

PELHAM'S CROSSING COMMUNITY ASSOCIATION, INC.
UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS
IN LIEU OF ORGANIZATIONAL MEETING

In lieu of the Organizational Meeting for the Board of Directors of Pelham's Crossing Community Association, Inc., (the "Association"), a nonstock corporation formed pursuant to Chapter 10 of Title 13.1 of the Code of Virginia (1950), as amended, the undersigned, being all of the Directors of the Association do hereby consent to the following actions of the Board of Directors.

WHEREAS, the Articles of Incorporation have been filed with the Commonwealth of Virginia State Corporation Commission and accepted for record effective July 24, 2001; and

WHEREAS, the Directors named in the Articles of Incorporation wish to provide for the transaction of business by the Association; and

WHEREAS, the Directors desire to elect a President and Vice-President/Secretary-Treasurer to sign documents to initiate the Association's operations and to supervise the Association's internal affairs.

THEREFORE BE IT

RESOLVED, That L. Franklin Sealy and Ivan Cowger shall be and hereby are elected by the Directors to serve as the President and Vice President/Secretary-Treasurer, respectively, of the Association for the ensuing fiscal year, to act and serve in such capacity until their successors shall be elected and qualified.

FURTHER RESOLVED, That the officers of the Association are hereby authorized and directed to open bank accounts with such depositories (the accounts of which are insured by an agency of the United States of America) as they may choose, in their discretion, to conduct the financial affairs of the Association.

FURTHER RESOLVED, That the officers of the Association, in their respective capacities, are authorized and empowered to do any and all duties necessary to set up, begin and make effective the general operation of the business of the Association, without the necessity for prior approval of the Directors.

WHEREAS, the location of the registered office of the Association and the name of the registered agent of the Association have been set forth in the Articles of Incorporation.

THEREFORE, BE IT

RESOLVED, That the registered office of the Association shall be located at Jarrell, Hicks & Sasser, P.C.; 9064 Courthouse Road, P.O. Box 127, Spotsylvania, Virginia

22553-0127, and the registered agent of the Association shall be James E. Jarrell, III, all as so stated in the Articles of Incorporation.

FURTHER RESOLVED, That the registered agent shall act under the direction and supervision of the legal counsel of this Association in all matters arising out of or pertaining to the agency.

WHEREAS, the Directors wish to ratify and approve the Bylaws which have been prepared on behalf of the Association;

THEREFORE, BE IT

RESOLVED, That the Bylaws submitted to and read by the Board of Directors shall be and hereby are adopted as the Bylaws of the Association.

FURTHER RESOLVED, That a copy of the Bylaws shall be inserted into the minute book of the Association.

WHEREAS, Article 4, Section 4.1 of the Bylaws for Pelham's Crossing Community Association, Inc., assigns to the Board of Directors all of the powers and duties necessary for the administration of the affairs of the Association and further states that the Board may do all such acts and things as are not required by the Act or the Association Documents to be exercised and done by the members; and

WHEREAS, Article 9 of the Declaration for Pelham's Crossing Community Association, Inc., provides that the Board of Directors shall establish a Covenants Committee; and

WHEREAS, the Board of Directors wishes to appoint persons to serve as members of the Covenants Committee;

THEREFORE, BE IT

RESOLVED, That Linda F. Sealy, Robyn Sealy Haynes and James E. Jarrell, III, shall be and hereby are appointed to serve as members of the Covenants Committee for terms of three years each.

WHEREAS, the Board of Directors has been advised that Pelham's Crossing, LLC, the developer of the subdivision, wishes to grant to the Association a Natural Preservation Easement over certain portions of the subdivision's common area, under the terms of the "First Declaration of Restrictions For Preservation Area Within Pelham's Crossing Subdivision," a copy of which

is attached hereto as Exhibit A; and that it appears to be in the Association's best interests to accept the easement;

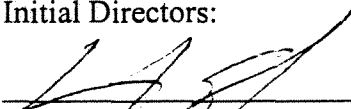
THEREFORE, BE IT

RESOLVED, That the President of the Association is hereby directed to execute such documents as are necessary to accept the natural preservation easement from the developer.

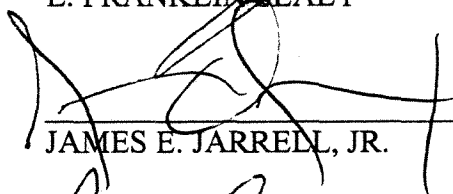
The undersigned, being all of the Directors of Pelham's Crossing Community Association, Inc., hereby waive notice of the Organizational Meeting for the Board of Directors and hereby consent to the foregoing actions of the Directors contained herein.

Dated: 7-30, 2001


Initial Directors:



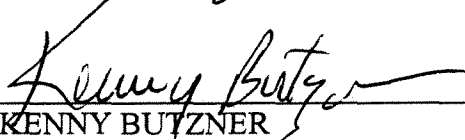
L. FRANKLIN SEALY



JAMES E. JARRELL, JR.



IVAN COWGER



KENNY BUTZNER

Send by/return to:
Hicks & Sasser, P.C.
Box 117
Pittsylvania, VA 22553-0127

32025P207

DECLARATION

FOR

PELHAM'S CROSSING

THIS DECLARATION is made as of September 18, 2001 by PELHAM'S CROSSING, L.C., a Virginia limited liability company ("Declarant") and PELHAM'S CROSSING COMMUNITY ASSOCIATION, a Virginia nonstock corporation ("Association").

RECITALS:

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 Pelham's Crossing Community 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.

EXHIBIT A

**SUPPLEMENTARY DECLARATION
For
PELHAM'S CROSSING SECTION ONE**

For the purposes of this Supplementary Declaration, "Declarant" shall mean Pelham's Crossing L.L.C., a Virginia limited liability company. "Declaration" shall mean the Declaration for Pelham's Crossing, L.L.C. dated September 18, 2001, and recorded on September September 19, 2001, in Deed Book 2025, page 237 of the Land Records of Spotsylvania County. "Association" shall mean the Pelham's Crossing Community Association, Inc., a Virginia Non-Stock Corporation.

**ARTICLE 1
PHASE DESIGNATION**

Section 1.1 Phase. The real estate subject thereto shall be known as Section One, Pelham's Crossing and is designated as Phase A of PELHAM'S CROSSING.

**ARTICLE 2
COMMON AREA AND LIMITED COMMON AREA**

Section 2.1 Common Area. The real estate described in the Deed as Common Area and which has been transferred to the Association by this deed is hereby designated as Common Area to serve all of the Lots in the subdivision and is not Limited Common Area. The Declarant reserves the right to designate Common Area or Limited Common Area by unilaterally amending this Supplementary Declaration, providing that it provides common area in an equal or greater amount and gets approval from the subdividing authority of Spotsylvania County.

**ARTICLE 3
LIMITED COMMON AREA EXPENSE ASSESSMENTS**

Section 3.1 Purpose. At this time, there are no Limited Common Area Expense Assessments.

ARTICLE 4 RESTRICTIONS ON USE; RULES AND REGULATIONS

Section 4.1. Additional Restrictions on Use. In addition to the provisions of the Declaration, the Lots in this Phase are also subject to the following covenants and restrictions.

(a) Residential Use. All Lots shall be used, improved, and devoted exclusively to residential use, except such professional offices and home occupations permitted by Spotsylvania County, Virginia, as further approved by the Board of Directors and subject to reasonable rules to prevent unreasonable adverse impact on adjacent Lots. As a condition to consenting to such office use, the Board of Directors may require an owner to pay any increase in the rate of insurance for the Association which may result from such office use. Such permission, once given, may not be revoked except for good cause shown. Nothing herein shall be deemed to prevent an Owner from leasing such Owner's Lot subject to the limitation in Article 8.5 of the Declaration.

(b) Square Footage. All homes shall contain a minimum finished square footage of at least 1200 square feet on one level and 1600 square feet in two levels. Square footage is measured exclusive of attic, garage and unfinished basement areas. So long as the Declarant, or a Builder, is engaged in developing or improving any portion of the Property, the Declarant shall have the right to amend this restriction.

(c) House Width. All homes shall have a minimum width including garages, of 52 feet. So long as the Declarant, or a Builder, is engaged in developing or improving any portion of the Property, the Declarant shall have the right to amend this restriction.

(d) Driveways. All driveways and sidewalks shall be concrete. All driveway entrances are to conform to VDOT specifications and to the Architectural Guidelines of Pelham's Crossing.

(e) Clothes Drying Equipment. No clothes lines or other clothes drying apparatus shall be permitted on any Lot, unless approved in writing by the Covenants Committee. It is initially contemplated that no exterior clothes lines or other exterior clothes drying apparatus will be permitted.

(f) Trash Receptacles. Storage, collection and disposal of trash shall be in compliance with Rules and Regulations adopted by the Board of Directors. Trash, leaves and other similar material shall not be burned in violation of local ordinances.

(g) Mailboxes and Newspaper Tubes. Only Mailboxes and newspaper tubes meeting Design Guidelines of the Association shall be permitted.

(h) Vegetation. No live vegetation on slopes of greater than twenty percent gradient or marked "no cut" areas on approved site plans may be cut without prior approval of the Covenants Committee.

(i) Vehicles. No portion of the Property shall be used for the repair of motor vehicles

provided that non-commercial repair of vehicles is permitted within enclosed structures. Use and storage of all vehicles and recreational equipment upon the Common Area and Lots or upon any street, public or private, adjacent thereto shall be subject to Rules and Regulations promulgated by the Board of Directors. All motor vehicles including, but not limited to, trail bikes, motorcycles, dune buggies, and snowmobiles shall be driven only upon paved streets and parking lots. No motor vehicles shall be driven on pathways or unpaved portions of Common Area, except such vehicles as are authorized by the Board of Directors as needed to maintain, repair, or improve the Common Area. This prohibition shall not apply to normal vehicular use of designated streets and lanes constructed on Common Area. Parking of all commercial and recreational vehicles and related equipment, other than on a temporary and non-recurring basis, (which means less than 72 hours per calendar month) shall be in garages or screened enclosures approved by the Covenants Committee or in areas designated by the Board of Directors.

(j) Lighting. Other than the provided street lighting, no exterior lighting shall be directed outside the boundaries of the Lot.

(k) Garage. No garage on any Lot shall be converted to habitable living space. In addition to the enforcement rights in Section 6.2 hereof, the appropriate officials of Spotsylvania County, Virginia, may enforce this restriction by any proceeding at law or in equity. Model homes may have a finished garage for use as office space; however, prior to use as a residence, the garage shall be converted to garage use.

(l) Roofing. All roof shingles shall be dimensional shingles. All roofs shall have a minimum pitch of 6/12.

(m) Propane Tanks. All propane tanks, including those used just for a fireplace, shall be buried.

Section 4.2. Exceptions. The Board of Directors may issue temporary permits to exempt any prohibitions expressed or implied by this Article, provided the Board can show good cause and acts in accordance with adopted guidelines and procedures. So long as the Declarant or a Builder are engaged in developing or improving any portion of the Property, such Persons shall be exempt from the provisions of the Article affecting movement and storage of building materials and equipment, erection and maintenance of directional and promotional signs, and conduct of sales activities, including construction and maintenance of models and improvements having approval of the New Construction Subcommittee. Such exemption 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.

ARTICLE 5 RESERVATION OF POWER TO GRANT EASEMENTS

Section 5.1 Reservation. There shall be and is hereby reserved to the Declarant and its successors and assigns, the power and right with respect to the Lots subject to this Supplementary Declaration, to grant easements required by a governmental agency or authority in connections with the release of public improvement bonds or the acceptance of streets for public maintenance. This power and

right shall continue for a period of sixty months from date hereof, or until the earlier release of all public improvement bonds and acceptance of streets for public maintenance covering the Lots subject to this Supplementary Declaration.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1. Amendment. Subject to the Declarant's unilateral right to designate Common Area or Limited Common Area pursuant to Article 2 hereof, this Supplementary Declaration to the Declaration may be amended further at any time by an instrument signed by the Declarant, if the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property, or on adjacent property. After completion of development period this Supplementary Declaration may be amended by the Association and by the owners entitled to cast at least sixty-seven percent of the total number of votes in the Association entitled to be cast by owners of Lots in this Phase. Any amendment must be recorded to become effective. During the Declarant Control Period and subject to designate Common Area or Limited Common Area pursuant to Article 2 hereof, further amendment of this Supplementary Declaration requires the approval of the Veterans Administration, if a Lot in this Phase is guaranteed by the Veterans Administration. During the development period which lots are being developed and homes are being sold, the Declarant may amend this Supplementary Declaration without the consent of the Association and the Owners of lots in this phase.

Section 6.2. Enforcement. The Association, any owner of a Lot within this Phase or any mortgagee of a Lot within this Phase, as their interests may appear, shall have the right, by any proceeding at law or in equity, to enforce all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Supplementary Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 6.3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 6.4 Terms and Definitions. The terms used herein shall have the same meaning and definition as set forth in the Declaration.

