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Grantor for Indexing Purposes: FOX POINT, INC.

**AMENDED AND RESTATED  
DECLARATION  
FOR  
FOX POINT**

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AMENDED AND RESTATED  
DECLARATION  
FOR  
FOX POINT

THIS AMENDED AND RESTATED DECLARATION is made as of June 12, 1995, by FOX POINT INC. ("Declarant"), a Virginia corporation.

**RECITALS:**

By Deed of Dedication dated July 14, 1988, recorded in Deed Book 800 at Page 493 among the land records of Spotsylvania County, Virginia (the "Land Records"), the real property described therein and known as Lots One through Nineteen, inclusive, Parcel A, Section One, Fox Point, was subjected to the Declaration of Covenants Conditions and Restrictions of Fox Point (attached thereto as Schedule B), recorded in Deed Book 800 at Page 501 among the Land Records (the "Original Declaration").

R-1. By Deed of Dedication dated August 11, 1988, recorded in Deed Book 808 at Page 265 among the Land Records, the real property described therein and known as Lots Twenty through Sixty-Three, inclusive; and the Cemetery Parcel Section Two; Lots Sixty-Four through One Hundred One, inclusive, Section Three; and Lots One Hundred Two through One Hundred Eighteen, inclusive, Section Four, Fox Point, was subjected to the Original Declaration.

R-2. By Deed of Dedication dated October 18, 1988, recorded in Deed Book 817 at Page 129 among the Land Records, the real property described therein and known as Lots One Hundred Nineteen through One Hundred Sixty-Four, inclusive Section Five and Lots One Hundred Sixty-five through Two Hundred Four, inclusive, Section Six, Fox Point, was subjected to the Original Declaration.

R-3. By Deed of Dedication dated March 20, 1989, recorded in Deed Book 842 at Page 601 among the Land Records, the real property described therein and known as Lots Two Hundred five through Two Hundred Thirty Eight, inclusive, Section Seven, Fox Points was subjected to the Original Declaration.

R-4. An Amendment of Declarations of Covenants, Conditions and Restrictions of Fox Point Sections One, Two, Three, Four, Five, Six and Seven, dated October 19, 1989, recorded in Deed Book 881 at Page 276 among the Land Records, amended certain provisions of the Declarations referenced in Paragraphs R-1 through R-4 above.

R-5. A Second Amendment of Declarations of Covenants, Conditions and Restrictions of Fox Point Sections One, Two, Three, Four, Five, Six and Seven, dated January 3, 1992, recorded in Deed Book 1010 at Page 831 among the Land Records, amended certain provisions of the Declarations referenced in Paragraphs R1 through R-4 above.

- R-6. By Deed of Dedication dated January 3, 1992, recorded in Deed Book 1010 at Page 831 among the Land Records, the real property described therein and known as Lots Three Hundred Sixty-five through Four Hundred Thirteen, inclusive, Section Ten, Fox Point, was subjected to the Original Declaration.
- R-7. By Deed of Dedication dated July 17, 1992, recorded in Deed Book 1056 at Page 799 among the Land Records, the real property described therein and known as Lots Two Hundred Thirty-Nine through Two Hundred Fifty-Seven, inclusive, Section Eight Fox point, was subjected to the Original Declaration.
- R-8. A Third Amendment of Declarations of Covenants, Conditions and Restrictions of Fox Point Sections One, Two, Three, Four, Five, Six and Seven, dated September 3, 1992, recorded in Deed Book 1060 at Page 615 among the Land Records, amended certain provisions o? the Declaration.
- R-9. By Deed of Dedication dated July 31, 1993, recorded in Deed Book 1161 at Page 351 among the Land Records, the real property described therein and known as Lots Two Hundred Fifty-Eight through Two Hundred Ninety-Three, inclusive, and Parcel A, Section Nine, Fox Point, was subjected to the Original Declaration.
- R-10. By Deed of Dedication dated December 9, 1994, recorded in Deed Book 1271 at page 76 among the Land Records, the real property described therein and known as Lots Three Hundred Thirty-two, Three Hundred Thirty-three, and Three Hundred Forty-nine through Three Hundred Sixty-six. inclusive, Section Twelve-A. Fox Point, was Subjected to the Original Declaration.
- R-11. Article VIII, Section 3 of the Original Declaration permits the Declarant, for a period of seven years from the date of recordation of the Original Declaration, to make changes, modifications and/or exceptions to certain provisions of the Original Declaration without the joinder of the Owners of any other Lots.
- R-12. The Declarant has complied with the provisions of Article VIII, Section 3 of the Original Declaration and wishes to make certain amendments to the Original Declaration as set forth in this Amended and Restated Declaration for Fox Point which amends and restates in its entirety the Original Declaration as such Original Declaration may have been amended.
- R-13. Amendment of Article VIII of the Original Declaration was prohibited; therefore, all of the provisions in Article VIII of the Original Declaration have been incorporated into various sections of this Declaration without change.
- R-14. The Declarant deems it desirable and in the best interests of all the owners of land subject to this Declaration to protect the value and the desirability of such land.
- R-15. To provide a means for meeting the purposes and intents set forth herein, the Declarant has caused Fox Point Homeowners Association (the "Association") to be incorporated under the of the Commonwealth of Virginia.

NOW, THEREFORE, the Declarant hereby covenants and declares that from the date this Declaration is recorded, the land designated as Lots One through 19, and Parcel A, Section One, Lots 20 through 63, on the Cemetery Parcel, Section Two, Lots 64 through 101, Section Three, Lots 102 through 118, Section Four, Lots 119 through 164, Section Five, Lots 165 through 204, Section Six, Lots 205 through 238, Section Seven, Lots 365 through 413, Section Ten, Lots 239 through 257, Section Eight, Lots 258 through 293. Section Nine and the Submitted Land described 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 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.

NOW, THEREFORE, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty years from the date the Original Declaration was recorded, after which time the covenants shall be automatically extended for successive periods of twenty years, unless amended as hereinafter provided.

# PART ONE

## ARTICLE 1

### GENERAL PROVISIONS

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

- 1) “Act” means the Virginia Nonstock Corporation Act, Chapter 10 of Title 13.1 of the Code of Virginia (1950), as amended, supplemented or replaced from time to time. “POA Act” means the Virginia Property Owners’ Association Act, Chapter 26 of Title 55 of the Code of Virginia (1950), as amended, supplemented or superseded from time to time.
- 2) “Articles of Incorporation” means the Articles of Incorporation of 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 Fox Point Homeowners Association and, with respect to the rights and obligations of the Association set forth in this Declaration, its successors and assigns.
- 5) “Association Documents” means collectively, the Articles of Incorporation, this Declaration, Supplementary Declarations and the Bylaws, all as amended from time to time. And exhibit, schedule, certification or amendment to an Association Document is an integral part of that document.
- 6) “Board of Directors” or “Board” means the executive and administrative entity established by Article 5 of the Articles of Incorporation as the governing body of the Association.
- 7) “Builder” means a Person 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 or rental.
- 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 then owned by the Association and 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 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 exclusive or primary use, as appropriate, of Owners of one or more but less than all of the Lots.
- 10) “Common Expenses” means all expenses incurred by or on behalf of the Association, together with all the funds 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, and reference to Common Expenses includes Limited Common Expenses and Recreational Facilities Expenses.
- a. “Limited Common Expenses” means all expenses incurred by or on behalf of the Association and benefiting one or more but less than all of the Owners and assessed against the Lots owned by the Owners benefited pursuant to Section 6.2(a)(2), but not including Recreational Facilities Expenses.
  - b. “Recreational Facilities Expenses” means all expenses incurred by or on behalf of the Association for the management and Upkeep of and insurance for the Recreational Facilities and such amounts as the Board of Directors may determine to be necessary to create reserves for the repair and replacement for the Recreational Facilities.
- 11) “Community” or “Fox Point Community” means the property subject to the Declaration.
- 12) “Community Facilities” means facilities serving the Fox Point Community, including without limitation the stormwater management facilities, ponds and easements areas, landscaping (including associated irrigation systems, if any), signage, (including entrance features), paths, trails and sidewalks (including associated lighting or street furniture), fencing and street lights.
- 13) “Community Facilities Easements” means, at any given time, the areas within each Lot located within fifteen feet of any lot boundary-line adjacent to a public right-of-way subject to a Community Facilities Easement pursuant to Section 3.9 and all other easements for landscaping, street lights, signage, trails, pedestrian ingress and egress, stormwater drainage management or similar easements granted to the Association for the benefit, use and enjoyment of the Owners and the improvements thereon.
- 14) “Covenants Committees” means the committees that may be established pursuant to Article 9 to assure that the Property shall be maintained in a manner consistent with the purposes and intents of this Declaration.
- a. “Initial Construction Committee” means the committee that reviews proposed initial construction of any structure on the Property as set forth in Section 9.2(a).
  - b. “Modifications and Rules Enforcement Committee” means the committee that reviews proposed visible addition, alterations or modifications to the exterior of existing residential structures on the Property as set forth in Section 9.2(b). The Committee also reviews possible violations of the Rules and Regulations and recommends appropriate enforcement action with respect to the Owner’s lots.
- 15) “Declarant” means Fox Point, Inc., a Virginia corporation. Following 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.

