other Owner of an Affected Lot in and to the Common Driveway.

(c) Parking. There shall be no parking within Common Driveways at any time except for delivery and/or emergency vehicles, unless the Board of Directors by Resolution determines otherwise upon petition of an Owner of an Affected Lot.

Section 16.3. Maintenance, Damage or Destruction. In the event that any Common Driveway requires Upkeep or is damaged or destroyed (including, without limitation, deterioration from ordinary wear and tear and lapse of time, preventative maintenance or snow and ice removal):

(1) through the act or omission of an Owner or member of such Owner's household or any of such Owner's guests, employees, tenants, agents or invitees (whether or not such act or omission is negligent or otherwise culpable), it shall be the obligation of such Owner to maintain, rebuild and repair the Common Driveway without cost to the other Owners of Affected Lots served by that Common Driveway;

(2) other than by the act or omission of an Owner for which such Owner is responsible, it shall be the obligation of all Owners of Affected Lots served by that Common Driveway to maintain, rebuild and repair such Common Driveway at their joint and equal expense.

Section 16.4. Cost of Maintenance.

(a) Association Maintenance. If the Owners of Affected Lots do not perform all necessary maintenance, rebuilding and repairs to any Common Driveway, at the discretion of the Board of Directors or upon the request of a majority of the Owners of the Affected Lots, the Association may do so using the funds escrowed for that Common Driveway and/or by levying Individual Assessments pursuant to this section and Subsection 6.2(c) against the Affected Lots served by such Common Driveway as may be needed to cover the cost of the work. The Individual Assessment may be levied prior to performing the work, based on a good faith estimate of the cost as determined by the Board of Directors. If the Board of Directors so determines, the Board may establish an escrow fund and levy an Annual Assessment against the Owners of Affected Lots. In the alternative, the Board of Directors may determine to charge all Owners served by a Common Driveway a flat fee in which case, all such funds may be placed in a single escrow. The escrowed amount or flat fee, as applicable, shall be determined based upon the reasonable maintenance costs incurred in residential projects of similar size and containing comparable private streets or common driveways.

(b) Lien. The annual charge shall be paid with and be a part of the first payment of the regular Assessment in each fiscal year or may be pro-rated as a Limited Common Expense with each installment of the Annual Assessment, as may be determined by the Board of Directors, and shall be subject to the same penalty, interest, lien, and other provisions as the regular Assessment. The failure of any Owner to pay the annual charge within thirty days from the start of each fiscal year shall result in an Assessment lien against such Owner's Lot.

(c) Disbursement. The Common Driveway funds shall be disbursed at the request of the Owners of a majority of the Affected Lots served by a Common Driveway or upon determination of the Board of Directors. If such funds are not adequate to pay all costs of maintenance, rebuilding and repair, all Owners of Affected Lots served by such Common Driveway shall pay the excess costs equally.

(d) Right to Contribution. Rights and duties of contribution set forth in this Article and any such rights and duties arising under the laws of the jurisdiction in which the Property is located shall run with the land and bind successors in interest. This Article shall not prejudice any right of a successor in interest to recover any amount from a predecessor in title for which such predecessor was liable. Any rights of contribution set forth in this Article shall constitute a lien in favor of any Owner entitled to contribution against any Owner obligated to pay such contribution. Until fully paid and satisfied, the lien shall apply to and encumber all of the Lots that were owned, as of the date when payment was due, by the Owner from whom payment was due, and shall also apply to and encumber any and all Lots thereafter acquired by that Owner from the time such Owner becomes the Owner thereof. The lien created by this section shall be prior to all liens and encumbrances except Mortgages, real estate taxes and other charges levied by governmental authority made superior by law and the Association's lien established pursuant to Section 12.2.

(e) Easement for Upkeep. The Association or any Owner performing Upkeep for or snow or ice removal from the Common Driveway, shall have the right to use adjoining land where necessary; provided, however, that this right to use adjoining land shall be exercised only during periods of actual construction or maintenance, and further, that this right shall not be construed to allow the erection of any building or structure of a permanent nature on such adjoining land. The Association shall also have the right to trim, cut and remove trees, shrubbery, fences, structures or other obstructions or facilities in or near the easement deemed by it to interfere with the proper and efficient construction, operation and maintenance of said Common Driveway; provided, however, that the Association shall restore, as nearly as possible, to its original condition all land adjoining the Common Driveway disturbed in any manner by the Upkeep of such the Common Driveway. Such restoration shall include the backfilling of trenches, the replacement of fences and shrubbery, the reseeded or resodding of lawns or pasture areas, and the replacement of structures and other facilities located on the land adjacent to the Common Driveway.