ARTICLE 7 REQUIRED INSURANCE COVERAGE

Section 7.1 Insurance. In order to protect adjoining Owners and to insure that there are sufficient funds available to an Owner to restore the improvements on such Owner's Lot in case of damage or destruction, each Owner of a Lot which is part of this Phase shall maintain a fire and extended coverage insurance policy in an amount equal to the full replacement value (exclusive of land, excavation and other items normally excluded from coverage) of all improvements constructed on such Lot. Any policy obtained shall provide that it may not be canceled except upon ten (10) days written notice to the Association. If an Owner fails to obtain the insurance required by this Article, the Board of Directors may obtain such insurance on such Owner's behalf and assess the Lot owned by such Owner

for the cost pursuant to Article 10 of the Declaration. Each Owner shall provide a certificate of insurance to the Association within thirty (30) days of settlement.

[END OF SUPPLEMENTARY DECLARATION]

EXHIBIT A

**SUPPLEMENTARY DECLARATION
For
PELHAM'S CROSSING WEST**

For the purposes of this Supplementary Declaration, "Declarant" shall mean Pelham's Crossing L.L.C., a Virginia limited liability company. "Declaration" shall mean the Declaration for Pelham's Crossing, L.L.C. dated September 18, 2001, and recorded on September 19, 2001, in Deed Book 2025, page 237 of the Land Records of Spotsylvania County. "Association" shall mean the Pelham's Crossing Community Association, Inc., a Virginia Non-Stock Corporation.

**ARTICLE 1
PHASE DESIGNATION**

Section 1.1 Phase. The real estate subject thereto shall be known as Pelham's Crossing West.

**ARTICLE 2
COMMON AREA AND LIMITED COMMON AREA**

Section 2.1 Common Area. The real estate described in the Deed as Common Area and which has been transferred to the Association by this deed is hereby designated as Common Area to serve all of the Lots in the subdivision and is not Limited Common Area. The Declarant reserves the right to designate Common Area or Limited Common Area by unilaterally amending this Supplementary Declaration, providing that it provides common area in an equal or greater amount and gets approval from the subdividing authority of Spotsylvania County.

**ARTICLE 3
LIMITED COMMON AREA EXPENSE ASSESSMENTS**

Section 3.1 Purpose. At this time, there are no Limited Common Area Expense Assessments.

**ARTICLE 4
RESTRICTIONS ON USE; RULES AND REGULATIONS**

Section 4.1. Additional Restrictions on Use. In addition to the provisions of the Declaration, the Lots in this Phase are also subject to the following covenants and restrictions.

- (a) Residential Use. All Lots shall be used, improved, and devoted exclusively to

residential use, except such professional offices and home occupations permitted by Spotsylvania County, Virginia, as further approved by the Board of Directors and subject to reasonable rules to prevent unreasonable adverse impact on adjacent Lots. As a condition to consenting to such office use, the Board of Directors may require an owner to pay any increase in the rate of insurance for the Association which may result from such office use. Such permission, once given, may not be revoked except for good cause shown. Nothing herein shall be deemed to prevent an Owner from leasing such Owner's Lot subject to the limitation in Article 8.5 of the Declaration.

(b) Square Footage: All homes which are at least 52' in width (including garages and porches) shall contain a minimum finished square footage of at least 1200 square feet on one level and 1600 square feet on two levels. All homes which are between 48' and 52' in width, shall contain a minimum of 2200 finished square footage. Square footage is measured exclusive of attic, garage and/or basements, even if portions of such areas are finished. So long as the Declarant, or a Builder, is engaged in developing or improving any portion of the property, the Declarant shall have the right to amend this restriction.

(c) House Width: All homes shall have a minimum width, including garages and porches, of 48 feet. So long as the Declarant, or a Builder is engaged in developing or improving any portion of the Property, the Declarant shall have the right to amend this restriction.

(d) Driveways. All driveways and sidewalks shall be concrete. All driveway entrances are to conform to VDOT specifications and to the Architectural Guidelines of Pelham's Crossing.

(e) Clothes Drying Equipment. No clothes lines or other clothes drying apparatus shall be permitted on any Lot, unless approved in writing by the Covenants Committee. It is initially contemplated that no exterior clothes lines or other exterior clothes drying apparatus will be permitted.

(f) Trash Receptacles. Storage, collection and disposal of trash shall be in compliance with Rules and Regulations adopted by the Board of Directors. Trash, leaves and other similar material shall not be burned in violation of local ordinances.

(g) Mailboxes and Newspaper Tubes. Only Mailboxes and newspaper tubes meeting Design Guidelines of the Association shall be permitted.

(h) Vegetation. No live vegetation on slopes of greater than twenty percent gradient or marked "no cut" areas on approved site plans may be cut without prior approval of the Covenants Committee.

(i) Vehicles. No portion of the Property shall be used for the repair of motor vehicles provided that non-commercial repair of vehicles is permitted within enclosed structures. Use and storage of all vehicles and recreational equipment upon the Common Area and Lots or upon any street, public or private, adjacent thereto shall be subject to Rules and Regulations promulgated by the Board of Directors. All motor vehicles including, but not limited to, trail bikes, motorcycles, dune buggies, and snowmobiles shall be driven only upon paved streets and parking lots. No motor vehicles shall be driven on pathways or unpaved portions of Common Area, except such vehicles as are authorized by the Board of Directors as needed to maintain, repair, or improve the Common Area. This prohibition shall not apply to normal vehicular use of designated streets and lanes constructed on Common Area. Parking of all commercial and recreational vehicles and related equipment, other than on a temporary and non-

recurring basis, (which means less than 72 hours per calendar month) shall be in garages or screened enclosures approved by the Covenants Committee or in areas designated by the Board of Directors.

(j) Lighting. Other than the provided street lighting, no exterior lighting shall be directed outside the boundaries of the Lot.

(k) Garage. No garage on any Lot shall be converted to habitable living space. In addition to the enforcement rights in Section 6.2 hereof, the appropriate officials of Spotsylvania County, Virginia, may enforce this restriction by any proceeding at law or in equity. Model homes may have a finished garage for use as office space; however, prior to use as a residence, the garage shall be converted to garage use.

(l) Roofing. All roof shingles shall be dimensional shingles. All roofs shall have a minimum pitch of 6/12.

(m) Propane Tanks. All propane tanks, including those used just for a fireplace, shall be buried.

Section 4.2. Exceptions. The Board of Directors may issue temporary permits to exempt any prohibitions expressed or implied by this Article, provided the Board can show good cause and acts in accordance with adopted guidelines and procedures. So long as the Declarant or a Builder are engaged in developing or improving any portion of the Property, such Persons shall be exempt from the provisions of the Article affecting movement and storage of building materials and equipment, erection and maintenance of directional and promotional signs, and conduct of sales activities, including construction and maintenance of models and improvements having approval of the New Construction Subcommittee. Such exemption 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.

ARTICLE 5 RESERVATION OF POWER TO GRANT EASEMENTS

Section 5.1 Reservation. There shall be and is hereby reserved to the Declarant and its successors and assigns, the power and right with respect to the Lots subject to this Supplementary Declaration, to grant easements required by a governmental agency or authority in connections with the release of public improvement bonds or the acceptance of streets for public maintenance. This power and right shall continue for a period of sixty months from date hereof, or until the earlier release of all public improvement bonds and acceptance of streets for public maintenance covering the Lots subject to this Supplementary Declaration.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1. Amendment. Subject to the Declarant's unilateral right to designate Common Area or Limited Common Area pursuant to Article 2 hereof, this Supplementary Declaration to the Declaration may be amended further at any time by an instrument signed by the Declarant, if the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property, or on adjacent property. After completion of development period this Supplementary Declaration may be amended by the Association and by the owners entitled to cast at least sixty-seven

percent of the total number of votes in the Association entitled to be cast by owners of Lots in this Phase. Any amendment must be recorded to become effective. During the Declarant Control Period and subject to designate Common Area or Limited Common Area pursuant to Article 2 hereof, further amendment of this Supplementary Declaration requires the approval of the Veterans Administration, if a Lot in this Phase is guaranteed by the Veterans Administration. During the development period which lots are being developed and homes are being sold, the Declarant may amend this Supplementary Declaration without the consent of the Association and the Owners of lots in this phase.

Section 6.2. Enforcement. The Association, any owner of a Lot within this Phase or any mortgagee of a Lot within this Phase, as their interests may appear, shall have the right, by any proceeding at law or in equity, to enforce all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Supplementary Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 6.3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 6.4 Terms and Definitions. The terms used herein shall have the same meaning and definition as set forth in the Declaration.

ARTICLE 7 REQUIRED INSURANCE COVERAGE

Section 7.1 Insurance. In order to protect adjoining Owners and to insure that there are sufficient funds available to an Owner to restore the improvements on such Owner's Lot in case of damage or destruction, each Owner of a Lot which is part of this Phase shall maintain a fire and extended coverage insurance policy in an amount equal to the full replacement value (exclusive of land, excavation and other items normally excluded from coverage) of all improvements constructed on such Lot. Any policy obtained shall provide that it may not be canceled except upon ten (10) days written notice to the Association. If an Owner fails to obtain the insurance required by this Article, the Board of Directors may obtain such insurance on such Owner's behalf and assess the Lot owned by such Owner for the cost pursuant to Article 10 of the Declaration. Each Owner shall provide a certificate of insurance to the Association within thirty (30) days of settlement.

[END OF SUPPLEMENTARY DECLARATION]

Instrument Control Number

[Empty box for Instrument Control Number]



LR 200400019346 05/21/2004 02:41 PM

Commonwealth of Virginia
Land Record Instruments
Cover Sheet - Form A

Recorded in the Clerk's Office of the
SPOTSYLVANIA COUNTY, Virginia Circuit Court

Teste: [Signature], Clerk Paul M. Metzger

[ILS VLR Cover Sheet Agent 1.0.66]

T
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Date of Instrument: [05/20/2004]

Instrument Type: [DEC]

Number of Parcels [1]

Number of Pages [6]

City County [Spotsylvania County] (Box for Deed Stamp Only)

First and Second Grantors

Last Name	First Name	Middle Name or Initial	Suffix
[PELHAM'S CROSSING,]	[]	[]	[]
[]	[]	[]	[]

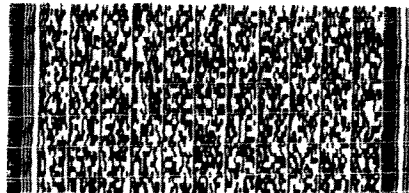
First and Second Grantees

Last Name	First Name	Middle Name or Initial	Suffix
[PELHAM'S CROSSING,]	[]	[]	[]
[]	[]	[]	[]

Grantee Address (Name) [PELHAM'S CROSSING, L.L.C.]
 (Address 1) [N/A]
 (Address 2) []
 (City, State, Zip) [N/A] [VA] [N/A]
 Consideration [0.00] Existing Debt [0.00] Assumption Balance [0.00]

Prior Instr. Recorded at: City County [] Percent. in this Juris. [100]
 Book [] Page [] Instr. No []
 Parcel Identification No (PIN) [37-A-2]
 Tax Map Num. (if different than PIN) [37-A-2]
 Short Property Description [PELHAM'S CROSSING SECTION 2, 3 AND PELHAM'S CROS]
 Current Property Address (Address 1) [N/A]
 (Address 2) []
 (City, State, Zip) [FREDERICKSBURG] [VA] [22408]

Instrument Prepared by [JARRELL, HICKS, & SASSER]
 Recording Paid for by [JARRELL PROPERTIES, INC.]
 Return Recording to (Name) [JARRELL PROPERTIES]
 (Address 1) [P.O. Box 127]
 (Address 2) []
 (City, State, Zip) [Spotsylvania] [VA] [22553]
 Customer Case ID [] [] []



REVISED SUPPLEMENTARY DECLARATION
PELHAM'S CROSSING, SECTION TWO
PELHAM'S CROSSING, SECTION THREE
PELHAM'S CROSSING WEST

THIS REVISED SUPPLEMENTARY DECLARATION is made as of May 12, 2004, by PELHAM'S CROSSING, L.L.C., a Virginia limited liability company ("Declarant") ("Grantor").

RECITALS:

- R-1 Pelham's Crossing Subdivision, Section Two is subject to the Pelham's Crossing Declaration ("Declaration") dated September 18, 2001, and recorded in the Spotsylvania County Circuit Court Clerk's Office ("Land Records") in Deed Book 2025, page 237, and further a Supplementary Declaration ("Section Two Supplemental Declaration") dated April 30, 2002, and recorded in the Land Records as Instrument 020021418.
- R-2 Pelham's Crossing Subdivision Section Three is subject to the Declaration and further a Supplementary Declaration ("Section Three Supplementary Declaration") dated July 30, 2002, and recorded in the Land Records as Instrument 200200022504.
- R-3 Pelham's Crossing West Subdivision is subject to the Declaration and further a Supplementary Declaration ("Pelham's West Supplementary Declaration") dated April 30, 2003, and recorded in the Land Records as Instrument 200300025720.
- R-4 Section 6.1 of each of the three supplementary declarations: Section Two Supplementary Declaration, Section Three Supplementary Declaration, and Pelham's West Supplementary Declaration provide that the Declarant may amend the Supplemental Declaration so long as the Declarant is still involved in development of the Property.
- R-5 Pelham's Crossing, L.L.C., the Declarant, is still actively involved in the development of Pelham's Crossing, Section 2; Pelham's Crossing, Section 3; and Pelham's Crossing West, and the Declarant desires to amend the supplementary declaration for the aforesaid Sections.