- 16) “Declarant Control Period” means the period ending on that earliest of: (i) the later of (A) the tenth anniversary of the date of recordation of this 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 is less); (ii) the date seventy-five percent of the Lots Owners other than the Declarant, an entity controlled by the Declarant or a Builder (the forgoing number may be increased or reduced in accordance with any amendments to the Development Plan 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 result in an increases number of permitted dwelling); (iii) the date specified by the Declarant in a written notice to the Association that the Declarant Control Period is to terminate on that date; or (iv) the end of the Development Period.
- 17) “Declaration” means this Amended and Restated Declaration for Fox Point 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 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.
- 18) means the standards developed by the Initial Construction Review Subcommittee or the Covenants Committee pursuant to Article 9 and any standards established by the Declarant during the Development Period.
- 19) “Development Period” means the period of time that the Declarant or Builders are engaged in development or sales or activities relating thereto, anywhere on the Property or the Additional Land and the Declarant is entitled to exercise certain “Special Declarant Rights” under the Association Documents. Special Declarant Rights are described in Article 5. When all the Submitted Land is owned by Owners other than the Declarant or a Builder, all the Additional Land is owned by Owners other than the Declarant and all the Declarant’s bonds held by a government agency with the respect to the Property and the Additional Land have been released, then the Development Period shall end.

- 20) “Development Plan” means the general development or site plan or plans for the Submitted Land or the Additional Land as approved by resolutions at the Board of Supervisors of Spotsylvania County, Virginia, as amended from time to time. Although the Declarant intends to develop the Submitted Land and the Additional Land substantially in accordance with the Development Plan, the Declarant reserves the right to modified Development Plan subject only to the requirements and procedures of Spotsylvania County, Virginia.
- 21) “Landscape Easement Areas” means those areas across Lots reserved pursuant to Section 3.9(a).
- 22) “Land Records” means the land records of Spotsylvania County, Virginia, the jurisdiction in which the Property and the Additional Land are located.
- 23) “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 the land designated as the Common Area or land dedicated for public purposes), together with any improvements now or hereafter appurtenant thereto, primarily intended for use and occupancy as a residence containing on one dwelling. Notwithstanding the foregoing, Submitted Land owned by the Declarant or the Declarant’s successors or assigns or any entity controlled by the Declarant shall not be a Lot until a record plat is hereafter recorded subdividing such Submitted Land into one of approximately four hundred individual residential lots.
- 24) “Majority Vote” means a simple majority (more than fifty percent) of the votes entitled to be cast by Owners present in person or by proxy at a duly held meeting of the Owners at which a quorum is present. Any vote by a specified percentage of the Board of Directors (or committee) means that percentage with respect to 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 by 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 on which a Mortgage is held by a Mortgagee.
- 25) “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 forgoing entities) holding a first mortgage or first deed or trust (“Mortgage”) encumbering a Lot which has notified the Board of Directors of its status in writing pursuant to Section 13.2 and has requested all rights under the Association Documents. 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 Agencies”). Where the approval of Mortgagees or Secondary Mortgage Market Agencies is required, such approval means: (i) written approval; (ii) any written waiver of approval rights; (iii) a letter stating no objections; or (iv) presumptive approval if a Mortgagee or a Secondary Mortgage Market Agency does not respond to a notice by certified or registered United States mail, return receipt requested, within thirty days after the date the request for approval is transmitted in accordance with the notice requirements of Article 10 of the Bylaws and Sections 13.2 and 14.4.

- 26) “Officer” means any Person holding office pursuant to Article 6 of the Bylaws.
- 27) “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.
- 28) “Person” means a natural person, corporation, partnership, association, trust or other entity capable of holding title or any combination thereof.
- 29) “Property” means, at any given time, the Submitted Land, together with all improvements and appurtenances thereto now or hereafter existing.
- 30) “Recreational Facilities” means the swimming pool, tennis courts, clubhouse, party room, tot lot, basketball court, volleyball court, baseball field and associated community buildings and any other facilities owned by the Association available to all Owners.
- 31) “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.
- 32) “Section” means a portion of the Property comprising a group of Lots set forth on a single subdivision plat recorded among the Land Records.
- 33) “Submitted Land” means the land designated as such in Exhibit A and all land which is from time to time submitted to the Declaration. “Additional Land” means the land so designated in Exhibit B as amended from time to time, which the Declarant may submit to the Declaration and to the jurisdiction of the Association pursuant to Section 4.1.
- 34) “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.
- 35) “Upkeep” means care, inspection, maintenance, snow removal, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.
- 36) “Visible from Neighboring Property” means with respect to any given object on a Lot, that such object is or would be visible to a person six feet tall, standing on any part of any adjacent public street, Lot, Common Area or Additional Land at an elevation no greater than the elevation of the base of the object being viewed.

## SECTION 1.2. CONSTRUCTION OF ASSOCIATION DOCUMENTS.

- a) Captions and Cross-References. The captions are inserted only for reference, and in no way 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. 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. 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 practical, the provision shall be enforced.
- d) Interpretation. If there is any conflict among the Association Documents, the Declaration, and thereafter the applicable Supplementary Declaration, shall control; except as to matters of compliance with the Act, in which case the Articles of Incorporation shall control. Particular provisions shall control general provisions, except that a construction consistent with the Act shall in all cases control over any construction inconsistent therewith. 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.

## 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 Persons who constitute Owners of the Lots. If more than one Person owns a Lot, then all of the Persons who own such Lot shall collectively constitute one Owner and be one member of the Association. The Declarant and each 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 Owners: 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 of Lots other than the Declarant (or an entity controlled by the Declarant). A Class A Owner shall have one vote for each Lot owned.

The Class B Owner shall be the Declarant (and any entity controlled by the Declarant). During the Declarant Control Period, the Class B Owner shall have 1500 votes less one vote for each vote held by Class A Owners other than a Builder. If land that was not originally described on Exhibits A or B to the Declaration when the Declaration was recorded is subjected to the Declaration or the Development Plan for the land described in Exhibits A or B is amended to permit a greater number of dwellings, then the number of votes of the Class B Owner described above shall be increased by the number of additional dwellings permitted. After the Declarant Control Period ends, the Declarant as a Class B Owner shall have one vote for each dwelling permitted to be constructed on that portion of the Submitted Land then owned by the Declarant (or an entity controlled by the Declarant) and the Additional Land less the number of dwellings initially occupied (unless owned by the Declarant or any entity controlled by the Declarant) or owned by Owners other than the Declarant (or any entity controlled by the Declarant) at the time a vote is taken. 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 of the Association Documents, all rights, powers, easements, obligation 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 association 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 association 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.

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 of 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 subdivisions by the applicable Spotsylvania County ordinances comprising the Property at the time of the transfer; (ii) the Declarant or other Person requesting the adjustment shall transfer or cause to be transferred to the Association such portion of the Property as is necessary to maintain the total acreage designated as "Common Area" at that 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 is approved by all Owners of Lots for which the boundaries are being adjusted; and (v) documents showing each such Lot line adjustment are submitted to VA if VA is guaranteeing a mortgage or FHA if FHA is insuring a Mortgage on a Lot modified by the adjustment.

SECTION 2.3. REGULATION OF COMMON AREA. The Board of Directors shall have the right to regulate use of the Common Area pursuant to Section 8.3 and to charge fees for the use of Common Area. The Association acting through its Board of Directors, without Owner or Mortgagee approval may also mortgage, dedicate or convey Common Area or grant easements over and through the Common Area subject to the restrictions in Section 14.4.

### ARTICLE 3

### EASEMENTS

#### SECTION 3.1. UTILITY AND DEVELOPMENT EASEMENTS.

- a) General Utility Easement. A non-exclusive blanket easement is hereby granted over and through the Common Area, or any Lot (except that no easements may be granted which run or will run under a dwelling or other building to serve such dwelling or building) for the purpose of: (i) installing, constructing, operating, maintaining, repairing or replacing equipment used to provide to any portion of the Property or adjacent land any utilities, including without limitation water, sewer, drain, gas, electricity by Virginia Power, telephone service by Bell Atlantic and television service, whether public or private; and (ii) ingress and egress to install, construct, operate, 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 (including, but not limited to, Bell Atlantic and Virginia Power) providing the aforesaid utilities or installing, constructing, 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 during periods of construction if approved by the Declarant. The Person providing a service or installing a utility pursuant to this easement shall install, construct, 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. If the Person installing the utility or providing a service requests a specific easement by separate recordable document, then the Declarant or the Association shall have the power to record a deed 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; and (ii) any Lot within fifteen feet of any boundary line of the Lot abutting a public 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 or other building except to serve such dwelling or other building); 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.
- 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 (e.g., buildings, landscaping, street lights, signage, etc.) on the Property or reasonably necessary to serve the Property.
  - 2) Easement to Facilitate Sales. The Declarant hereby reserves to itself, 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 as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office parking areas (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 fifteen feet of any lot boundary line abutting a public right-of-way, trails, paths and sidewalks, street lights, street and directional signs, temporary promotional signs, plantings, street lights, 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 (ii) above.