## ARTICLE 17

### PROVISIONS REQUIRED BY THE PROFFERS; AGREEMENTS

Section 17.1 Memberships in Recreational Facilities. Pursuant to Proffer 13, the Declarant shall offer pool memberships to the property owners within the adjoining communities of Woodside Estates I, Woodside Estates II and Ridgefield. The Board of Directors shall administer and manage the memberships and shall establish reasonable fees to be charged for such pool memberships on an annual or seasonal basis. Any holder of a pool membership shall comply with all rules and regulations promulgated by the Association with respect to the use and operation of the pool, including any regulations regarding access to the pool.

Section 17.2. Open Space Areas. Pursuant to Proffer 21, no structures shall be permitted to be constructed within any open space or buffer areas shown on the Development Plan, except for the pool and town green areas and any other approved structure shown on the Development Plan. The Association shall keep all open space areas free from litter and other foreign debris.

Pursuant to Section 7.1 above, the Association shall be responsible for Upkeep of the pool facilities, the community green and all other common open space areas.

Section 17.3. Easements to Benefit Adjacent Properties. In order to facilitate the development of the Property, the Declarant intends to grant certain easements over and across portions of the Property to benefit adjacent land, particularly along the southern boundary of the Property. Any easement granted for the benefit of adjacent property owners shall be solely for the benefit of such property owners as the parties named in the deed of easement creating such easement rights. No Owner or resident within the Meadows Edge project shall have the right to utilize easements granted for the benefit of adjacent property owners.

(SIGNATURES APPEAR ON FOLLOWING PAGES)

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be signed pursuant to due and proper authority as of the date first set forth above.

CENTEX HOMES  
a Nevada general partnership

By: Centex Real Estate Corporation, a Nevada Corporation, its managing general partner

By: *Robert K. Davis* SEAL)  
Robert K. Davis  
President  
D.C. Metro Division

COMMONWEALTH OF VIRGINIA )

COUNTY OF FAIRFAX )

ss:

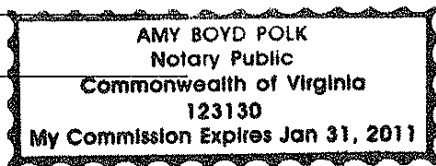
I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Robert K. Davis, as Division President of Centex Real Estate Corporation, managing general partner of CENTEX HOMES, whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction on behalf of the partnership.

GIVEN under my hand and seal on September 24, 2007.

*Amy Boyd Polk* [SEAL]  
Notary Public

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

Notary Registration No.: \_\_\_\_\_



MEADOWS EDGE HOMEOWNERS ASSOCIATION, a Virginia nonstock corporation

By: [Signature] (SEAL)  
Name: President  
Title: Gary J. Laycraft

COMMONWEALTH OF VIRGINIA )  
COUNTY OF FAIRFAX ) ss:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Gary Laycraft, as President of MEADOWS EDGE HOMEOWNERS ASSOCIATION, whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized officer of the Association.

GIVEN under my hand and seal on September 24, 2007.

[Signature] [SEAL]  
Notary Public

My commission expires:  
Notary Registration No.:

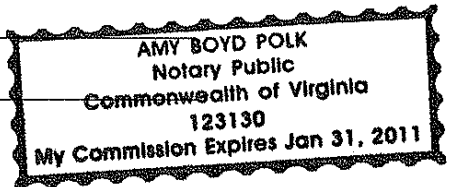




EXHIBIT A

DESCRIPTION OF SUBMITTED LAND

Lots One (1) through Twenty-six (26), inclusive, Lots Fifty-one (51) through Fifty-three (53), inclusive, and Lots Sixty-nine (69) through Seventy-five (75), inclusive, and Parcel A, Phase 1A, MEADOWS EDGE, as the same appear duly subdivided, platted and recorded as Instrument Number 070013977, at page 0182, among the land records of Frederick County, Virginia.

EXHIBIT B

DESCRIPTION OF ADDITIONAL LAND

All that certain property consisting of approximately 132 acres located in the Opequon Magisterial District of Frederick County, Virginia and identified as Property Identification Number 85-A-140 and being the same property acquired by the Declarant by Instrument number 04-0015471 recorded among the land records of Frederick County, Virginia.

VIRGINIA: FREDERICK COUNTY, SCT.

This instrument of writing was produced to me on

10-2-07 at 1:29 P.M.

and with certificate acknowledgement thereto annexed was admitted to record. Tax imposed by Sec. 58.1-802 of

\$ N/A, and 58.1-801 have been paid, if assessable.

*Rebecca P. Hogan*, Clerk