NOW THEREFORE, the Declarant hereby covenants and declares, on behalf of themselves and their respective successors and assigns, that from the date this Revised Supplementary Declaration is recorded, the Section Two Supplementary Declaration, Section Three Supplementary Declaration and Pelham's West Supplementary Declaration are hereby replaced, in their entirety, with the following Revised Supplementary Declaration for Pelham's Crossing Section Two, Pelham's Crossing Section Three, Pelham's Crossing West.

REVISED

**SUPPLEMENTARY DECLARATION
For
PELHAM'S CROSSING SECTION TWO
PELHAM'S CROSSING SECTION THREE
PELHAM'S CROSSING WEST**

For the purposes of this Revised Supplementary Declaration, "Declarant" shall mean Pelham's Crossing L.L.C., a Virginia limited liability company. "Declaration" shall mean the Declaration for Pelham's Crossing, L.L.C. dated September 18, 2001, and recorded on September 19, 2001, in Deed Book 2025, page 237 of the Land Records of Spotsylvania County. "Association" shall mean the Pelham's Crossing Community Association, Inc., a Virginia Non-Stock Corporation.

**ARTICLE 1
PHASE DESIGNATION**

Section 1.1 Phase. Sections Two and Three of Pelham's Crossing shall be designated as Phase A of Pelham's Crossing. Pelham's West shall be designated as Phase A of Pelham's Crossing West.

**ARTICLE 2
COMMON AREA AND LIMITED COMMON AREA**

Section 2.1 Common Area. The real estate described in the respective deeds of gift as Common Area and which have been transferred to the Association are hereby designated as Common Area to serve all of the Lots in the subdivision and is not Limited Common Area. The Declarant reserves the right to designate Common Area or Limited Common Area by unilaterally amending this Supplementary Declaration, providing that it provides common area in an equal or greater amount and gets approval from the subdividing authority of Spotsylvania County.

**ARTICLE 3
LIMITED COMMON AREA EXPENSE ASSESSMENTS**

Section 3.1 Purpose. At this time, there are no Limited Common Area Expense Assessments.

ARTICLE 4 RESTRICTIONS ON USE; RULES AND REGULATIONS

Section 4.1. Additional Restrictions on Use. In addition to the provisions of the Declaration, the Lots in these Phases are also subject to the following covenants and restrictions.

(a) Residential Use. All Lots shall be used, improved, and devoted exclusively to residential use, except such professional offices and home occupations permitted by Spotsylvania County, Virginia, as further approved by the Board of Directors and subject to reasonable rules to prevent unreasonable adverse impact on adjacent Lots. As a condition to consenting to such office use, the Board of Directors may require an owner to pay any increase in the rate of insurance for the Association which may result from such office use. Such permission, once given, may not be revoked except for good cause shown. Nothing herein shall be deemed to prevent an Owner from leasing such Owner's Lot subject to the limitation in Article 8.5 of the Declaration.

(b) Square Footage. All homes which are at least 52' in width (including garages, porches and cantilevers) shall contain a minimum finished square footage of at least 1200 square feet on one level and 1600 square feet on two levels. All homes which are between 48' and 52' in width, shall contain a minimum of 2200 finished square footage. All homes between 44' and 48' shall contain a minimum of 2400 finished square footage. Square footage is measured exclusive of attics and garages, even if portions of such areas are finished. So long as the Declarant, or a Builder, are engaged in developing or improving any portion of the Property, the Declarant shall have the right to amend this restriction.

(c) House Width. All homes shall have a minimum width including garages,, porches and cantilevers of 44 feet. So long as the Declarant, or a Builder, are engaged in developing or improving any portion of the Property, the Declarant shall have the right to amend this restriction.

(d) Driveways. All driveways and sidewalks shall be concrete. All driveway entrances are to conform to the Architectural Guidelines of Pelham's Crossing.

(e) Clothes Drying Equipment. No clothes lines or other clothes drying apparatus shall be permitted on any Lot, unless approved in writing by the Covenants Committee. It is initially contemplated that no exterior clothes lines or other exterior clothes drying apparatus will be permitted.

(f) Trash Receptacles. Storage, collection and disposal of trash shall be in compliance with Rules and Regulations adopted by the Board of Directors. Trash, leaves and other similar material shall not be burned in violation of local ordinances.

(g) Mailboxes and Newspaper Tubes. Only Mailboxes and newspaper tubes meeting Design Guidelines of the Association shall be permitted.

(h) Vegetation. No live vegetation on slopes of greater than twenty percent gradient or marked "no cut" areas on approved site plans may be cut without prior approval of the Covenants Committee.

(i) Vehicles. No portion of the Property shall be used for the repair of motor vehicles

provided that non-commercial repair of vehicles is permitted within enclosed structures. Use and storage of all vehicles and recreational equipment upon the Common Area and Lots or upon any street, public or private, adjacent thereto shall be subject to Rules and Regulations promulgated by the Board of Directors. All motor vehicles including, but not limited to, trail bikes, motorcycles, dune buggies, and snowmobiles shall be driven only upon paved streets and parking lots. No motor vehicles shall be driven on pathways or unpaved portions of Common Area, except such vehicles as are authorized by the Board of Directors as needed to maintain, repair, or improve the Common Area. This prohibition shall not apply to normal vehicular use of designated streets and lanes constructed on Common Area. Parking of all commercial and recreational vehicles and related equipment, other than on a temporary and non-recurring basis, shall be in garages or screened enclosures approved by the Covenants Committee or in areas designated by the Board of Directors.

(j) Lighting. No exterior lighting shall be directed outside the boundaries of the Lot.

(k) Garage. No garage on any Lot shall be converted to habitable living space. In addition to the enforcement rights in Section 6.2 hereof, the appropriate officials of Spotsylvania County, Virginia, may enforce this restriction by any proceeding at law or in equity.

(l) Roofing. All roof shingles shall be dimensional shingles. All roofs shall have a minimum pitch of 5/12.

(m) Propane Tanks. All propane tanks, including those used just for a fireplace, shall be buried.

Section 4.2. Exceptions. The Board of Directors may issue temporary permits to exempt any prohibitions expressed or implied by this Article, provided the Board can show good cause and acts in accordance with adopted guidelines and procedures. So long as the Declarant or a Builder are engaged in developing or improving any portion of the Property, such Persons shall be exempt from the provisions of the Article affecting movement and storage of building materials and equipment, erection and maintenance of directional and promotional signs, and conduct of sales activities, including construction and maintenance of models and improvements having approval of the New Construction Subcommittee. Such exemption 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.

ARTICLE 5 RESERVATION OF POWER TO GRANT EASEMENTS

Section 5.1 Reservation. There shall be and is hereby reserved to the Declarant and its successors and assigns, the power and right with respect to the Lots subject to this Supplementary Declaration, to grant easements required by a governmental agency or authority in connections with the release of public improvement bonds or the acceptance of streets for public maintenance. This power and right shall continue for a period of sixty months from date hereof, or until the earlier release of all public improvement bonds and acceptance of streets for public maintenance covering the Lots subject to this Supplementary Declaration.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1. Amendment. Subject to the Declarant's unilateral right to designate Common Area or Limited Common Area pursuant to Article 2 hereof, this Supplementary Declaration to the Declaration may be amended further at any time by an instrument signed by the Declarant, if the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property. After completion of development period this Supplementary Declaration may be amended by the Association and by the owners entitled to cast at least sixty-seven percent of the total number of votes in the Association entitled to be cast by owners of Lots in this Phase. Any amendment must be recorded to become effective. During the Declarant Control Period and subject to designate Common Area or Limited Common Area pursuant to Article 2 hereof, further amendment of this Supplementary Declaration requires the approval of the Veterans Administration, if a Lot in this Phase is guaranteed by the Veterans Administration. During the development period in which lots are being developed and homes are being sold, the Declarant may amend this Supplementary Declaration without the consent of the Association and the Owners of lots in this phase.

Section 6.2. Enforcement. The Association, any owner of a Lot within this Phase or any mortgagee of a Lot within this Phase, as their interests may appear, shall have the right, by any proceeding at law or in equity, to enforce all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Supplementary Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 6.3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 6.4 Terms and Definitions. The terms used herein shall have the same meaning and definition as set forth in the Declaration.

ARTICLE 7 REQUIRED INSURANCE COVERAGE

Section 7.1 Insurance. In order to protect adjoining Owners and to insure that there are sufficient funds available to an Owner to restore the improvements on such Owner's Lot in case of damage or destruction, each Owner of a Lot which is part of this Phase shall maintain a fire and extended coverage insurance policy in an amount equal to the full replacement value (exclusive of land, excavation and other items normally excluded from coverage) of all improvements construction on such Lot. Any policy obtained shall provide that it may not be canceled except upon ten (10) days written notice to the Association. If an Owner fails to obtain the insurance required by this Article, the Board of Directors may obtain such insurance on such Owner's behalf and assess the Lot owned by such Owner for the cost pursuant to Article 10 of the Declaration.

PELHAM'S CROSSING, L.L.C.,
A Virginia limited liability company

By: [Signature]
James E. Jarrell, Jr.
Operating Manager

STATE OF VIRGINIA

COUNTY OF SPOTSYLVANIA, to-wit:

The foregoing instrument was acknowledged before me this 20th day of May, 2004, by James E. Jarrell, Jr., Operating Manger of Pelham's Crossing, L.L.C., a Virginia limited liability company.

My commission expires: Jan. 31, 2004

[Signature]
Notary Public

DECLARATION
FOR
PELHAM'S CROSSING

THIS DECLARATION is made as of September 18, 2001 by PELHAM'S CROSSING, L.L.C., a Virginia limited liability company ("Declarant") and PELHAM'S CROSSING COMMUNITY ASSOCIATION, a Virginia nonstock corporation ("Association").

RECITALS:

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 Pelham's Crossing Community 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.

(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, and Special Assessments (Assessments levied pursuant to Section 55-514 of the POA Act)

(4) “Association” means Pelham’s Crossing Community Association, Inc. 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 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 or otherwise available to the Association for the benefit, use and enjoyment of the Owners.

(a) “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.

(b) "Limited Common Area" means a portion of the Common Area which has been designated by the Declarant pursuant to Section 3.8 for the primary or exclusive (if specifically designated) use, as appropriate, of Owners of one or more but fewer than all of the Lots.

(c) "Common Easement Area" means, at any given time, any easement available to the Association for the benefit or use of the Owners.

(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.

"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 Spotsylvania 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.

(13) "Declarant" means Pelham's Crossing, L.L.C., a Virginia limited liability company. 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 fifteenth 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 (75%) 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 Pelham's Crossing 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 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. "Proffers" means the proffers applicable to the Submitted Land or the Additional Land as approved by the County in conjunction with rezoning of the Property, including without limitation the Land Use Concept Plan, 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 and the Proffers, 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 Spotsylvania 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 (50%) 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 by 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. Only for the purposes of the notice and inspection rights in Articles 13, 14 and 15, the term "Mortgagee" shall also include the Federal Housing Administration (FHA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Department of Veterans Affairs (VA), the Government National Mortgage Association (GNMA) and any other public or private secondary mortgage market agency participating in purchasing, guaranteeing or insuring Mortgages which has notified the Board of Directors of such participation in writing ("Secondary Mortgage Market Agency"). 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 sixty (60) days (or such lesser period of time as required by statute, but in no event less than thirty (30) 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) "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.

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

(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.

(30) "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.

(31) "Trails" means the paths and trails across Lots and Common Area and available for the use of all Owners or required by the deeds of subdivision to be maintained by the Association.

(32) "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. If any of the covenants, conditions, restrictions or other provisions of the Declaration or any Supplementary Declaration are deemed unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last living survivor of the now living descendants of Elizabeth II, Queen of England.

(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 Lot owned.

The Class B Owner shall be the Declarant. During the Declarant Control Period, the Class B Owner shall have 654 votes (a number equal to three times the total number of Class A votes projected when the Submitted Land is fully developed), less three votes for each vote held by a Class A Owner other than a Builder when a vote is taken. If the land described in Exhibit A 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 or some Additional Land is submitted to this Declaration, then the number of votes of the Class B Owner described above shall be increased by three times the number of additional dwellings permitted. If Exhibit A of the Declaration is amended to include additional real estate that was not included when the Declaration was recorded, the votes of the Class B Member shall be increased by three times the number of Class A votes that would be appurtenant to any Lots created on such real estate if such real estate were fully developed under the applicable zoning.

After the Declarant Control Period expires, the Declarant shall have one vote as a Class B Owner and the Declarant shall also become a Class A Owner and have Class A votes with respect to the Lots owned by the Declarant. The Class B membership shall expire at the end of the Development Period.

(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). Any Common Area in each subdivided section of the Property shall be conveyed to the Association before the conveyance of any Lot in such subdivided section to an Owner other than the Declarant or a Builder. 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 and other factors not now known. Accordingly, reference to the Common Area shall be deemed to refer to Common Area at the relevant time.