- 3) Limitations on a Builder. Any Builder rights hereunder are specifically limited to the portion of the Property being developed 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. Each Builder shall be required, in connection with the development of the portion of the Property which is owned by such Builder, to comply with the standards to be 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 and the Additional Land.
- 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 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 property 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 any easements, rights-of-way and licenses required by any government or governmental agency over and through all or any portion of. the Common Area.
- g) Storm Water Management Easement. The Declarant hereby reserves to itself and its successors and assigns an easement and the right to grant and reserve easements over and through the Property for the construction and Upkeep of storm water management facilities and. drainage, including storm water retention areas and storm sewer: The Declarant shall also have the right to allow the owners of adjacent properties to tie their storm water management and drainage facilities into the storm water management and drainage facilities (or the Property; provided, however that the owners of such adjacent properties agree to bear a portion of the expense of Upkeep for the storm water management and

drainage facilities for the Property in such amount as may be deemed appropriate by the Declarant.

- h) 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.
- i) Duration of Development Rights. 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.

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 any dwelling), in the exercise and discharge of their respective powers and responsibilities. including without limitation to make inspections, correct any condition originating in a Lot or in the Common Area threatening another Lot or the Common Area, correct drainage, perform installations or Upkeep of utilities, landscaping or other improvements located on the Property for which the Association is responsible for Upkeep, or 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 not in violation of the Spotsylvania County, Virginia ordinances for the period of time the encroachment exists. The Owner of the encroaching improvident 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.

SECTION 3.5. EASEMENT FOR EMERGENCY ACCESS. An easement over and through all or any portion of the Property is hereby granted to the Board of Supervisors of Spotsylvania County,

Virginia 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, during the Development Period, and each Owner arc hereby granted a non-exclusive right and easement of use and enjoyment in common with others of the Common Area and Trails, except as limited by the designation of Limited Common Area or Reserved Common Area and subject to Subsection (b). The Association, acting through its Board of Directors without Owner or Mortgagee approval, may relocate or terminate trail easements. Each Owner is also hereby granted a non-exclusive easement for egress and ingress and utility services (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 customers, households tenants, guests, employees, agents and invitees. Such easements may be relocated by the Association, acting through its Board of Directors without Owner or Mortgagee approval, but such easement for ingress and egress and utility service shall not be extinguished by termination of the Declaration or conveyance of the Common Area unless alternative access is provided, if necessary, and the Owner of the Lot consents in writing to the termination of the easement. 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) Recreational Facilities. Each Owner paying Assessments. for Recreational Facilities Expenses in accordance with Section 6.2 and each Person purchasing a membership in the Recreational Facilities is hereby granted a non-exclusive right of use and enjoyment in common with others of such Recreational Facilities which constitute 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 Recreational Facilities, subject to such reasonable Rules and Regulations as may be established by the Board of Directors. The Persons to whom this easement is granted shall pay to the Association Recreational Facilities Assessments and/or a membership fee, which the Board of Directors shall determine.
- c) 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 or Trails may delegate such rights to such Person's customers, household, 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 customers, household, 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.
- 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, 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 also reserves to itself, 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, 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 as determined by the Declarant.
- e) 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 and 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 therefor, to grant easements across the Common Area, to dedicate portions of the Common Area owned in fee simple by the Association and to convey or mortgage the Common Area owned in fee simple by the Association subject to the requirements in Section 14.4.

#### 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 its discretion from time to time to grant revocable licenses in the Common Area 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. The Declarant shall have the right, for as long as the Declarant has the right to add Additional Land under Section 4.1 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 a Lot in that Section has been conveyed to an Owner other than the Declarant or a Builder.

SECTION 3.9. COMMUNITY FACILITIES EASEMENTS.

- a) Landscaping. The Declarant hereby reserves to itself and its successors and assigns during the Development Period, and also grants to the Association, an easement over and through the Common Area, located within the Property and over and through any Lot within fifteen feet of any public right-of-way or as otherwise shown on any plat describing land added to the Property or a subdivision plat. These easements shall be for the purpose of construction, installation, irrigation and Upkeep of landscaping features, including without limitation plants, turf, trees and earth berms and other earth contouring and shall include access as necessary to perform such tasks. Such easement area shall also be available for entrance features, project signage, fencing, and associated lighting and irrigation systems. The Owner of a Lot burdened by the easement shall not construct any improvements within the easement without the permission of the Board of Directors. The Board of Directors may require the Owner of the Lot to maintain the easement area located on such Owner's Lot at such Owner's own expense. If the responsibility for maintenance has not been assigned to

the individual Owners, then the cost of the Upkeep of these easement areas by the Association shall be a Common Expense.

- b) Trails. In addition, the Declarant may install Trails over and through a Lot with the permission of the Owner of such Lot. The Declarant hereby reserves to itself and its successors and assigns the right to grant easements across Trails and grants to the Association for the benefit of each Owner an easement for pedestrian and non-motorized vehicular use of such Trails. The Upkeep of Trails shall be performed by the Association on the Common Area or any Lot burdened and the cost of such Upkeep shall be a Common Expense. The Trails shall be available for the use of all Owners. Trails may be of varying widths (not to exceed: ten feet) and of such materials as are approved by the Board of Directors.

An Owner, with the consent of the Board of Directors as evidenced by the signature of an Officer of the Association on an instrument recorded among the Land Records, may record, at the Owner's sole expense, an easement plat showing the exact location of the Trail easement on the Owner's Lot. A Trail easement may be relocated by the Owner of a Lot burdened by a Trail easement with the consent of the Board of Directors on behalf of the Association and on behalf of the Owners and occupants of the Property.

SECTION 3.10. LAND SUBMITTED BY OWNERS OTHER THAN THE DECLARANT AND ENFORCEMENT OF EASEMENTS. 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 Article and shall provide such further assurances as may be required.

#### ARTICLE 4

### EXPANSION OF THE PROPERTY

SECTION 4.1. EXPANSION BY THE DECLARANT AND ASSOCIATION. If within seven years of the date of incorporation of the Association, the Declarant (or entities controlled by the Declarant) should develop additional lands within the vicinity of the Property, such additional lands may be annexed to the Property without the assent of the Class A members. The Common Areas and/or residential properties so annexed shall be governed by the terms of this Declaration or a Supplementary Declaration and the Owners of the annexed residential property shall also be governed by the provisions of this Declaration or Supplementary Declaration. Subsequent to this seven-year-period, the Association may annex contiguous Common Areas and/or residential properties, provided that any annexation shall have the assent of more than two-thirds of the membership of each class of Owners. The Common Areas and/or residential properties so annexed shall be governed by the terms of this Declaration or Supplementary Declaration, and the Owners of the annexed residential properties shall also be governed by the provisions of this Declaration

or Supplementary Declaration. The Supplementary Declaration which subjects additional Property to the Declaration shall describe the real property to be annexed to the scheme of this Declaration and shall state that it is being made pursuant to the terms of this Declaration for the purpose of annexing the Property described in the Supplementary Declaration to the scheme of this Declaration and extending the jurisdiction of the Association to cover the real estate so described in such Supplementary Declaration. The Supplementary Declaration may contain such complimentary additions and modifications of Declaration as may be necessary to reflect the different character, if any of the real property being annexed.

SECTION 4.2. TERMINATION OF EXPANSION RIGHTS: CONSENT OF DECLARANT. The right of the Declarant as set forth in Section 4.1 to expand may be terminated only upon the recordation by the Declarant of an instrument relinquishing such right. The Declarant shall add Additional Land in accordance with the procedures set forth in Section 4.3. 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 land may be developed in any manner allowable under local zoning ordinances without regard to the restrictions in this Declaration, During the Development Period, the Association may submit additional land to the provisions of this Declaration and the jurisdiction of the Association pursuant to Section. 4.1 hereof only if the written consent of the Declarant is obtained. Any submission of additional land to the provisions of this Declaration and the jurisdiction of the Association shall be in accordance with the procedures set forth in Section 4.3 and subject to the limitations of Section 14.4. Further, the submission of Additional Land to the provisions of this Declaration and the jurisdiction of the Association shall require the written consent of the fee simple owner of such land if not the Association, the Declarant or an entity controlled by the Declarant.