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) If the transfer results in a material diminution of Common Area (an acre or more), then the Declarant shall transfer or cause to be transferred to the Association such land as may be necessary to maintain the amount of Common Area at the level previously existing or the Association shall be otherwise reasonably compensated; (iii) the appropriate governmental authorities approve such Lot line adjustments; (iv) 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 (v) 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 9.3 and to charge fees for the use of Common Area, if appropriate. The Association, acting through its Board of Directors, may also lease, mortgage, dedicate or convey Common Area (including Limited 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 telecommunications 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: (i) the Common Area; (ii) any Lot within twenty feet of any boundary line of the Lot abutting a public or private street or ten feet from any other lot boundary line (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 sightly manner) of reasonable supplies of building materials and equipment necessary to complete improvements; and (iii) easements for the construction, installation and Upkeep of improvements, 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 within ten feet of any lot boundary line abutting a public right-of-way or a private street or roadway, trails, paths and sidewalks, street lights, street and directional signs, temporary promotional signs, plantings, entrance features, "theme area" signs, 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 clause (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.

(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 building), 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 Limited Common Area or Reserved 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 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, and to establish reasonable charges for use of the recreational facilities (if any) located on the Common Area, 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.

(1) Recreational Facilities. During the Development Period, the Declarant hereby reserves to itself and its successors and assigns the right to grant to each Person lawfully occupying any portion of the Additional Land a non-exclusive right and easement of use and enjoyment in

common with others of the recreational facilities and parking areas constituting a portion of the Common Area and a right of access over and through the Common Area (except as limited by the designation of Limited Common Area or Reserved Common Area) to such facilities. The Persons to whom this easement is granted or the owners association or unit owners association of any planned community or condominium or cooperative corporation located on the Additional Land shall pay to the Association an annual assessment levied exclusively for a share of the costs of management and Upkeep of the recreational facilities and parking areas, including insurance and reserves, at least equal to the amount that would be payable if the Additional Land were subject to the Declaration.

(2) Access. 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 and Limited Common Area.

(a) Reserved Common Area. The Board of Directors shall have the power in it's 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. For as long as the Declarant has the right to add Additional Land under Section 4.1, the Declarant shall have the unilateral right, without the approval or joinder

of the Association or any Owner or Mortgagee, to restrict portions of the Common Area owned in fee simple by the Association in the nature of an easement for the exclusive (if specifically designated) or primary, as appropriate, 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 describe the Limited Common Area or Common Area that may be assigned as Limited Common Area in a Supplementary Declaration, and may thereafter unilaterally record an instrument assigning such Limited Common Area. The Declarant shall not, however, designate Common Area as Limited Common Area or Common Area that may be assigned as Limited Common Area once such portion of the Common Area has been conveyed to the Association. Limited Common Area which has been assigned to the exclusive use of certain Owners may only be reassigned with the prior written approval of: (i) Owners entitled to cast sixty-seven percent (67%) of the total number of votes appurtenant to the Lots served by such Limited Common Area or by a Sixty-seven Percent (67%) Vote of such Owners; (ii) the Association acting through its Board of Directors; and (iii) during the Development Period, the Declarant; provided, however, that Limited Common Area may be conveyed and the easement relocated by the Association acting through its Board of Directors without Owner or Mortgagee approval pursuant to Sections 2.2, 2.3 and 14.4.

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 'Person or 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 fifteenth 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 does not increase the overall amount of land described in Exhibits A and B by greater than ten percent (10%) in either square footage of land or the number of dwellings permitted. If the Lots have been approved for FHA insured or VA-guaranteed financing, then in order to submit land not adjacent to the Property or across a public right-of-way from the Property or not otherwise designated as Additional Land, the approval of VA and/or FHA must also be obtained. 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 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 (50%) 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 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 section of the Property until such time as a portion of such section 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. Conveyance of Common Area requires the approvals set forth in Section 14.4.

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 (67%) Vote of the Owners or the written approval of Owners entitled to cast at least sixty-seven percent (67%) 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 conditions of subdivision approval.

ARTICLE 6

COMMON EXPENSES AND ASSESSMENTS

Section 6.1. Determination of Common Expenses and Budget. (a) 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 forty-five (45) 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 forty (40) 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 quarterly 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) Notwithstanding the foregoing, the Declarant may, at the Declarant's sole option, decide to pay all ordinary operating costs of the Association for a period of time not to exceed two years. If the Declarant so elects, the Association will incur no Common Expenses and thus no Assessments will be collected during such time.

(3) Each purchaser of a Lot from any person shall pay at settlement an "Initial Assessment" equal to One Hundred Fifty Dollars (\$150.00) to provide necessary working capital and initial reserve funding for the Association. The foregoing amount may be increased, by the Board, by five percent (5%) 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 (10) 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 paragraphs (2) and (3) 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 (including services provided under Section 7.1(d)); (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 incurred in the Upkeep or maintenance of reserves for

the Upkeep of any Limited Common Area may be assessed only against the Lots to which such Limited Common Area is appurtenant.

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

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

(D) 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.

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

(3) Limitations on Increases.

(A) Maximum Allowable Assessments. In no case may the Board adopt an annual assessment that exceeds the Maximum Allowable Annual Assessment. For the first fiscal year following recordation of this Declaration, the maximum allowable Annual Assessment against Lots for Common Expenses, excluding Limited Common Expenses, shall be Five Hundred Dollars (\$500.00) per Lot plus any additional maximum allowable Annual Assessment for Limited Common Expenses set forth in a Supplementary Declaration. The maximum allowable Annual Assessment for Limited Common Expenses for Lots containing Single Family Units shall be as set forth in the Supplementary Declaration which establishes such Limited Common Area.

(B) Automatic Increases in Maximum Allowable Assessment.

(1) At the beginning of each fiscal year after the first fiscal year of the Association, the maximum allowable Annual Assessment set forth above or in a Supplementary Declaration shall automatically increase (without vote of the Owners or the Board of Directors) the greater of:

(i) ten percent (10%); or

(ii) the percentage increase in the U.S. Department of Labor Consumer Price Index - All Urban Consumers (1982-84=100) during the last twelve month period for which figures are available on the date when the Board adopts the budget; plus the proportionate amounts by which any real estate taxes, casualty and other insurance premiums and landfill fees, recycling costs, trash service fees or governmental impositions payable by the Association have increased over amounts payable during the previous fiscal year. Wherever in the Association Documents the U.S. Department of Labor Consumer Price Index - All Urban Consumers (1982-84=100) is used, if such index ceases to incorporate a significant number of items now incorporated therein ceases to reflect the increases in expenses of the Association, or if a substantial change is made in the method of establishing such index, then such other reliable governmental or other nonpartisan index designated by the Board of Directors shall be used.

(2) The Board of Directors may determine to set Annual Assessments at an amount less than the applicable maximum allowable Annual Assessment for any fiscal year if, after consideration of current expenses and future needs of the Association, it deems it advisable. The actual Assessment set by the Board shall not affect calculation of automatic increases in the maximum allowable Annual Assessments.

(C) Increases Approved by Owner Vote. The Board of Directors may not levy an Annual Allowable Assessment or an Additional Assessment which in the aggregate will exceed the applicable maximum allowable Annual Assessment for such fiscal year unless an increase in the maximum allowable Annual Assessment is approved by either: (i) the Owners obligated to pay such Assessment (other than the Declarant during the Declarant Control Period) by at least a Majority Vote of such Owners; or (ii) with the written approval of such Owners entitled to cast at least a majority of the total number of votes entitled to be cast by Owners required to pay such Assessment (other than the Declarant during the Declarant Control Period).

(b) Additional Assessments. The Board of Directors may levy Additional Assessments on the Lots subject to Assessment pursuant to Section 6.2(a) (1), provided, however, that such Additional Assessment when added to the Annual Assessment shall not exceed the applicable maximum allowable Annual Assessment per Lot unless approved by the Owners in accordance with Section 6.2(a) (3) (C). 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 (10) 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 (10) days after notice thereof is given to the Owner unless the notice specifies a later date. Individual Assessments shall not be subject to maximum Assessment limitations.

(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 reserves are inadequate to meet actual expenditures for any reason then the Board of Directors shall, in accordance with Subsections 6.2(b) and (g), levy an Additional Assessment against the Lots.

(g) 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, or (iv) be distributed to each Owner (including the Declarant) in proportion to the percentage (if any) of Assessments paid by such Owner.

(2) Unless the budget for the next succeeding fiscal year 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.

(h) 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) Reduced Assessment. A Builder shall pay assessments on each Lot owned in an amount equal to twenty-five percent (25%) of the amount assessed per dwelling or Lot for Common Expenses, including Limited Common Expenses. The Lot shall not be subject to full assessment until the earlier of: (i) conveyance to an Owner other than the Declarant or a Builder; (ii) initial occupancy; or (iii) two years after submission Of such Lot to the Declaration, at which time such Lot shall be assessed at twenty-five percent (25%) of the amount assessed per Lot for Common Expenses or Limited Common Expenses if such Lot is still unoccupied and owned by the Declarant or a Builder.

For so long as the Declarant (or Builder), pays the reduced Assessment for an unoccupied Lot, the Builder or Declarant, as applicable, must maintain 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. The obligations of the Declarant or any Builder under this section shall be a lien against the portion of the Property owned by the Declarant or such Builder, as appropriate. A Lot shall be subject to paying the full Assessment only after the earlier of: (i) conveyance to an Owner other than the Declarant or a Builder or (ii) initial occupancy.

(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 or reduced Assessment for such Lots is paid. The exemption from paying Assessments shall not apply to Lots used for model home purposes.

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 (10) days after the due date shall be delinquent and may accrue a late charge in the amount of Fifteen 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 (30) 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. Except for any duty to pay assessments under Section 6.4(b) as a Mortgagee in possession, mortgagees shall have no duty to collect assessments on behalf of the Association. Likewise, it is not intended that provision of this Declaration shall have the effect that a failure to pay assessments shall constitute a default under any mortgage.

Section 6.6. Statement of Common Expenses. The Board of Directors or managing agent shall provide any Owner, contract purchaser or Mortgagee, within fourteen (14) 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 (except to the extent performed by the County), including without limitation: (i) Upkeep of all open areas,

NOV 17 2003

Pelham's Crossing Community Association
ADMINISTRATIVE RESOLUTION NO. 11012003
Declaration Amendment

WHEREAS, the Declaration creates obligation for Owners;

WHEREAS, the Board (Declarant) is empowered to make variance or changes;

NOW, THEREFORE, BE IT RESOLVED THAT the Board duly adopt the following changes in late fees:

BE IT RESOLVED that, recognizing the importance of assessments being paid on time so that the CA can fulfill its obligations and because of the cost involved in dues collection, the Board herein raises the late fee, effective with all 2004 assessments, to \$25.

The \$25 late fee shall be assessed on all quarterly payments that are not received by the 10th of the month in which they are due.

BE IT FURTHER RESOLVED that, recognizing the need for each member of the Pelham's Crossing CA to be thoroughly informed, the Association Board of Directors hereby instructs its Managing Agent to report to members by mail its decision on this matter when mailing out payment coupons or bills.

James Jarrell III

11/14/03

Date

including grass cutting, garbage and trash collection, landscaping and lawn maintenance; (ii) Upkeep of the private streets and roadways, sidewalks and parking areas, including snow and ice removal and repair and replacement; (iii) Upkeep and operation of all recreational facilities located on the Common Area, if any; and (iv) Upkeep of all other improvements located on the Common Area. 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, Supplementary Declarations 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 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 the Common Easement Area in its sole discretion. Spotsylvania County and the Virginia Department of Transportation will not be responsible for the maintenance, repair or replacement of private roads.

(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, 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. The Association may, but is not obligated to provide additional Upkeep to the extent not provided by the County. If the County conditions indemnification of the Virginia Department of Transportation against liability or maintenance obligations relating to any storm water management structure or facility serving the Property upon indemnification of the County against liability or expense under its indemnity, then the Association shall so indemnify the County. Until such time as the obligations for Upkeep are assumed by the County as provided in the previous sentence, the Association shall indemnify, defend and hold harmless the County for any and all costs incurred by the County as a result the failure of the Association to perform its obligations for Upkeep hereunder. 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 center islands, 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 with in, 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) bus shelters; (v) street lights and accessories, including poles; (vi) mail box pavilions; and (vii) 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. To the extent determined to be reasonably necessary or desirable by the Board of Directors, the Association may provide trash collection, recycling programs, water or cable television, transportation, lawn maintenance, landscaping, 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 with owners of adjacent properties 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 (30) 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 (30) days after delivery of a statement for such expenses from the Board.

(b) Streetlights.

(1) General. The Board of Directors may determine to install, maintain, and provide electricity to all streetlights located on Common Area or the Lots as a Common Expense or as a Limited Common Expense of the Lots served. The Board of Directors may adopt rules and regulations governing the payment of any electricity bills for lights located on individual Lots, which all Owners shall obey.

(2) Virginia Power Program. For safety and security purposes, street lights under the Virginia Power "Area Lighting" street light program are planned to be installed by the Declarant in portions of Pelham's Crossing.

(i) First Year After Installation. In accordance with Virginia Power Regulations, during the first year of operation of the subdivision, all street lights shall be located on individual lots. It shall be the responsibility of each owner upon whose lot a street light is installed to keep the light in place and to maintain the account with Virginia Power for the light. The Association shall reimburse the individual owners for the street light costs, pursuant to rules and regulations adopted by the Association.

(ii) Subsequent Years of Operation. As soon as Virginia Power regulations allow (currently one (1) year after Virginia Power starts service to Pelham's Crossing), the Association shall take over all accounts for street lights that are located on private lots. The Association shall also be responsible for payment for street lights located on Association property. All street light accounts (whether located on private lots or association property) shall be maintained for at least twenty (20) years from the date of installation, unless Virginia Power and the Association both consent to an earlier termination of the account.

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 (20%) 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 or a Limited Common Expense depending on the nature of the improvement. Any capital additions, alterations or improvements costing in the aggregate twenty percent (20%) 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 (12) 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. Any Assessments resulting from expenditures authorized under this

section must also comply with Section 6.2(a) (3) which imposes limitations on increases in Assessments above a specified maximum. If Owner approval is required to increase the applicable maximum Annual Assessment, such approval shall be obtained simultaneously with the vote required by Subsections 14.4(a) and (c).

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.

Section 7.6. Parking. Except for any parking spaces assigned as Reserved or Limited Common Area, all parking spaces located in the Common Area shall be used by the Owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine or as may be otherwise stated in a Supplementary Declaration and in accordance with such reasonable Rules and Regulations regulating the same as the Board of Directors may adopt. The Association will not unreasonably interfere with the right of any Owner, or such Owner's tenant or such Owner's (or tenant's) household members, guests, employees, agents or invitees to use the private streets and roadways on the Common Area for both vehicular and pedestrian ingress and egress to and from such Owner's Lot; provided, however, the Board of Directors may limit the number of parking spaces used by one Owner, assign parking spaces as Reserved Common Area or designate guest parking. Unless otherwise specifically designated in this Declaration or any other agreement, the parking areas and driveways on each Owner's Lot are to be used and maintained solely by such Owner and such Owner's designees. During the Development Period, the Declarant reserves the right to use a reasonable number of parking spaces located on the Common Area for sales and development purposes.

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 including the Development Plan, 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 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 Limited Common Area or Reserved 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; (vi) the activity is consistent with the residential nature of the Property and complies with local ordinances; and (vii) the Owner has obtained prior written approval of the Board of Directors. 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, telecommunications 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 (20%) 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 rule 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 as technology changes. 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), taxicabs 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 for Upkeep or improvement of 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, dogs, cats or caged birds) 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 (10) 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 and no discharge of any firearm or other weapon shall be permitted within the Property, except as necessary to control wildlife as determined and approved by the Board of Directors. Any such approved hunting or trapping by the Association shall be conducted in accordance with all applicable laws and ordinances.

(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) 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 safety, appearance of or value of the Property. Rules and Regulations governing the actions of Owners or occupants on land adjacent to the Property shall be consistent with and reasonably necessary to the maintenance of safety, a uniform quality of appearance and 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. 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 Lot upon which a single family dwelling or condominium unit is located, 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, 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) Rezoning. No Owner shall seek to rezone 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 rezone 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 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 on behalf of the Owner or in the alternative, upon request each Owner agrees to sign the application 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 rezoning or subdivision condition which would materially, adversely affect an Owner's ability to use such Owner's Lot for its intended purposes or significantly increase such Owner's development costs.

ARTICLE 9

ARCHITECTURAL REVIEW

Section 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 (1) to three (3) 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 Board of Directors 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.

(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. Notwithstanding the foregoing, neither the Covenants Committee nor the Board of Directors shall have authority to regulate construction or alterations made by the Owner of a Lot containing a multifamily rental building with respect to such Lot, except as provided in the Supplementary Declaration for such Lot.

(d) Time for Response: Variances. The Covenants Committee shall act on all matters properly before it within forty-five (45) 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 (15) 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. Compensation of the Covenants Committee. One or more members of the Covenants Committee or the Initial Construction Committee may be compensated by the Association for their service on the Covenants Committee or the Initial Construction Committee (including designees of the Declarant) and for their technical or professional expertise as may be determined by the Board of Directors.

Section 9.4. 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 Upkeep 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 (30) 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 and an authorized Officer shall sign any application required therefor.

(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 twelve 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 twelve 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) Certificate 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 certificate of compliance which shall be prima facie evidence that such construction or alteration referenced in such certificate has been approved by the Committee. The certificate shall not be used and may not be relied upon for any other purpose and 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 certificate.

(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. Authority to Purchase: Notice.

(a) The Board of Directors shall have the power and responsibility on behalf of the Association to: (i) purchase insurance policies relating to the Common Area and the activities of the Association; (ii) adjust all claims arising under such policies; and (iii) 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 available only at demonstrably unreasonable cost; or (iii) if the Association's insurance professionals advise that the coverages required by Section 10.2(b) (2) 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 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) Each such policy shall provide that:

(1) 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 or any member of an Owner's household;

(2) 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 members, guests, employees, agents or invitees, or of any Officer or employee of the Board of Directors or the managing agent 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 (30) days after such demand; and

(3) Such policy may not be cancelled or substantially modified without at least thirty (30) days prior written notice to the Board of Directors, the managing agent and the Mortgagees, except cancellation for non-payment of premium shall require only ten (10) days notice.

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

(d) The deductible or retained limit (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 Sections 6.2(c) and 12.1(a), assess any deductible amount necessitated by the misuse or neglect of an Owner against the Lot owned by such Owner.

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

Section 10.2. Physical Damage Insurance.

(a) The Board of Directors shall obtain and maintain a "special" form policy of insurance including fire damage, vandalism, malicious mischief, sprinkler leakage (if applicable), cost of demolition, debris removal, and water damage) 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 (100%) 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) 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 occupant or Owner 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) "cost of demolition"; C) "contingent liability from operation of building laws or codes"; D) "increased cost of construction" or "inflation guard"; E) "replacement cost" or a "Guaranteed replacement cost"; and F) "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 physical 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 Owners or Mortgagees, unless otherwise required by law;

(4) such deductibles as to loss, but not coinsurance features, as the Board of Directors in its sole discretion deems prudent and economical; and

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

(c) Certificates of physical damage insurance 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 (10) days prior to any lapse, material modification or cancellation of the then current policy.

Section 10.3. Liability Insurance. The Board of Directors shall obtain and maintain commercial general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring the Association, each director, 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 tenant and such Owner's (or tenant's) household members, guests, employees, agents or invitees arising out of, or incident to the ownership or care, custody, control and use of the Common Area or legal liability arising out of employment contracts of the Association. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) 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; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Association; and (v) 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 Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than one million dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than two million dollars.

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

(a) adequate fidelity 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; however the Board may determine to purchase additional fidelity coverage for the managing agent as well. Such fidelity insurance (except for fidelity insurance obtained by the managing agent for its own personnel,) shall: (i) name the Association as an obligee; (ii) be written in an amount not less than one-fourth the total Annual Assessment for Common Expenses or the amount required by the Mortgagees, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

(b) if required by a majority of the Mortgagees or governmental regulations, flood insurance in accordance with the then applicable regulations for such coverage;

(c) workers' compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);

(d) if applicable, pressure, mechanical and electrical equipment including air conditioning equipment coverage on a comprehensive form in an amount not less than fifty thousand dollars per accident per location;

(e) directors and officers liability insurance in an amount not less than one million dollars; and

(f) such other insurance: (i) as the Board of Directors may determine; (ii) as may be required with respect to the Additional Land by any amendment to this Declaration adding such Additional Land; or (iii) as may be requested from time to time by a Majority Vote of the Owners.

Section 10.5. Insurance on Lots.

(a) Optional Insurance. 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 Owner's personal liability. No Owner shall acquire or maintain insurance coverage on the Common Area insured by the Association so as to: (i) decrease the amount which the Board of Directors may realize under any insurance policy maintained by the Board; or (ii) cause any

insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by an Owner. No Owner shall obtain separate insurance policies on the Common Area.

(b) Separate Insurance on Lots. Each Owner of a Lot containing a townhouse structure shall maintain (at such Owner's own expense) an "all-risk" or "special" form policy of fire insurance with extended coverage in an amount equal to one hundred percent (100%) of the then current insurable replacement cost of any improvements located on such Owner's Lot. If the Board of Directors so requests, the Owner of such a Lot shall provide a certificate of insurance to the Board. If an Owner fails to obtain the insurance coverage required by this Article, the Board of Directors may purchase such insurance coverage on such Owner's behalf and assess the Lot owned by such Owner for the cost thereof pursuant to Subsections 6.2(c) and 12.1(b) hereof. Neither the Declarant, the Association nor the Board of Directors shall be held liable for the failure of any Owner to purchase insurance.

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 is damaged or destroyed by fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including without limitation any floor coverings, fixtures and appliances) If destruction of the improvements located on the Common 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 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. Procedure for Reconstruction and Repair of Common Area.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of any improvement located on the Common Area, the Board of Directors shall obtain reliable and detailed estimates of the cost of restoring and repairing such improvement (including without limitation any floor coverings, fixtures and appliances) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as

the Board of Directors determines to be necessary.

(b) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of any improvement located on the Common Area, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible; provided, however, that other action may be taken if approved in accordance with Section 14.4.

Section 11.3. Reimbursement of Construction Funds for Common Area.

(a) Construction Fund and Disbursement. The proceeds of insurance collected on account of a casualty and the sums received by the Board of Directors from the collection of Assessments against the Owners pursuant to Section 11.3(b), or any Owner pursuant to Sections 6.2(c) and 12.1, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner.

(1) If the estimated cost of reconstruction and repair is less than twenty percent (20%) of the total Annual Assessment for Common Expenses for that fiscal year, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors.

(2) If the estimated cost of reconstruction and repair is twenty percent (20%) or more of the total Annual Assessment for Common Expenses for that fiscal year or upon the request of two or more Mortgagees, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the Board of Directors to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other Persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested. The Board of Directors shall be entitled to rely on such certificate.

(b) Shortfalls. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds or shall be deemed a Common Expense or Limited Common Expense, as appropriate, and an Assessment therefor shall be levied subject to Section 6.2.

(c) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds. If, after payment of the costs of all reconstruction and repair, and the refund of any excess payments made by Owners pursuant to Section 11.3(b) in proportion to their contributions or the refund of excess payments by any Owner pursuant to Sections 6.2(c) and 12.1, there remains any surplus fund, such fund shall be paid to the Association and shall be placed in the appropriate reserve account.

Section 11.4. 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. therefore, in accordance with plans approved by the Board of Directors, unless within sixty (60) days after such Taking the Declarant (during the Declarant Control Period) or the Owners by a Sixty-seven Percent (67%) 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 relief set forth herein.

(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 (30) 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 subsections 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 (i) the right to vote in the Association pursuant to Section 3.2 of the Bylaws, (ii) the right to use the recreational facilities (if any) and other Common Area (other than for access or utilities); and (iii) other rights 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 Covenants 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 (60) days, then such utility service may be discontinued to such Owner until payment of the Assessment for such service is made; provided, however, that such suspension shall not endanger the health, safety or property of any Owner, tenant or occupant. The Board or Covenants 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 recreational facilities (if any) or other Common Area (other than for access or utilities) for a reasonable period not to exceed sixty (60) 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. Charges may not exceed Fifty Dollars (\$50.00) for each violation or Ten Dollars (\$10.00) 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 Covenants 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

(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.

(3) Appeal. Upon receipt of a written request therefor made within ten (10) 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 (30) 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 (10) 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 prior fiscal years, 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

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 current. 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 (60) 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 (10%) 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 (10) 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 (30) 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 (10) 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 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 Owners s rights or obligations hereunder; (ii) satisfy the requirements of the Proffers or 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) depict the assignment of Limited Common Area as required by Section 3.8(b); (v) add all or any portion of the Additional Land in accordance with Section 4.1; and (vi) 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 and the Association may amend this Declaration (not including a Supplementary Declaration) only with at least a Sixty-seven Percent (67%) Vote of the Owners or with the written approval of Owners entitled to cast at least sixty-seven percent (67%) 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 (1) year after recordation.

(c) Supplementary Declarations. Amendment of a Supplementary Declaration is governed by the provisions for amendment contained therein and the requirements of Section 14.4. A Supplementary Declaration may not be amended to reduce the maximum annual Limited Common Expense Assessment set forth therein. 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 (15) 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 (51%) 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 to the Association Documents include 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 Upkeep of the Common Area;
- (4) Upkeep obligations;
- (5) allocation of rights to use the Common Area;
- (6) any scheme of regulation or enforcement of standards for Upkeep, architectural design or exterior appearance of improvements;
- (7) reduction of insurance requirements;
- (8) restoration or repair of the Common Area;
- (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 Mortgagees.

(b) Extraordinary actions of the Association include:

(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 or amending Exhibit B to include land not previously described as Additional Land which either: (i) increases the overall land area of the Property and Additional Land described in Exhibits A and B by greater than ten percent (10%) in land area or increases the number of planned dwellings by greater than ten percent (10%); or (ii) 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 (including sharing use of the recreational facilities, if any) to serve the Property or adjacent land which are not inconsistent with or 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.

(5) making capital improvements (other than for Upkeep of existing Common Area improvements) during any period of twelve (12) consecutive months costing in excess of twenty percent (20%) 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 (67%) of the total number of votes entitled to be cast by Owners, including a majority of the votes entitled to be cast by Owners other than the Declarant during the Declarant Control Period, or (ii) by at least a Sixty-seven Percent (67%) Vote of the Owners, including a Majority Vote of Owners other than 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 (25) 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.