SECTION 4.3. PROCEDURE FOR EXPANSION. The Declarant or the Association, as appropriate, may record one or more Supplementary Declarations. Each Supplementary Declaration shall include a legally sufficient description of the land added and shall designate such land with the term "Section" followed by a unique identifier so as to differentiate between each section of the Property. Any Supplementary Declaration may contain such additional provisions in this Declaration 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 were originally part of the Submitted Land.

SECTION 4.4. WITHDRAWABLE LAND. During the Development Period, the Declarant has the unilateral right from time to time without the approval of the Association or any Owner or Mortgagee to sign and record an amendment to the Declaration withdrawing any portion of the Submitted Land, if such land is (i) dedicated or is to be dedicated to public use; or (ii) conveyed to a public agency; 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 of the Association or any Owner or Mortgagee, record an instrument confirming such withdrawal.

The Declarant hereby also a right to withdraw any Section of the Property until such time as a Lot in such Section is owned by an Owner other than the Declarant, an entity controlled by Declarant or a Builder. The Declarant may exercise such right without the approval of the Association or any Owner (except the owner of the land withdrawn) or Mortgagee, and such right may be terminated only upon the recordation by the Declarant of an instrument relinquishing such right. There are no limitations on the right to contract except as set forth herein and Section 14.5. The Declarant may record one or more amendments to this Declaration. and Exhibit A removing the Section described therein from the jurisdiction of the Association, and upon the recordation of any such amendment, this Declaration shall thereupon cease to bind, run with or otherwise affect the real estate within that Section.

## 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 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 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, 4.4 and 14.1; (vi) to add Additional Land pursuant to Section 4.1; (vii) to withdraw Submitted Land pursuant to Section 4.4 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 transfer Special Declarant Rights created or reserved under the Association Documents to any Person acquiring Lots or Additional Land owned by the Declarant at the time of transfer by an instrument evidencing the transfer 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: (i) 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; or (ii) all the remaining undeveloped and/or Additional Land. Such instrument must be recorded within a reasonable time after acquisition of the land.



A successor to all Special Declarant Rights held by a transferor who succeeded to those rights pursuant to foreclosure, a deed in lieu of foreclosure or a judgment or instrument conveying title 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 all Special Declarant Rights to any Person acquiring title to any Lots or Additional Land owned by the successor, or until recording an instrument permitting exercise of all those rights, that successor may not exercise any of those rights other than any right held by the transferor to vote as the Class B Owner in accordance with the provisions of the Association Documents and any attempted exercise of those rights is void. So long as a successor declarant may not exercise Special Declarant Rights 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. 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. 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 warranty 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 Spotsylvania County, Virginia, including any approved conditions of subdivision approval.

## PART TWO

### ARTICLE 6

#### COMMON EXPENSES AND ASSESSMENTS

##### SECTION 6.1. DETERMINATION OF COMMON EXPENSES AND BUDGET.

- a) Fiscal Year. The fiscal year of the Association shall be as determined in accordance with Section 10.4 of the Bylaws.
- b) Preparation and Approval of Budget.
  - 1) At least forty-five 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 the cost of 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) and reserves for contingencies (potential costs or liabilities which have not been incurred but which should be planned for) and reserves for replacements. At least thirty days before the beginning of each fiscal year, the Board of Directors shall make available a copy or summary of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining the Assessment against each Lot.
  - 3) The budget shall also reflect the separate Assessment of Limited Common Expenses, including without limitation certain expenses (and reserves) relating to or benefiting one or more but less than all of the Lots, whether categorized by location or type of expense. Such expenses shall be assessed only against the Lots benefited in accordance with Section 6.2(a)(2).
  - 4) The budget shall reflect the separate Assessment of certain Recreational Facilities Expenses which include the cost of management and Upkeep of and insurance for the Recreational Facilities including such amounts as the Board of Directors may determine to be necessary to create reserves for repair and replacement of the Recreational Facilities in accordance with Section 6.2(a)(4).

- 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 such Person 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 and Initial Capital Payment.
- 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) Neither Annual Assessments nor Special Assessments may be used for construction of capital improvements during the Development Period if value is to be given for such improvements.
  - 3) Each initial purchaser of a Lot from the Declarant (or an entity controlled by the Declarant), including a Builder, shall pay at settlement an "Initial Capital Payment" equal to Two Hundred Dollars to provide necessary working capital for the Association. The foregoing amount shall be increased five percent each fiscal year starting in 1996 and each fiscal year thereafter. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, as the Board of Directors may determine. Such funds shall not be used to pay or offset expenses incurred by the Declarant in the development of the Property.
- e) Effect of Failure to Prepare or Adopt Budget. For each fiscal year of the Association, the Board of Directors shall establish the Annual Assessment against each Lot for Common Expenses. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay the allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay Assessments at the rate established for the previous fiscal year until notified of the new payment which is due on the first day of the next payment period which begins more than ten days after such new annual or adjusted budget is adopted and the Owner receives such notice.
- f) Pledge of Revenues. The Board of Directors, by a vote of two-thirds of the total number of directors, shall have the right and power to assign and pledge all revenues to be received

by the Association, including but not limited to Annual and Additional Assessments, in order to secure the repayment of any sums borrowed by the Association from time to time.

SECTION 6.2. ASSESSMENTS.

a) Purpose and Rate of assessment.

- 1) Subject to the provisions of paragraphs (2), (3) and (4) of this subsection and Section 6.3, and after determining the total amount of the estimated funds required: (i) for the management and Upkeep of the Common Area; (ii) for services to the Lots and Owners; (iii) to maintain adequate reserves; (iv) for administration costs; or (v) for meeting other obligations of the Association established pursuant to this Declaration or other shared maintenance agreements, subdivision documents, governmental requirements or easement agreements, the Board of Directors shall establish an Annual Assessment rate for each Lot for Common Expenses, excluding Limited Common Expenses and Recreational Facilities Expenses, by taking the total amount budgeted for Common Expenses, excluding Limited Common Expenses and Recreational Facilities Expenses, and multiplying it by a fraction, the numerator of which is one and the denominator of which is the total number of Lots conveyed to Owners other than the Declarant or Builders.

Lots or dwellings which have never been occupied and are owned by a Declarant (or an entity controlled by the Declarant), shall be assessed in accordance with Section 6.3. Except as set forth in the next succeeding sentence, a dwelling located on a Lot owned by a Builder and paying the one-time Assessment pursuant to Section 6.1(d) shall not be counted for purposes of further Assessment until the earlier of: (i) initial occupancy, (ii) conveyance to any Owner other than the Declarant, an entity controlled by the Declarant or a Builder. or (iii) one year after the Builder acquires the Lot. Notwithstanding the foregoing, Lots used for model home purposes shall be subject to full Assessment in accordance with this Section 6.2.

- 2) Limited Common Expense Assessment. Limited Common Expenses shall 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 shall be determined as follows:
  - i. Any expenses incurred in the Upkeep or maintenance of reserves for the Upkeep of any Limited Area may be assessed only against the Lots to which such Limited Common Area is appurtenant.
  - ii. Any expenses designated in a Supplementary Declaration as Limited Common Expenses shall be paid by the Owners of Lots subject thereto.
  - iii. Any services or utilities to Lots which vary based on usage shall be assessed against the Lots served based on usage.

- iv. 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, 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.
- 3) Limitations on Increases.
- i. Assessments Against Lots. For the first fiscal year (unless otherwise determined by the Board of Directors) following recordation of this Declaration, the maximum Annual Assessment against Lots for Common Expenses, excluding Limited Common Expenses and Recreational Facilities Expenses, shall be, Five Hundred Dollars (\$500.00) per Lot.
  - ii. Automatic Increases in Maximum Assessment.
    - 1. Each fiscal year thereafter, the maximum Annual Assessment set forth above or in a Supplemental Declaration shall automatically increase the greater of:
      - a. ten percent; or
      - b. the 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 at the date when the Board adopts the budget; and the proportionate amount 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 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, 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 or Directors may determine to set Annual Assessments at an amount less than the applicable maximum 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 Annual Assessments.

- iii. Increases Approved by Owner Vote. The Board of Directors may not levy an Annual Assessment or an Additional Assessment which in the aggregate will exceed the applicable maximum Annual Assessment for such fiscal year unless an increase in the maximum 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 Sixty-seven Percent Vote; or (ii) with the written approval of such Owners (other than the Declarant during the Declarant Control Period) entitled to cast more than sixty-seven percent of the total number of votes entitled to be cast by Owners required to pay such Assessment.
- 4) Recreational Facilities Assessment. The Board of Directors shall assess each Lot which is subject to assessment pursuant to Section 6.2(a)(1) for Recreational Facilities Expenses in an amount to be determined by the Board of Directors; provided, however, that such amount does not exceed the maximum Recreational Expense Assessment set forth in Section 6.2(a)(3). The Board of Directors may also determine to waive the Recreational Facilities Assessment against Lots upon which no dwelling has been constructed even if not owned by the Declarant or a Builder.
- 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 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 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 ten 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 or the Recreational Facilities shall be accounted for and funded solely by the Owners of the Lots served (as a Limited Common Expense or a Recreational Facilities 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 Section 6.2(b), levy an Additional Assessment against the Lots.
- f) Surplus and Deficit.
  - 1) Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors: (i) be placed in reserve accounts; (ii) be placed in a special account to be expended solely for the general welfare of the Owners; (iii) be credited to the next periodic installments due from Owners under the current fiscal year's budget, until exhausted, 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 two succeeding fiscal years are adjusted to amortize the deficit during such fiscal year 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 by the Declarant and Builders are exempt from Assessment in accordance with Section 6.3, then during the Declarant Control Period the Declarant and Builders 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 and Builders are 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.