(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 (51%) of the total number of votes of such Owners or by at least a Fifty-One Percent (51%) 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 (67%) of the total number of votes in the Association, including a majority of the total number of votes entitled to be cast by Owners other than the Declarant during the Declarant Control Period, 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

(51%) 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 sixty (60) days (or such lesser period of time as provided by statute, but in no event less than thirty (30) 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.

(h) VA or FHA Consent. When a VA guarantee is in effect on a Mortgage, without the consent of VA, or when FHA insurance is in effect on a Mortgage, without the consent of FHA: (i) the Declarant may not amend the description of Additional Land except as provided in Section 4.1; and (ii) during the Declarant Control Period, the Association may not take any action described in Section 14.4(a), (b) or (e); the foregoing shall only apply for so long as a Lot within the Property is encumbered by a loan guaranteed by VA or insured by FHA. In addition, during the Declarant Control Period, VA and FHA must be informed of all amendments to the Association Documents if such documents have been previously approved by such agency. This provision may be enforced only by FHA or VA.

(i) Contracts made by the Association during the Declarant Control Period. All Association contracts made during the Declarant Control Period which extend beyond the Declarant Control Period must meet at least one (1) of the following criteria: (i) be for a term limited to two (2) years or less; (ii) be terminable by the Association upon ninety (90) days written notice; (iii) be commercially reasonable and made with an entity not affiliated with the Declarant; or (iv) be approved by VA.

Section 14.5. County Approval. A number of provisions are contained within this Declaration to comply with conditions of subdivision approval applicable to the Property or the Additional Land. No Supplementary Declaration or amendment, including an amendment withdrawing land as provided in Section 4.2 or otherwise, shall impair the right and authority of the County to require compliance with subdivision approval conditions applicable to the Property without the prior written approval of the County.

Section 14.6. Conveyance/Encumbrance of Common Area. Any conveyance or encumbrance of Common Area shall be subject to any existing easement for ingress/egress in favor of an Owner.

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 in perpetuity except as amended as provided above or unless terminated as hereinafter provided. Subject to Section 14.4, the Association may terminate this Declaration only with the approval of Owners entitled to

cast at least, sixty-seven percent (67%) 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 (30) 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, 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. If the Association is dissolved prior to conveyance of a Lot to an Owner other than a Builder, then the Common Area and other associated assets of the Association may be distributed as determined by the Declarant.

ARTICLE 16

PARTY WALLS AND FENCES

Section 16.1. Applicable Law; Easement. All matters arising in connection with any wall which would constitute a party wall at common law shall, to the extent consistent with the provisions of this Article, be subject to the common law of Virginia as modified by statute from time to time and as modified by this Article. If the centerline of a party wall now or hereafter fails to coincide with the boundary between the Lots it serves, an easement for any resulting encroachment is hereby granted. If a party wall serves three or more Lots, each segment of it serving two Lots shall be treated for the purposes of this Article as a separate party wall.

Section 16.2. Upkeep. The Owners of Lots served by a party wall shall provide for the Upkeep of party walls and shall share equally the cost of its Upkeep except as otherwise provided in this Article. No Owner shall impair the structural integrity of any party wall nor diminish the fire protection afforded by any party wall.

Section 16.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, the following procedures shall be followed in order to restore such party

wall.

(1) Either Owner served by the party wall shall notify the other Owner served by the party wall of any proposal to repair the wall. If within ten (10) days after such notice (or in an emergency, within twenty-four hours after such notice or a bona fide attempt to give such notice) the other Owner has not responded to the notice, then the Owner giving notice may proceed with the repairs. Such repairs must be substantially similar to the original construction and installation and of first class quality, but may be made with contemporary materials.

(2) If the other Owner served by the party wall responds to the notice, the Owners shall act together to repair the party wall. If the Owners are unable to agree upon the action to be taken, they shall submit the issue to arbitration in accordance with Section 16.5.

(3) If any Owner restores a party wall in accordance with this section, then the other Owner shall contribute one-half of the cost thereof. An Owner may, however, demand a larger contribution from the other Owner or refuse to contribute one-half of such costs, under any rule of law or equity regarding liability for negligent or willful acts or omissions.

(4) To the extent that any failure to repair a party wall affects the use and enjoyment of the Common Area or appearance of the Property, the Association may participate in the repair of the party wall and, in an emergency situation threatening life or property, may make such repair without notice to the Owners. The Association may assess the cost of such repair against the Owners responsible for the damage or benefiting from the repair pursuant to Sections 6.2(c) and 12.1(a).

Section 16.4. Liability. Any Owner who by a negligent or willful act or omission causes or permits a party wall to be damaged shall pay the cost of restoring such party wall to its condition prior to such damage.

Section 16.5. Arbitration. In the event of any dispute between Owners concerning a party wall, the Owners on each side shall each select one arbitrator, and the arbitrators thus selected shall select one additional arbitrator. Arbitrators shall be qualified by experience and education to serve as such. Once selected, the arbitrators shall promptly agree upon and notify the parties of the discovery procedures and rules of evidence to be used in the arbitration. The arbitrators shall be requested to reach a decision within twenty (20) days after their appointment. The decision of a majority of the arbitrators shall bind the Owners and their successors in interest. The cost of arbitration shall be paid by the losing party unless the arbitrators determine that the cost should be otherwise allocated between the parties, in which case that allocation shall be binding.

Section 16.6. Fences and Other Barriers. The provisions of this Article pertaining to party walls shall also govern any fence, other barrier or shared improvement originally installed by the Declarant or a Builder (except for fences or barriers installed in connection with construction activities) and to any replacement thereof authorized by the Board of Directors or the Covenants Committee. Otherwise, the Upkeep of any fence, other barrier or improvement shall be the responsibility of the Owner installing such fence, barrier or improvement unless different arrangements are agreed to by the adjoining Owners.

Section 16.7. Right to Contribution Runs With Land. Rights and duties of contribution set forth in this Article and any such rights and duties arising under the laws of Virginia 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.

Section 16.8. Townhouse Upkeep Easement. If an Owner (including the Declarant) of any Lot must, in order to perform Upkeep of a building on such Owner's Lot, enter or cross any area owned or to be owned by the Association, or a Lot of another Owner, such Owner is hereby granted an easement to do so, providing that the Owner shall use the most direct, feasible route in entering and crossing over such an area and shall restore the surface so entered or crossed to its original condition, at the expense of the Owner, and further provided that such easement shall not exist on the land of any other Owner if the purpose for the entrance or crossing is one requiring approval of either the Board of Directors or the Covenants Committee of the Association, unless such approval has been given.

ARTICLE 17

COMMON DRIVEWAYS

Section 17.1. 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 17.4 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 17.2. Restrictions.

(a) 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 17.3. 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 17.4. 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 not to exceed a maximum annual charge computed as follows: One Dollar (\$1.00) multiplied by the number of square yards of paved area within the pertinent Common Driveway divided by the number of Affected Lots for that Common Driveway. In the alternative, the Board of Directors may determine to charge all Owners served by a Common Driveway a flat fee not to exceed Seventy-Five Dollars (\$75.00) annually. In which case, all such funds may be placed in a single escrow. The maximum allowable charge shall be increased automatically by five percent (5%) each fiscal year.

(b) Liens. 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 (30) 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 Virginia 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 reseeding or resodding of lawns or pasture areas, and the replacement of structures and other facilities located on the land adjacent to the Common Driveway.

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. This Declaration is executed by James E. Jarrell, III in his capacity as Vice-Operating Manager of Pelham's Crossing, L.L.C. pursuant to the Resolution recorded in the land records of Spotsylvania County, Virginia in Deed Book _____, page _____.

PELHAM'S CROSSING, L.L.C.,
a Virginia limited liability company

By: _____ (SEAL)
James E. Jarrell, III,
Vice-Operating Manager

PELHAM'S CROSSING COMMUNITY
ASSOCIATION, INC.

By: _____ (SEAL)
L. Franklin Sealy, President

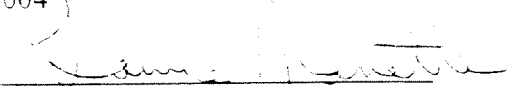
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STATE OF VIRGINIA,

COUNTY OF SPOTSYLVANIA, to-wit:

The foregoing was acknowledged before me this 18th day of September, 2001, by James E. Jarrell, III, in his capacity as Vice-Operating Manger of PELHAM'S CROSSING, L.L.C., a Virginia limited liability company.

My commission expires: January 31, 2004


Notary Public

STATE OF VIRGINIA,

COUNTY OF SPOTSYLVANIA, to-wit:

The foregoing was acknowledged before me this 18th day of September, 2001, by L. Franklin Sealy, in his capacity as President of PELHAM'S CROSSING Community Association.

My commission expires:

Jan 31, 2004

Notary Public

EXHIBIT A

Parcel 1: All that certain lot of real estate, situate, lying and being in Lee Hill Magisterial District (formerly Courtland Magisterial District), Spotsylvania County, Virginia, near Hamilton's Crossing, and containing 74.7 acres, more or less, as shown on plat of survey prepared by Reid, Bagby and Caldwell, P.C. dated September 26, 1988, whereon the said Parcel is designated as "Tax Parcels 37-81 & 95," which plat is recorded in the Clerk's Office of the Circuit Court of Spotsylvania County, Virginia, in Plat File 2, page 8.

Parcel 2: All that certain lot or parcel of land, lying and being in Lee Hill Magisterial District, Spotsylvania County, Virginia, containing 13.7 acres, more or less, as shown and described on a plat of survey made by Darrell M. Caldwell, Land Surveyor, dated February 24, 1989, and recorded in the Clerk's Office of the Circuit Court of Spotsylvania County, Virginia in Plat file 2, page 100.

Less and except those portions of property conveyed unto the Commonwealth of Virginia in Deed Book 659, page 290; Deed Book 670, page 629; and Deed Book 682, page 19.

Parcel 3: All that certain tract or parcel of land, situate, lying and being in Lee Hill Magisterial District, formerly Courtland Magisterial District, Spotsylvania County, Virginia, and located on the northwest side of State Route #609, containing 10.0 acres, more or less, as shown on plat of survey made by R. Wayne Farmer, C.O.S., dated July 26, 1979, revised March 20, 1980, which plat is recorded in the Clerk's Office of the Circuit Court of Spotsylvania County, Virginia, in Plat Book 13, page 21-A.

Less and except the right and easement to the use of that certain 0.27 of an acre lot as set forth in the conveyance to the Commonwealth of Virginia recorded in the aforesaid Clerk's Office in Deed Book 670, page 629.

EXHIBIT B

Spotsylvania County, Virginia, Real Estate Tax Map Parcels:

- 37 (A) 83
- 37 (A) 96
- 37 (A) 96A
- 37 (A) 100
- 37 (A) 103
- 37 (A) 97 B
- 37 (A) 97A

Virginia, Spotsylvania County, to-wit:
 In the Clerk's Office of the County and State aforesaid, the 19 day of April, 2001, at 2:30 o'clock P.M., the foregoing writing was presented and admitted to record, together with the annexed certificate of acknowledgement.
 The tax imposed by Section 58.54-1 in the amount of \$ _____ has been paid.

Teste: [Signature], Clerk

CLERK'S OFFICE
 APR 19 2 31 PM '01
 VA GOV. 58.54-1 (03)
 REC'D REC'D
 BK 670 P 629

NOV 17 2003

Pelham's Crossing Community Association
ADMINISTRATIVE RESOLUTION NO. 11012003
Declaration Amendment

WHEREAS, the Declaration creates obligation for Owners;

WHEREAS, the Board (Declarant) is empowered to make variance or changes;

NOW, THEREFORE, BE IT RESOLVED THAT the Board duly adopt the following changes in late fees:

BE IT RESOLVED that, recognizing the importance of assessments being paid on time so that the CA can fulfill its obligations and because of the cost involved in dues collection, the Board herein raises the late fee, effective with all 2004 assessments, to \$25.

The \$25 late fee shall be assessed on all quarterly payments that are not received by the 10th of the month in which they are due.

BE IT FURTHER RESOLVED that, recognizing the need for each member of the Pelham's Crossing CA to be thoroughly informed, the Association Board of Directors hereby instructs its Managing Agent to report to members by mail its decision on this matter when mailing out payment coupons or bills.

James Jarrell III

11/14/03

Date

Grantee's Address:
P.O. Box 127
Spotsylvania, VA 22553-0127

TAX EXEMPT CODE SECTION: #58.1-811D

**DEED OF GIFT,
DEED OF DEDICATION, SUBDIVISION and EASEMENT;
and DECLARATION OF RESTRICTIONS
PELHAM'S CROSSING SECTION 1**

THIS DEED OF GIFT; DEED OF DEDICATION, SUBDIVISION and EASEMENT; and DECLARATION OF RESTRICTIONS, made and entered into this 22nd day of October, 2001, by and between **PELHAM'S CROSSING, L.L.C., a Virginia limited liability company** ("Landowner"), Grantor.

And **PELHAM'S CROSSING COMMUNITY ASSOCIATION, INC., a Virginia Non-Stock Corporation**, ("Association"); and the **COUNTY OF SPOTSYLVANIA, Virginia**, ("County"); Grantees.

And **THOMAS F. WILLIAMS, JR.**, sole acting Trustee, ("Trustees") and **VIRGINIA HEARTLAND BANK**, ("Noteholder"), Grantors.