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

SECTION 6.3. ASSESSMENT AGAINST LOTS OWNED BY THE DECLARANT: EXEMPTIONS.

- a) Special Pro-rata Assessment for Declarant. The Declarant (and entities controlled by the Declarant) shall pay a per Lot assessment for each unoccupied Lot owned by the Declarant (or an entity controlled by the Declarant, as applicable) equal to 25% of the annual assessment assessed against Owners of Lots other than the Declarant, entities controlled by the Declarant and Builders. For so long as the Declarant (or an entity controlled by the Declarant) pays the pro-rata Assessment for an unoccupied Lot, Declarant (or an entity controlled by the 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, as determined by the Board of Directors. 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 under this section shall be a lien against the portion of the Property owned by the Declarant. Each Lot will be subject to full Assessment after the earlier of initial occupancy or conveyance to an Owner other than the Declarant or a Builder.
- b) Exceptions. 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.

SECTION 6.4. LIABILITY FOR COMMON EXPENSES.

- a) Declarant and 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 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 the proportionate share of the Common Expenses up to the time of such recordation not to exceed the greater of (i) one-sixth of the Annual Assessment for Common Expenses, including Limited Common Expenses, or (ii) the amount shown on a Statement of Common Expenses, without prejudice to the purchaser's right to recover from the selling Owner amounts paid by the purchaser therefor. 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 accrue prior to the time such person into possession thereof, except as provided below and 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 the Mortgagee or purchaser takes possession. 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; provide, however, that if the proceeds of a foreclosure exceed the total amount due to the Mortgagee, the excess shall first be paid to the Association and applied to the satisfaction of the Association's lien.

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

SECTION 6.6. STATEMENT OF COMMON EXPENSES. The Board of Directors or managing agent shall provide any Owner, contract purchaser or Mortgagee, within fourteen days after a written request therefor (or within such other time period as may be required by law), with a written statement of all unpaid Assessments due with respect to a specific Lot (or a statement that the amount of unpaid Assessments is 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 THE ASSOCIATION.

- a) General. The Association shall be responsible for the management and Upkeep of all of the Common Area, including without limitation (i) Upkeep of all open areas, including grass cutting, garbage collection, landscaping and lawn maintenance; (ii) Upkeep of the sidewalks and parking areas, including snow removal and repair and replacement; (iii) Upkeep and operation of all Recreational Facilities located on the Common Area; and (iv) Upkeep of all other improvements located thereon. The cost of the management and Upkeep of Common Area shall be charged to Owners as a Common Expense or Limited Common Expense, depending on the nature of the service provided. Notwithstanding the fore-going 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 3.9 or other areas described in the subdivision documents for the Property or separate easement agreements. Notwithstanding the general provisions for Upkeep of Common Area set forth in this section, other specific responsibilities for Upkeep and allocations of the costs of Upkeep shall be determined by any provisions therefor included in a Supplementary Declaration or as part of a deed of subdivision 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 in its sole discretion.
- b) Storm Water Management. The Upkeep of the storm water management facilities on 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 Spotsylvania County, Virginia, 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 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 to the Association of (i) any defects in any fencing 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 within, adjacent to or leading to the Property, such Upkeep to include without limitation: (i) entrance features; (ii) sidewalks, trails and paths; (iii) project, street, traffic and directional signage and accessories, including poles; (iv) bus shelters; (v) pedestrian underpasses or overpasses; (vi) street lights and accessories, including poles; (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) Shared Maintenance. The Association may provide for the maintenance of: (i) storm water management facilities serving the Community; (ii) Community signage and entry features; (iii) landscaping along the major roads and streets whether public or private, (iv) the pedestrian pathway system serving the Community, including any pedestrian underpasses or overpasses, and (v) certain other items of mutual benefit to the Owners of land within the Property. The Board of Directors may enter into shared maintenance agreements to maintain areas whether or not located within the Property including but not limited to 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).
- e) Other Services. To the extent determined to be reasonably necessary or desirable by the Board of Directors, the Association may provide trash collection, water or cable television or similar services to the Owners as a Common or a Limited Common Expense, as appropriate.

## 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, except as provided otherwise in this Declaration or otherwise a Supplementary Declaration. Each Owner shall maintain the lead sidewalk, 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, and in accordance with local ordinances. Each Owner shall perform these responsibilities in such manner as shall not unreasonably disturb or interfere with the other Owners. 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, specifying generally the action to be taken to rectify that condition. If the Owner fails to take the actions specified or to otherwise rectify the condition within thirty days after the date the notice is given, or such other period as may be specified in the notice if the Circumstances warrant a different period, the Board of Directors or the Covenants Committee shall have the right, 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 such action to be taken) as was specified in the notice. The costs incurred in rectifying the condition shall be assessed against such Owner's Lot in accordance with Sections 6.2(c) and 12.1. The Owner shall reimburse the Association within thirty days after receipt of a statement for such expenses from the Board.
- b) Streetlights. To the extent a streetlight or a light designed to provide for street lighting is located on or connected to an Owner's Lot, such Owner shall be responsible for the daily operation and ongoing maintenance and replacement of such streetlight. If the Owner fails to operate and to maintain the streetlight in an operating manner, then the Association may do so at the Owner's sole expense, pursuant to Section 3.3, 6.2(c) and 12.1 hereof. The Board of Directors may also determine to maintain all streetlights, whether located on Lots or Common Area, as a Common Expense or as Limited Common Expense.

SECTION 7.3. MANNER OF REPAIR AND REPLACEMENT. All repairs and replacements 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 excess of ten percent in the aggregate 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 requires a Sixty-Seven Percent Vote of the Owners pursuant to Section 14.4 hereof,

and the Board of Directors shall assess all Owners benefited for the cost thereof as a Common Expense, a Limited Common Expense or a Recreational Facilities Expense depending on the nature of the improvement. Any capital additions, alterations or improvements costing in the aggregate ten percent or less of the total Annual Assessment for Common Expenses for that fiscal year or replacement items of items of Upkeep during any period of twelve consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute a Common Expense, a Limited Common Expense or a Recreational Facilities 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 this section.

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, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible. The Association shall not be liable for any failure of 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 caused by the elements or any Owner, or any other Person, or resulting 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. 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 with respect to Additional Land in a Supplementary Declaration adding such Additional Land 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) customers, household, guests, employees, agents or invitees to use the 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.

SECTION 7.7. SERVICES TO OWNERS. The Association may, in the sole discretion of the Board of Directors, provide additional services to Owners (including the Declarant) on a contractual basis at the request of such Persons. The charges for such services shall be assessed against the Lot of the Owner.

## ARTICLE 8

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

SECTION 8.1. PERMITTED USES. No Lot shall be used for purposes other than the purposes for which such Lot is zoned and designed and which are permissible under local zoning ordinances and no Lot shall be used for any purpose other than residential use without the prior written approval of the Board of Directors, except as provided in Section 8.2(x). The Board's approval of other uses may be conditioned or withheld at the Board's discretion. 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 or agents of Builders, exclusively, simultaneously or consecutively with respect to the Common Area and 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. No waste will be committed on the Property.
- b) Compliance with Laws. No improper, offensive or unlawful use shall be made at the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all

governmental agencies having jurisdiction thereof shall be observed. 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, Limited Common Expense or Recreational Facilities 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 for the purpose of causing 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 Trails or otherwise impede the rightful access of any other Person on any portion of the Property upon which such Person has the right to be. No Person shall place or cause or permit anything to be placed on or in any portion of the Common Area, Trails or Landscape Easement Area without the approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Area except with the prior written approval of the Board of Directors or the Declarant during the Development Period.
- f) Association Property. 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.
- g) Signs. Except for such signs 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 that does not comply with Design Standards without the prior written approval of the Covenants Committee.