RECITALS:

R.1 The Landowner is the owner of certain real property located in Spotsylvania County, Virginia (the "Property"), as shown on the plat attached hereto and incorporated herein by this reference, entitled "Plat of Subdivision, Section One, Pelham's Crossing" (the "Plat"), dated September 11, 2001, prepared by Sullivan, Donahoe and Ingalls, the Landowner having acquired the Property by Deeds recorded in Deed Book 1971, page 217, Deed Book 1971, page 220; Deed Book 1971, page 223 (the Property comprising a portion of the real estate acquired by said deeds), among the land records of Spotsylvania County, Virginia ("Land Records").

R.2 It is the desire and intent of the Landowner to subdivide the Property into lots and parcels, and to dedicate, grant and convey a portion of the Property for public street purposes and for public utility easement purposes in accordance with this Deed of Gift, Deed of Dedication, Subdivision and Easement, and Declaration of Restrictions and the Plat.

R.3 It is the desire and intent of the Landowner to grant and convey unto the Association, the property owners association for Pelham's Crossing Subdivision, the common area and all applicable easements in the locations shown on the Plat.

R.4 The Landowner further desires to designate the Property as being subject to the Declaration for Pelham's Crossing dated September 18th, 2001, recorded in the Land Records in Deed Book 2025, page 237, (hereinafter referred to as "Declaration").

R.5 The Property is encumbered by a First Deed of Trust dated June 18, 2001, and recorded in the Land Records in Deed Book 1971, page 226, securing Virginia Heartland Bank ("Noteholder"), the sum of \$3,200,000.00 (hereinafter "First Deed of Trust") and the Noteholder has agreed to the terms hereof.

R.6 By Declaration of Restrictions dated July 31, 2001, and titled "First Declaration of Restrictions for Preservation Area Within Pelham's Crossing Subdivision, Spotsylvania County, Virginia," recorded in the Land Records in Deed Book 1998, page 521, the Landowner has placed a conservation easement on portions of the property (hereinafter "Preservation Easement").

SUBDIVISION

WITNESSETH THAT in consideration of the sum of \$10.00, cash in hand paid, receipt of which is hereby acknowledged, the Landowner does hereby subdivide the Property containing a total of 57.45615 acres in accordance with the Plat, into lots and parcels, to be known as Lots 1 through 94, inclusive, containing 20.46042 acres; Public Streets containing 6.89859 acres; and Common Area containing 18.19709 acres and a Historic Preservation parcel containing 11.90005 acres.

In addition to the easements and rights-of-way shown on the Plat, the Landowner reserves the right to grant and convey unto the County necessary water line and sewer line easements and rights-of-way for necessary water and sanitary sewer laterals to serve the lots within the Property; provided, however, that such easements and rights-of-way do not restrict or prohibit the construction of residential dwellings upon any such lot over which said easements and rights-of-way are granted, and which right is reserved to the Landowner notwithstanding the fact that said lot over which the water or sanitary sewer lateral and right-of-way is to traverse has been sold and conveyed to a third party, and the owner of any lot within the Property, by acceptance of a deed of conveyance thereto, shall be deemed to have appointed the Landowner as its attorney-in-fact for execution of any such required document, deed of easement, etc., granting and conveying said easements to the County, and shall further be deemed to agree to join in and execute any such documents, deed of easement, etc., granting and conveying said easements to the County.

DECLARATION OF RESTRICTIONS

NOW, THEREFORE, the Landowner, pursuant to its authority under Article 4.1 of the Declaration hereby covenants and declares on behalf of itself, its successors and assigns that the following real estate:

Lots 1 through 94 inclusive, containing 20.46042 acres and Common Area containing 18.19709 acres, as shown on the Plat of Section One, Pelham's Crossing attached to and recorded herewith.

Shall from the date this Deed is recorded, be held, conveyed, acquired, and encumbered subject to the terms and provisions of the Declaration as the same may be amended from time to time in accordance with the provisions for amendment contained therein.

SUPPLEMENTARY DECLARATION

NOW THEREFORE, the Landowner, pursuant to its authority under Article 4.1 of the Declaration hereby covenants and declares on behalf of itself, its successors and assigns that the following real estate:

Lots 1 through 94, inclusive, containing 20.46042 acres and Common Area (Parcels C-1A, C-1B, C-2, A-1, A-2, A-3) containing 18.19709 acres, as shown on Plat of Section One of Pelham's Crossing, attached to and recorded herewith.

Shall from the date this Supplementary Declaration is recorded, be held, conveyed, acquired, and encumbered subject to the terms and provisions of the Declaration as the same may be amended from time to time in accordance with the provisions for amendment contained therein, and such real estate shall further be subject to the covenants, charges, restrictions, easements and liens set forth in the document titled "Supplementary Declaration for Pelham's Crossing, Section One" and attached hereto as Exhibit A and incorporated by reference herein.

GRANT TO COUNTY

The County of Spotsylvania, Virginia, acting by and through its County Administrator, he being hereto duly authorized by Resolution No. 91-32, adopted by the Spotsylvania County Board of Supervisors on the 23rd day of April, 1991, does hereby accept the conveyance of the interest in real estate made herein.

A. Dedication of Streets

WITNESSETH THAT for and in consideration of Ten Dollars (\$10.00) cash in hand, paid to the Landowner by the County and other good and valuable consideration, the receipt of which is hereby acknowledged, the Landowner does hereby dedicate to public street purposes and convey unto the County and its successors and assigns in fee simple, with General Warranty of title, all of that certain property identified as 6.89859 acres contained in Schumann Street, Francis Court, and portions of Napoleon Street, Slingerland Drive, O'Connor Court, Blakely Street, Betsy Street, and Right-of-way along State Route 609, as shown on the Plat.

B. Temporary Turnaround Easements

Further witnesseth that for and in consideration of Ten Dollars (\$10.00) cash in hand paid to the Landowner by the County and other good and valuable consideration, the receipt of which is hereby acknowledged, the Landowner does hereby grant and convey unto the County and its successors and assigns Temporary Turnaround easements at the ends of Betsy Street, Blakely Street, and Napoleon Street in the locations identified on the Plat as "Temp. Turnaround Esm't to be Null and Void Upon Extension of Street." The temporary turnaround easement for Betsy Street shall automatically become null and void when Betsy Street is extended and the extension becomes a public street. The temporary turnaround easement for Blakely Street shall automatically become null and void when Blakely Street is extended and the extension becomes a public street. The temporary turnaround easement for Napoleon Street shall automatically become null and void when Napoleon Street is extended and the extension becomes a public street.

C. Utility Easements

FURTHER WITNESSETH THAT for and in consideration of Ten Dollars (\$10.00) cash in hand paid to the Landowner by the County and other good and valuable consideration, the receipt of which is hereby acknowledged, the Landowner does hereby grant and convey unto the County, public sanitary sewer, and waterline easements (the singular term "easement" when used hereinafter to include the plural if applicable) for the installation, maintenance, operation, and repair of sanitary sewers, waterlines, and facilities which easements are beneath, upon, and over strips of land which are shown on the Plat and designated, and are identified as: "Water, Sewer & Drainage Esm't," "15' Public San. Sewer Esm't," and all other public easements as identified on the Plat. Landowner further conveys public sanitary sewer easements to the County in the location shown on the Plats recorded with the deeds recorded in the Land Records in Deed Book 2000, page 810, and Deed Book 2010, page 114. Such easement(s) are subject to the following:

1. All facilities, public works, and appurtenances which are installed in or on said property now or in the future by or for the County shall be and remain the property of the County and no charge shall at any time be made by the Landowner for the use of the property occupied by the County or for the privilege of constructing, maintaining and operating said facilities and the necessary or appropriate appurtenances.
2. The County and its agents and employees for the purpose of inspecting, maintaining or operating its facilities shall have the right and easement of ingress and egress over any lands of the Landowner adjacent to the described easement between any public or private roads and the described easement in such manner as shall occasion the least practicable damage and inconvenience to Landowner.
3. The County shall have the right to inspect, rebuild, repair, change, alter and install such additional or substitute lines or facilities within the easement herein granted as the County may from time to time deem advisable or expedient, and shall have such rights and privileges as may be reasonably necessary for the full enjoyment or use for any of the aforesaid purposes of the easement and rights herein granted.
4. The County shall have the right to trim, cut, and remove all trees, limbs, undergrowth, shrubbery, landscape plantings of any kind, fences, buildings, structures, paving, or other obstructions or facilities within said easement which it deems in any way to interfere with the proper and efficient construction, operation, and maintenance of the facilities in or on said easement.

5. The County shall repair or replace only ground cover now on the said easement which may be disturbed, damaged, or removed as a result of the construction of any of the County's facilities, shall remove all trash and other debris of construction or repair from the easement, and shall restore the surface thereof to its original condition as nearly as reasonably possible, all subject, however, to this exception, to-wit: that the County shall not be so obligated when it would be inconsistent with the proper operation, maintenance or use of its facilities.

6. Landowner reserves the right to make use of the land subject to the rights herein granted, which use shall not be inconsistent with the rights herein conveyed or interfere with the use of the said easement by the County for the purposes aforesaid; provided, however, that all such use shall be at Landowner's risk unless prior written approval of County is obtained and provided further that this paragraph shall not apply to property conveyed in fee simple.

7. Whether or not the easement herein conveyed is exclusive, no other party shall be granted the right to use or shall use any part of the area within such easement for any purpose or in any manner until after a review and a finding by the County in writing that such use will not be in conflict with, or inconvenient to, the County's use thereof or the purpose for which such easement was granted.

8. Nothing herein shall be deemed to prohibit the placement of structures including fences within the easement by property owners of the underlying fee without prior approval of the County; provided that any such improvements shall be placed at the risk of the property owner and the County shall have the right to remove any such improvements should they interfere with the rights granted the County herein; and further provided that any such improvements shall be in conformance with all other County ordinances.

9. Landowner has seen and carefully examined a copy of the hereinabove-described plat, is entirely familiar with the quantity of the land covered by this conveyance, and fully understands the effect that it will or might have on the value of the remaining property.

10. Any easement or right granted the County hereunder is intended to be and shall be usable by and for the benefit of the County as such and also any sanitary district, authority, or any other County agency or entity operated solely or partially for the benefit of the citizens of Spotsylvania County or any portion thereof, which such other agency or entity shall enjoy all of the privileges herein granted to the County as such.

11. The County may from time to time grant the right to others to locate facilities serving the public within the easement hereby conveyed, including but not limited to electric, telephone or gas utility facilities.

12. That this instrument covers all the agreements between the parties and no representations or statements, verbal or written, have been made which are inconsistent with the terms of this deed.

RESERVATION OF EASEMENTS

A. UTILITY AND DRAINAGE EASEMENTS

Landowner hereby reserves, for the benefit of all owners of lots in Pelham's Crossing Subdivision, for the benefit of Landowner, for the benefit of the Association, for drainage and utilities, including electric, phone, gas, etc., but specifically excluding cable television or cable networks, a non-exclusive easement 10' wide along the front and rear lot lines and 5' wide along the side lot lines of each lot in the subdivision. This deed of easement specifically excludes any grant of easement for the installation of cable television or cable network facilities. Landowner reserves the right to grant to one or more companies the right to use the utility/drainage easements, or a portion thereof, for cable television or cable networking utilities.

Landowner hereby reserves for the benefit of all owners of lots in Pelham's Crossing Subdivision for the benefit of Landowner, and for the benefit of the Association the drainage easements identified on the Plat as, "20" Drainage Esm't," "Drainage Easement," "20' Drain. Esm't" and "Water, Sewer & Drainage Esm't.," "20' STM Drain. Esmt." Specifically, there is excluded herefrom any easement for any area located within the 52' right-of-way of Betsy Street.

B. PEDESTRIAN/BIKE TRAIL EASEMENT

Landowner hereby reserves for the benefit of Landowner, its successors and assigns, an exclusive easement for the development, construction, use, maintenance and operation of a trail for pedestrian and/or bicycle use in the location shown on the Plat as "15' Wide Trail Easement (See Note 'A', This Sheet)." Landowner reserves the right to develop this trail at such future time as Landowner shall determine. Landowner reserves for the benefit of Landowner, its successors and assigns, as easement across the Lands herein conveyed to Association, for the purpose of accessing said trail for its development, construction and maintenance.

GRANT TO COMMUNITY ASSOCIATION

WITNESSETH THAT for and in consideration of the premises and the sum of Ten Dollars (\$10.00), the receipt of which is hereby acknowledged, the Landowner does hereby grant and convey unto the Association with SPECIAL WARRANTY of title, all of those certain parcels of land situate in Spotsylvania County, Virginia, and more particularly described as follows:

- 1) That parcel identified as "Parcel A-1" and consisting of 9.14566 acres as shown on the Plat.
- 2) That parcel identified as "Parcel A-2" and consisting of 5.94197 acres as shown on the Plat.
- 3) That parcel identified as "Parcel A-3" and consisting of .22467 acres as shown on the Plat.
- 4) That parcel identified as "Parcel C-1A" and consisting of 1.24222 acres as shown on the Plat.
- 5) That parcel identified as "Parcel C-1B" and consisting of .22561 acres as shown on the Plat.