- h) Trash. Trash storage and collection shall be in accordance with the Rules and Regulations. Except in connection with construction activities, no open 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 from the Common Area or another Lot 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 Expenses, as appropriate. No incinerator shall be kept or maintained upon any Lot without the prior written approval of the Board of Directors.
- i) Landscaping; Utility Lines. No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sightlines for vehicular traffic on public streets. 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, no water pipe, sewer pipe, gas pipe, drainage pipe, television or telephone cable, electric line or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground except for those located in easements existing prior to the recordation of this Declaration or as approved by the Declarant, during the Development Period, or the Board of Directors thereafter.
- j) Temporary Structures. No structure of a temporary character, and no temporary trailer, tent, shack, shed, barn, pen, kennel, run, stable or other temporary 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.
- k) Cutting Trees. No live trees with a diameter in excess of four inches, measured twelve inches above ground, nor trees in excess of two inches in diameter, similarly measured, which are generally known as flowering trees (such as dogwood or redbud) or as broad leaf evergreens (such as holly, laurel, or rhododendron), no live vegetation on slopes of greater than twenty percent gradient or marked "no cut" areas on approved site plans may be cut without the prior 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 the Spotsylvania County ordinances shall be cut without the prior approval of the Covenants Committee. The Board



of Directors shall adopt Rules and Regulations for cutting of trees to allow for selective clearing or cutting.

- l) Antenna. No outside antenna shall be maintained upon the Property unless such antenna shall be so located that it is not visible from Neighboring Property and the consent of the Board of Directors is obtained. Outside antenna, satellite antenna dishes greater than 24 inches in diameter, or amateur radio equipment generally will not be allowed upon the Property; provided, however, that the Covenants Committee may approve such antenna in the appropriate circumstances; and provided, further, that the Covenants Committee may establish additional guidelines for antennas as technology changes. Notwithstanding the foregoing, the Board of Directors may install and maintain an antenna, satellite dish or similar equipment on the Common Area to serve the Property.
- m) Fences. Except for any fence installed by the Declarant or a Builder (if permitted by the Declarant) or by the Association fence shall be installed except with the prior written approval of the Covenants Committee.
- n) Vehicles. Except in connection with construction activities, no commercial trucks or vans (exceeding 18-1/2 feet in length and/or 2-1/2 tons empty weight or upon which commercial lettering or equipment is public), or trailers, campers, recreational vehicles, boats or other large vehicles, including grounds maintenance equipment, may be parked on any portion of the Common Area of any portion of a Lot or any public right of way adjacent to the Property, unless within an enclosure or unless expressly permitted by the Board of Directors and only in such parking areas or locations or for such time periods (if any) as may be designated by the Board for such purpose. Parking of all such vehicles and related equipment, other than on a temporary (not exceeding twenty-four hour) and non-recurring basis, shall be in locations approved by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates 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 Neighboring Property. Vehicle repairs are not permitted, except in accordance with the Rules and Regulations; provided, however, that noncommercial repair of vehicles is permitted within enclosed structures. All motor vehicles, including without limitation trail bikes, motorcycles, dune buggies and snowmobiles, shall be driven only upon paved streets and parking lots. No motor vehicles shall be driven on Trails or unpaved portions of Common Area, except such vehicles 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.
- o) 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 for (i) the keeping of guide animals and reasonable number of orderly domestic pets (e.g., fish, nonpoisonous reptiles, dogs, cats or caged birds), not to exceed two pets which can regularly leave the Lot, and (ii) the keeping of livestock for recreational

purposes on large Lots if permitted by the Declarant in the applicable Supplementary Declaration for such Lots, subject to the Rules and Regulations adopted by the Board of Directors. Such pets or animals shall not be kept or maintained for commercial purposes or for breeding. Any such pet or animal causing or creating a nuisance or unreasonable disturbance, or noise may be permanently removed from the Property upon ten days written notice from the Board of Directors. Animals shall not be permitted upon the Common Area except for orderly domestic pets accompanied by someone who can control the animal and unless carried or leashed. Animal droppings shall be cleaned up by the Owner responsible for the animal being on the Property. Any Owner who keeps or maintains any animal 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 animal within the Property. All animals shall be registered and inoculated as required by law. The appropriate governmental authorities shall have an easement across the Property to enforce local animal control laws and ordinances.

- p) Hunting. No hunting or trapping of any kind or discharge of any weapon or device shall be Permitted.
- q) 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.
- r) Minimum Sizes: Modular Homes. All residential structures shall have a finished living area, exclusive of porches, patios, balconies, terraces, decks, pools, breezeways, basements and garages, of not less than two thousand square feet. Prefabricated homes employing volumetric modules shall not be permitted on any Lot without the prior written approval of the Covenants Committee
- s) Lighting. No exterior lighting shall be directed outside the boundaries of a Lot except for required street and parking lot lighting; typical residential flood lights directed toward the dwelling shall be permitted.
- t) 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.
- u) Pools. No swimming pool shall be erected or maintained on any Lot unless approved by the Covenants Committee and unless screened from view and enclosed by a fence.
- 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) Garages. No garages shall be converted to living spaces or altered or used for purposes which would prevent the use of the garage for the parking of the intended number of

vehicles for which it was constructed without the prior written approval of the Covenants Committee.

- x) Professional Offices. No Lot shall be used for any business, commercial, manufacturing, mercantile, storing, vending or other non-residential purpose; provided, however, that an Owner may maintain an office or home business in the dwelling constructed on such Owner's Lot if: (i) such office or business generates no significant number of visits or unreasonable parking usage (as determined by the Board of Directors) by clients, customers or other persons related to the business; (ii) 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; and (iii) such Owner has obtained approvals for such use as may be required by the appropriate local governmental agency. As a condition to such use, the Board may require the Owner to pay any increase in the rate of insurance or other costs for the Association which may result from such use.
- y) Firearms. No firearms may be discharged within the Property except within areas designated by the Board of Directors, if any.
- z) Construction and Upkeep Activities. This section shall not be construed as forbidding any work involved in the construction of 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 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. 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 or occupant's actions affect the appearance 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 a uniform quality of appearance for the Property. The Property shall be occupied and used in compliance with the Rules and Regulations. 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. RE-SUBDIVISIONS AND REZONINGS.

- a) Restriction on Further Subdivision. 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. No portion of any Lot (less than the whole), nor any easement or other interest therein, shall be conveyed or transferred by an Owner without the prior written approval of the Declarant during the Development Period, or the Board of Directors thereafter. This section is not intended to require the approval of the Declarant or the Board of Directors to 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 or amend the zoning applicable to any portion of the Property or the Additional Land during the Development Period, without the approval of any Owner. To the extent the approval and consent of any other Owner is required under State or local law to apply for any rezoning or to make any subdivision submission, then each Owner grants such consent and waives such Owner's rights under such law or, alternatively 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.

SECTION 8.5. EXCLUSION FOR THE DECLARANT AND DESIGNEES OF THE DECLARANT.

Notwithstanding any other provision of the Association Documents, neither the 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 of any Builder 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 8.6. LEASING AND RESALE OF LOTS.

- a) Leasing. No dwelling on a Lot 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 shall be leased for any period; provided, however, that a reasonable number of roommates is permitted. No Owner of a Lot 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 constitutes a default under the lease. The Board of Directors may require standard form language regarding the Association to be included in a lease for use by Owners of Lots. The foregoing provisions of this subsection. except the restriction against use or occupancy for hotel or transient or

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

b) Resale.

1. Reference to Declaration. The deed or instrument transferring title to any Lot shall contain a provision incorporating by reference the provisions of this Declaration, as well as any applicable Supplementary Declaration. Notwithstanding failure to include a reference to this Declaration in a deed or instrument transferring title to a Lot, the covenants, restrictions, easements, conditions, charges and liens set forth herein shall encumber the Lot as though reference thereof was set forth in such deed or instrument.
2. Notification. The contract seller of a Lot shall notify the Board of Directors of the Contract purchaser and the scheduled date and place conveyance will be accomplished.
3. Association Disclosure Packet. The Board of Directors shall, upon written request from a contract seller of a Lot, and upon payment to 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 8.7. BONDED IMPROVEMENTS AGREEMENT AND BUILDER'S AGREEMENT. The Bonded Improvements Agreement and Builder's Agreement attached 10 the Original Declaration as Exhibit "2" and Exhibit "3", respectively, are incorporated herein by reference and expressly made a part of the covenants, conditions and restrictions of this Declaration.

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 (except as set forth in Section 9.2), each to serve for a term of from one to three years as may be determined by the Board of Directors, in order to assure that the Property shall always be maintained in a manner: (i) providing for visual harmony and soundness of repair, (ii) avoiding activities deleterious to the aesthetic or property values of the Property; and (iii) promoting the general welfare and safety of the Owners, such Owners' tenants and such Owners' (or tenants') customers, households, 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 on any Lot which has been approved by the Declarant during the Development Period; and provided, further, that the Covenants Committee established by the Board shall not have the power to review initial construction on the Property, if such construction is reviewed by the Initial Construction Committee or the Declarant.
2. The Covenants Committee may from time to time establish requirements regarding the form and content of plans and specifications to be submitted for approval. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses or consultations required in connection with improvements or changes proposed by an Owner. Such fees shall be assessed against the Lots owned by the Owner making 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) customers, household, guests, employees, agents and 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 Standards or other matters relative to architectural control and protection of the aesthetic or property values of the Property.
5. The Covenants Committee shall propose Design Standards for approval by the Board of Directors; subject to the limitations in Section 9.2. Such Design Standards approved by the Board of Directors 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 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 construction by the Declarant or approved by the Declarant (directly or through the Initial Construction Committee) during the Development Period.
- d) Time for Response; Variances. The Covenants Committee shall act on all matters properly before it within sixty days after submission 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 answer any properly submitted application for approval of a proposed structural addition, alteration or improvement within fifteen days after the first Board of Directors meeting held following such referral to the Board, and failure to do so within the stipulated time shall constitute an approval by the Board of Directors of the proposed structure, addition, alteration or improvement, provided, however, that neither the Board of Directors nor Covenants Committee has the right or power, either by action or failure to act, to waive enforcement or grant variances from written Design Standards without a specific finding stating the variance 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 Standards, all development conforming to such variance or exception shall be deemed to comply.
- e) Conduct of Business. The Covenants Committee shall not exercise its powers and authority to interfere with the development of the Property in accordance with the development plan. Reasonable signs, modifications, alterations and changes of use which are consistent with Design Standards and needed for the proper conduct of business shall be permitted.
- f) Specific Exclusions. Supplementary Declarations adding Additional Land may exclude certain types of improvements or alterations from Covenants Committee review to the extent such improvements or alterations are not Visible from Neighboring Property.

SECTION 9.2. ARCHITECTURAL REVIEW DURING THE DEVELOPMENT PERIOD. During the Development Period, the Covenants Committee consists of two committees, the Covenants Committee (appointed by the Board of Directors) and the Initial Construction Committee (the Declarant or as appointed by the Declarant). Whenever in the Association Documents reference is

made to the Covenant Committee, such reference shall mean the Initial Construction Committee with respect to initial improvements on Lots under development.

- a) Initial Construction. The Declarant shall have the right to adopt all initial Design Standards for the Property 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, in order to ensure the quality and compatibility of style of all the improvements to be located on the Property. Such Design Standards are hereby incorporated herein by this reference and shall be enforceable as if set forth herein in full. All additions and modifications to the Design Standards during the Development Period must be approved by the Declarant. 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 Modifications and Rules Enforcement 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 from written Design Standards 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 Standards, 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 Modification and Rules Enforcement 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, including the Initial Construction Committee, other than an Owner or an occupant of the Property may be compensated by the Association for their service on the Covenants Committee 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 normal 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 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 Board of Directors or the Covenants Committee shall not relieve an Owner from any obligation to obtain required governmental permits. Upon request, the Owner shall deliver all approvals and permits required by law to the Covenants Committee or Board of Directors, as appropriate, prior to the commencement of the construction requiring such approval or permit. If any application to any governmental authority for 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 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, 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 to conform to the Association Documents (including the Design Standards) within thirty days after notice of the violation.
2. During the Development Period, the provisions of this section shall not apply to Lots owned by the Declarant or to improvements on any Lot if such improvements have 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 without the approval of the Board of Directors or the Covenants Committee and an authorized Officer shall sign any application required.
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) affixing a sign or taking 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 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 and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Association Documents as may be applicable. 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. 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 Initial Construction Committee or 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; (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, Limited Common Expense or a Recreational Facilities Expense,

as appropriate. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure: (i) if such failure is due to the unavailability of such coverages from reputable insurance companies; (ii) if such coverages are so available only at demonstrably unreasonable cost; or (iii) if the Association's insurance professionals advise that the coverages required by 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, or Owner or any member of an Owner's household;
  2. Such policy shall not be canceled, invalidated or suspended due to the conduct of any Owner, or such Owner's tenant or such Owner's (or tenant's) customers, household, guests, employees, agents and 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 days after such demand; and
  3. Such policy may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten days prior written notice to the Board of Directors and the managing agent.
- 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 or a Recreational Facility 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" form policy of 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 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 without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain appropriate coverage of 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 individual Owners or Mortgagees, unless otherwise required by law; and
  4. such deductibles as to loss, but not coinsurance features, as the Board of Directors in its sole discretion deems prudent and economical.
- 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 days prior to expiration 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 members and the employees of the Association against any liability to the public or any Owner or such Owner's tenant and such Owner's (or tenant's) customers, household, guests, employees, agents and invitees arising out of, or incident to the ownership or care, custody, control and use of the Common Area or legal liability arising out of employment contracts of the Association. Such insurance shall be

issued on a comprehensive liability basis and shall contain (1) a cross-liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (2) hired and non-owned vehicle coverage; (3) host liquor liability coverage with respect to events sponsored by the Association; (4) deletion of the normal products exclusion with respect to events sponsored by the Association; and (5) a “severability of interest” endorsement which shall preclude the insurer from denying liability coverage to an Owner because of negligent acts of the Association or of another 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. 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 voluntary employees endorsement and an “all states” endorsement);
- d) it applicable, pressure, mechanical and electrical equipment including air conditioning equipment 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. SEPARATE INSURANCE ON LOTS. Each Owner shall have the right to obtain insurance for such Owner's benefit, at such Owner’s expense, covering the improvements located

on such Owner's Lot and such Owner's 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; (ii) cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by an Owner; or (iii) in violation of any condominium instruments or declaration of covenants encumbering such Owner's Lot. No Owner shall obtain separate insurance policies on the Common Area.

## ARTICLE 11

### RECONSTRUCTION AND REPAIR

#### SECTION 11.1. WHEN REQUIRED.

- a) Common Area. Except as otherwise provided herein and 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 located on the Common Area 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. DISBURSEMENT 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) the estimated cost of reconstruction and repair is less than ten percent of the total Annual Assessment (or 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 ten percent 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, Limited Common Expense or a Recreational Facilities 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.

## ARTICLE 12

### COMPLIANCE AND DEFAULT

#### SECTION 12.1. ENFORCEMENT PROVISIONS.

- a) Compliance. Each Owner shall be governed by, and shall comply with, all of the terms of the Association Documents and Rules and Regulations, as amended from time to time. A default by an Owner in complying with or enforcing the Association Documents or the Rules and Regulations shall entitle the Association, acting through its Board of Directors or through the managing agent, to the following relief. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
- b) Additional Liability. Each Owner 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, 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 (other than regular Common Expense Assessments) continues for a period in excess of thirty days, interest from the due date at a rate not to exceed the lesser of the maximum permissible interest rate which may be charged by a Mortgagee under a Mortgage at such time or twelve percent per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid. The imposition of interest shall not preclude collection of a late charge nor shall a late charge levied pursuant to Section 6.5 be considered interest subject to the limitations of this subsection.
- f) Abating and Enjoining Violations. The violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any provision of the Association Documents shall give the Board of Directors the right, in addition to any other rights set forth in the Association Documents: (i) to enter the portion of the Property (excluding any dwelling) pursuant to Section 3.3, on which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the Association Documents or the Rules and Regulations, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; (ii) to use self-help to remove or cure any violation of the Association Documents or the Rules and Regulations on the Property (including without limitation the towing of vehicles); or (iii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; provided, however, that before any construction may be altered or demolished (except in emergencies) judicial proceedings shall be initiated. Where appropriate, the Board of Directors shall follow the due process procedures set forth in Section 12.1(h) and (i).
- g) Legal Proceedings. Failure to comply with any of the terms of the Association Documents or 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, has the power to impose charges and to suspend the right to vote in the Association (pursuant to Section 3.2 of the Bylaws) and the right to use the Recreational Facilities, other Common Area (other than for access or utilities) or other rights in the case of an Owner found to be responsible for a violation of the Association Documents or Rules and Regulations; provided, however, that the Board or Committee may not deny an Owner use of the Common Area for ingress or egress to such Owner's Lot or utility services. The Board or Committee may suspend the right of an Owner or other occupant, and the right of such Person's household, tenants, guests, employees or invitees to use the Recreational Facilities or other Common Area (other than for access or utilities) for a reasonable period not to exceed sixty days, for any violation of any provision of any of the Association Documents or the Rules and Regulations or for any period during which any Assessment against an Owner's Lot remains unpaid. No such power shall be exercised until the Person charged with such a violation has been 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 Recreational Facilities and other Common Area (other than for access or utilities) may be suspended due to non-payment of Assessments without giving the Person charged with the violation notice and an opportunity for a hearing. Charges may not exceed Fifty Dollars for each violation or Ten Dollars per day for each violation of a continuing nature or such greater amount as may be permitted by law. No charge may be imposed for failure to pay an Assessment except as otherwise provided in the Declaration. Charges are Individual Assessments and shall be collectible as Such and shall also constitute a lien against a Lot in accordance with Section 12.2. The Board of Directors or Covenants Committee may determine to take other actions, including, without limitation, towing vehicles or performing Upkeep on a Lot pursuant to Sections 6.2 and 7.2 without providing a hearing. The Board or Committee may deliberate privately, but shall either announce its decision in the presence of the respondent or give the respondent notice thereof.
- i) Due Process. The Board of Directors or the Covenants Committee, before imposing any charge or before taking any action affecting one or more specific Owners shall afford such Person the following basic due process rights.
- 1) Notice. The respondent shall be afforded prior written notice of any action (except when an emergency requires immediate action) and, if notice is of default or violation, an opportunity to cure which is reasonable under the circumstances, prior to the imposition of any sanction. The notice shall also state that the respondent is entitled to a hearing, if a hearing is required pursuant to Section 12.1(h). Notice of any violation or any hearing shall be sent by registered or certified United States mail, return receipt requested, to the Owner at such Owner's address of record with the Association at least fourteen days prior to such hearing.
  - 2) Hearing. If the respondent is entitled to a hearing pursuant to Section 12.1(h) and requests in writing a hearing before any charge is imposed or

action taken, then the imposition of the charge or the taking of the action shall be suspended until the respondent has an opportunity to be heard at a hearing at which the Board or Committee, as appropriate, discusses such charge or action. Each Person so appearing shall have the right to be represented by such Person's counsel, at such Person's own expense.