6) That parcel identified as "Parcel C-2" and consisting of 1.41696 acres as shown on the Plat.

This conveyance is **SUBJECT TO** all restrictions of record, including but not limited to, the Declaration and the various easements and covenants established by this Deed, and the Preservation Easement.

Pursuant to the terms of the Declaration, the Association shall hereafter be responsible for the maintenance of all storm drainage and storm water facilities on the Property as shown on the Plat.

RELEASE FROM DEED OF TRUST

WHEREAS, the property is encumbered by a Deed of Trust dated June 18, 2001, and recorded in Deed Book 1971, page 226 of the Land Records, securing the Noteholder the sum of \$3,200,000.00 herein called "First Deed of Trust."

WITNESSETH THAT in consideration of the sum of Ten Dollars (\$10.00) cash in hand paid, the receipt of which is hereby acknowledged, the Trustee, under Deed of Trust as authorized to act by the Beneficiary, as shown by its execution herein, does hereby:

(a) Release and discharge from the lien of the First Deed of Trust those portions of the property identified on the Plat as public streets which are herein conveyed to the County as public streets (containing 6.89859 acres).

(b) Release and discharge from the lien of the First Deed of Trust those portions of the property identified on the Plat as Parcels A-1, A-2, A-3, C-1A, C-1B, C-2 which are herein conveyed to the Association as Common Area (containing 18.19709 acres).

(c) Release and discharge from the lien of the First Deed of Trust those portions of the property identified on the Plat as "Historic Preservation Parcel A, 11.90005 Ac. To Be Conveyed To The Central Virginia Battlefields Trust, Inc."

TO HAVE AND TO HOLD that portion of the property identified as common area unto the Association, its successors and assigns, fully released and discharged from the lien and operation of the First Deed of Trust; and

TO HAVE AND TO HOLD that portion of the property identified as public streets unto the County, its successors and assigns, fully released from the lien and operation of the First Deed of Trust; and

TO HAVE AND TO HOLD that portion of the property identified as Historic Preservation Parcel A unto the Central Virginia Battlefields Trust, Inc., its successors and assigns, fully released from the lien and operation of the First Deed of Trust.

(d) Consent to and subordinate the lien of the First Deed of Trust to the easements granted

herein as shown on the Plat.

It is expressly understood that the release of the portion of the Property described above from the lien of the First Deed of Trust and the subordination of the lien of the First Deed of Trust to easements granted herein as more particularly bounded and described on the Plat shall not affect in any way the lien of the First Deed of Trust upon the other land conveyed thereby and not released hereby or subject to said easements, and the First Deed of Trust shall remain in full force and effect as to the land conveyed thereby and not released hereby, subject to said subordination.

(e) Acknowledge and affirm that the Subdivision of the Property, described hereinabove, and as set forth on the Plat is with the free consent and in accordance with the desire of the Trustee and Noteholder.

(f) Consent to the Declaration of Restrictions and Supplementary Declaration of Restrictions placed upon the Property and acknowledges and affirms that the placement of restrictions is with the free consent in accordance with the desire of the Trustee and Noteholder.

IN WITNESS WHEREOF, the parties have caused this Deed to be signed and delivered by their duly authorized agents as of the date first set forth above.

PELHAM'S CROSSING, L.L.C.
A Virginia limited liability company

By: _____ (SEAL)
James E. Jarrell, III
Title: Vice-Operating Manager

APPROVED AS TO FORM:

COUNTY OF SPOTSYLVANIA, Virginia

County Attorney

By: _____ (SEAL)
ANTHONY W. BARRETT
County Administrator

THOMAS F. WILLIAMS, JR., Trustee under
Virginia Heartland Bank Deed of Trust

VIRGINIA HEARTLAND BANK

By: _____ (SEAL)
Title: _____

STATE OF VIRGINIA AT LARGE
COUNTY OF SPOTSYLVANIA, to-wit:

The foregoing deed was acknowledged on this the _____ day of _____, 2001, by James E. Jarrell, III, in his capacity as Vice-Operating Manager of PELHAM'S CROSSING, L.L.C., a Virginia limited liability company.

My Commission Expires: January 31, 2004.

Notary Public

STATE OF VIRGINIA AT LARGE
COUNTY OF SPOTSYLVANIA, to-wit:

The foregoing deed was acknowledged this the _____ day of _____, 2001, Anthony Barrett, County Administrator, Spotsylvania County, Virginia.

My Commission Expires: _____.

Notary Public

STATE OF VIRGINIA AT LARGE
COUNTY OF SPOTSYLVANIA, to-wit:

The foregoing deed was acknowledged this the _____ day of _____, 2001, by THOMAS F. WILLIAMS, Trustee.

My Commission Expires: _____.

Notary Public

STATE OF VIRGINIA AT LARGE
COUNTY OF SPOTSYLVANIA, to-wit:

The foregoing deed was acknowledged this the ____ day of _____, 2001, by _____, in his capacity as _____ of Virginia Heartland Bank.

My Commission Expires: _____.

Notary Public

EXHIBIT A

SUPPLEMENTARY DECLARATION For PELHAM'S CROSSING SECTION ONE

For the purposes of this Supplementary Declaration, "Declarant" shall mean Pelham's Crossing L.L.C., a Virginia limited liability company. "Declaration" shall mean the Declaration for Pelham's Crossing, L.L.C. dated September 18, 2001, and recorded on September September 19, 2001, in Deed Book 2025, page 237 of the Land Records of Spotsylvania County. "Association" shall mean the Pelham's Crossing Community Association, Inc., a Virginia Non-Stock Corporation.

ARTICLE 1 PHASE DESIGNATION

Section 1.1 Phase. The real estate subject thereto shall be known as Section One, Pelham's Crossing and is designated as Phase A of PELHAM'S CROSSING.

ARTICLE 2 COMMON AREA AND LIMITED COMMON AREA

Section 2.1 Common Area. The real estate described in the Deed as Common Area and which has been transferred to the Association by this deed is hereby designated as Common Area to serve all of the Lots in the subdivision and is not Limited Common Area. The Declarant reserves the right to designate Common Area or Limited Common Area by unilaterally amending this Supplementary Declaration, providing that it provides common area in an equal or greater amount and gets approval from the subdividing authority of Spotsylvania County.

ARTICLE 3 LIMITED COMMON AREA EXPENSE ASSESSMENTS

Section 3.1 Purpose. At this time, there are no Limited Common Area Expense Assessments.

ARTICLE 4

RESTRICTIONS ON USE; RULES AND REGULATIONS

Section 4.1. Additional Restrictions on Use. In addition to the provisions of the Declaration, the Lots in this Phase are also subject to the following covenants and restrictions.

(a) Residential Use. All Lots shall be used, improved, and devoted exclusively to residential use, except such professional offices and home occupations permitted by Spotsylvania County, Virginia, as further approved by the Board of Directors and subject to reasonable rules to prevent unreasonable adverse impact on adjacent Lots. As a condition to consenting to such office use, the Board of Directors may require an owner to pay any increase in the rate of insurance for the Association which may result from such office use. Such permission, once given, may not be revoked except for good cause shown. Nothing herein shall be deemed to prevent an Owner from leasing such Owner's Lot subject to the limitation in Article 8.5 of the Declaration.

(b) Square Footage. All homes shall contain a minimum finished square footage of at least 1200 square feet on one level and 1600 square feet in two levels. Square footage is measured exclusive of attic, garage and unfinished basement areas. So long as the Declarant, or a Builder, is engaged in developing or improving any portion of the Property, the Declarant shall have the right to amend this restriction.

(c) House Width. All homes shall have a minimum width including garages, of 52 feet. So long as the Declarant, or a Builder, is engaged in developing or improving any portion of the Property, the Declarant shall have the right to amend this restriction.

(d) Driveways. All driveways and sidewalks shall be concrete. All driveway entrances are to conform to VDOT specifications and to the Architectural Guidelines of Pelham's Crossing.

(e) Clothes Drying Equipment. No clothes lines or other clothes drying apparatus shall be permitted on any Lot, unless approved in writing by the Covenants Committee. It is initially contemplated that no exterior clothes lines or other exterior clothes drying apparatus will be permitted.

(f) Trash Receptacles. Storage, collection and disposal of trash shall be in compliance with Rules and Regulations adopted by the Board of Directors. Trash, leaves and other similar material shall not be burned in violation of local ordinances.

(g) Mailboxes and Newspaper Tubes. Only Mailboxes and newspaper tubes meeting Design Guidelines of the Association shall be permitted.

(h) Vegetation. No live vegetation on slopes of greater than twenty percent gradient or marked 'no cut' areas on approved site plans may be cut without prior approval of the Covenants Committee.

(i) Vehicles. No portion of the Property shall be used for the repair of motor vehicles

provided that non-commercial repair of vehicles is permitted within enclosed structures. Use and storage of all vehicles and recreational equipment upon the Common Area and Lots or upon any street, public or private, adjacent thereto shall be subject to Rules and Regulations promulgated by the Board of Directors. All motor vehicles including, but not limited to, trail bikes, motorcycles, dune buggies, and snowmobiles shall be driven only upon paved streets and parking lots. No motor vehicles shall be driven on pathways or unpaved portions of Common Area, except such vehicles as are authorized by the Board of Directors as needed to maintain, repair, or improve the Common Area. This prohibition shall not apply to normal vehicular use of designated streets and lanes constructed on Common Area. Parking of all commercial and recreational vehicles and related equipment, other than on a temporary and non-recurring basis, (which means less than 72 hours per calendar month) shall be in garages or screened enclosures approved by the Covenants Committee or in areas designated by the Board of Directors.

(j) Lighting. Other than the provided street lighting, no exterior lighting shall be directed outside the boundaries of the Lot.

(k) Garage. No garage on any Lot shall be converted to habitable living space. In addition to the enforcement rights in Section 6.2 hereof, the appropriate officials of Spotsylvania County, Virginia, may enforce this restriction by any proceeding at law or in equity. Model homes may have a finished garage for use as office space; however, prior to use as a residence, the garage shall be converted to garage use.

(l) Roofing. All roof shingles shall be dimensional shingles. All roofs shall have a minimum pitch of 6/12.

(m) Propane Tanks. All propane tanks, including those used just for a fireplace, shall be buried.

Section 4.2. Exceptions. The Board of Directors may' issue temporary permits to exempt any prohibitions expressed or implied by this Article, provided the Board can show good cause and acts in accordance with adopted guidelines and procedures. So long as the Declarant or a Builder are engaged in developing or improving any portion of the Property, such Persons shall be exempt from the provisions of the Article affecting movement and storage of building materials and equipment, erection and maintenance of directional and promotional signs, and conduct of sales activities, including construction and maintenance of models and improvements having approval of the New Construction Subcommittee. Such exemption 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.

ARTICLE 5 RESERVATION OF POWER TO GRANT EASEMENTS

Section 5.1 Reservation. There shall be and is hereby reserved to the Declarant and its successors and assigns, the power and right with respect to the Lots subject to this Supplementary Declaration, to grant easements required by a governmental agency or authority in connections with the release of public improvement bonds or the acceptance of streets for public maintenance. This power and

right shall continue for a period of sixty months from date hereof, or until the earlier release of all public improvement bonds and acceptance of streets for public maintenance covering the Lots subject to this Supplementary Declaration.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1. Amendment. Subject to the Declarant's unilateral right to designate Common Area or Limited Common Area pursuant to Article 2 hereof, this Supplementary Declaration to the Declaration may be amended further at any time by an instrument signed by the Declarant, if the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property, or on adjacent property. After completion of development period this Supplementary Declaration may be amended by the Association and by the owners entitled to cast at least sixty-seven percent of the total number of votes in the Association entitled to be cast by owners of Lots in this Phase. Any amendment must be recorded to become effective. During the Declarant Control Period and subject to designate Common Area or Limited Common Area pursuant to Article 2 hereof, further amendment of this Supplementary Declaration requires the approval of the Veterans Administration, if a Lot in this Phase is guaranteed by the Veterans Administration. During the development period which lots are being developed and homes are being sold, the Declarant may amend this Supplementary Declaration without the consent of the Association and the Owners of lots in this phase.

Section 6.2. Enforcement. The Association, any owner of a Lot within this Phase or any mortgagee of a Lot within this Phase, as their interests may appear, shall have the right, by any proceeding at law or in equity, to enforce all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Supplementary Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 6.3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 6.4 Terms and Definitions. The terms used herein shall have the same meaning and definition as set forth in the Declaration.

ARTICLE 7 REQUIRED INSURANCE COVERAGE

Section 7.1 Insurance. In order to protect adjoining Owners and to insure that there are sufficient funds available to an Owner to restore the improvements on such Owner's Lot in case of damage or destruction, each Owner of a Lot which is part of this Phase shall maintain a fire and extended coverage insurance policy in an amount equal to the full replacement value (exclusive of land, excavation and other items normally excluded from coverage) of all improvements constructed on such Lot. Any policy obtained shall provide that it may not be canceled except upon ten (10) days written notice to the Association. If an Owner fails to obtain the insurance required by this Article, the Board of Directors may obtain such insurance on such Owner's behalf and assess the Lot owned by such Owner for the cost

pursuant to Article 10 of the Declaration. Each Owner shall provide a certificate of insurance to the Association within thirty (30) days of settlement.

[END OF SUPPLEMENTARY DECLARATION]