- 3) Appeal. Upon receipt of a written request therefor made within ten days after the date of an action by the Covenants Committee, the Board of Directors may afford any Person deemed by the Board to have standing as an aggrieved party the right to appeal to the Board, and the Board may reconsider, review, modify or reverse any action taken by the Committee.
  - 4) Fairness. The Board of Directors and the Covenants Committee shall treat all Owners equitably, based upon decision-making procedures, standards and guidelines which, even if informal, shall be applied to all Owners consistently.
- j) New Owner Address. If a new Owner does not give the Secretary written notice of such Owner's name and the number or address of the Lot within thirty days after acquiring title to such Lot then reasonable record-keeping costs incurred by the Association, as determined by the Board Of Directors, may be assessed against such Owner's Lot. The Board may set or change the amount of such Assessment from time to time. Such Assessment shall be a lien against such Owner's Lot as provided in Section 12.2.

#### SECTION 12.2. LIEN FOR ASSESSMENTS.

- a) Lien. 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, 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 of the date when payment was due, by the Owner from whom payment was due, and shall also apply to and encumber any and all Lots thereafter acquired by that Owner from the time such Owner becomes the Owner thereof. With respect to Annual Assessments, the lien is effective on the first day of each fiscal year of the Association and, as to Additional Assessments, Individual Assessments and other sums duly levied, the lien is effective ten days after the date of notice to the Owner of such Assessment or levy. The Board of Directors or the managing agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien by Section 55-516 of the POA Act. 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. In any case where an Assessment against an Owner is payable in installments, upon a 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.
- 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 such sale provided for herein is to be conducted in accordance with the provisions of Title 55, Sections 55-59.1 through 55-59.4 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.
- 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 portion of the Property (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 Property 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 any portion of the Property at such sale from liability for any Assessments thereafter becoming due, nor from the lien of any such subsequent Assessment, which lien shall have the same effect and be enforced in the same manner as provided herein. Notwithstanding any other provisions of this Declaration, to the extent permitted by Virginia Law in the future, the Association's lien shall prime a Mortgage to the extent of six months worth of Assessments based on the budget adopted by the Association which would have become due in the absence of acceleration during the six months immediately preceding perfection of the lien.

## ARTICLE 13

### MORTGAGES

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

- 1) Any default by an Owner of a Lot, upon which the Mortgagee has a Mortgage, in paying Assessments (which remains uncured for sixty 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 twenty percent of the then current replacement cost of such improvements and ten percent of the annual budget for Common Expenses;
- 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;
- 5) Any taking in condemnation or by eminent domain of the Common Area and the actions of the Association pursuant to Article 16 in connection therewith;
- 6) Any proposal to terminate this Declaration or dissolve the Association, at least thirty days before any action is taken to terminate or dissolve in accordance with Article 15; and
- 7) Any proposal to amend materially the Articles of Incorporation, this Declaration or the Bylaws or to undertake an extraordinary action, at least ten days before any action is taken pursuant to Section 14.4.

ARTICLE 14

AMENDMENT: EXTRAORDINARY ACTIONS

SECTION 14.1. AMENDMENT BY THE DECLARANT. The Declarant, for a period of seven years from the date of recordation of the Original Declaration, reserves the right to make changes, modifications and/or exceptions to any covenants, conditions, restrictions or reservations contained herein, when, in the Declarant's sole discretion, such changes, modifications and/or exceptions will not defeat or alter the purposes or will improve the clarity or effectiveness of the Declaration. This right may be exercised either before or after the conveyance of any Lot and without joinder of the Owner of any such Lot conveyed. Except as otherwise set forth herein, during the Development Period, the Declarant may unilaterally, without the approval of the Association, any Owner or Mortgagee, amend any provision of this Declaration or any Supplementary Declaration to: (i) make non-material clarifying or corrective changes; (ii) the requirements of any government, governmental agency, Secondary Mortgage Market Agency or Mortgagee; (iii) reflect the relocation of boundary lines between the Common Area and any Lots or among any Lots; provided, however, that such relocation is reflected an approved re-subdivision 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 4.4.

SECTION 14.2. AMENDMENT BY THE ASSOCIATION.

- a) Owner Approval. Sections 12(c), 4.1, 8.7, 12.1(a), 14.1 (the first sentence only), 14.6, this Section 14.2(a) and the second “now, therefore,” clause after the Recitals may not be amended. All other Articles of this Declaration may be amended during the first twenty year period, and any extensions thereof by an instrument signed by Owners holding at least seventy-five percent of the total number of votes entitled to be cast by the Owners in the Association. Notwithstanding any provision herein to the contrary, no amendment shall be made or be binding during the first twenty-year period of this Declaration unless such amendment has been agreed to and consented to in writing by the Declarant.
- b) Certification. An amendment by the Association shall not be effective until 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 procedural challenge to an amendment must be made within one year after recordation.
- c) Supplementary Declarations. Amendment of a Supplementary Declaration is governed by the provisions for amendment contained therein and the requirements of 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 in conflict with the Declaration. 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 by the Association shall be sent to every Owner at least fifteen days before any action is taken. No amendment shall increase the financial obligations of an Owner in a discriminatory manner or further restrict development on existing Lots in a discriminatory manner. No amendment to the Declaration shall diminish or impair the rights of the Declarant during the Development Period under the Declaration without the prior written consent of the Declarant. No amendment to the Declaration shall diminish or impair the express rights of the Mortgagees under the Declaration without the prior written approval of at least Fifty-one Percent of the Mortgagees. No amendment may modify this Article or the rights of any Person hereunder. Except as specifically provided 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 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 obligations or Assessment liens;
  - 2) any method of imposing or determining any charges to be levied against Owners;
  - 3) reserves for maintenance, repair or replacement of the Common Area;
  - 4) Owners' maintenance obligations;
  - 5) allocation of rights to use the Common Area;
  - 6) any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements within the Property,
  - 7) reduction of insurance requirements;
  - 8) restoration or repair of the Common Area or Lots;
  - 9) the addition, annexation or withdrawal of land to or from the Property;
  - 10) voting rights (except to reduce Class B voting rights-with the consent of the Class B Owner);
  - 11) restrictions affecting leasing of a Lot; or
  - 12) any provision which is for the express benefit of Mortgagees.
- b) Extraordinary actions of the Association include:

- 1) 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;
  - 2) determining not to require professional management after the Declarant Control Period;
  - 3) expanding the Association or amending Exhibit B to include land not previously described as Additional Land which increases the overall land area of the Property or described in Exhibit A and B by greater than ten percent in land area or increases the number of planned dwellings by greater than ten percent; and
  - 4) abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of the Common Area except for:
    - i) granting easements for utilities or other purposes to serve the Property or adjacent land which are not inconsistent with and which do not interfere with the intended use of such Common Area;
    - ii) dedicating a portion of the Common Area to a public authority;
    - iii) making conveyances or re-subdivisions as part of a boundary-line adjustment pursuant to Section 2.2; and
    - iv) conveyances to an entity formed for similar pursuant to a consolidation or merger.
  - 5) using insurance proceeds for purposes other than repair and reconstruction;
  - 6) making capital improvements (other than for Upkeep) costing in excess of ten percent in the aggregate of the total Annual Assessment for Common Expenses for the fiscal year, during any period of twelve consecutive months; or
  - 7) withdrawing land from the provisions of the Declaration, except as provided in Sections 4.4 and 15.1.
- c) Owner Approval. Any material amendment listed above must have the approval of the Owners set forth in Section 14.2(a). During the Declarant Control Period, any extraordinary action listed above must have either (i) the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes entitled to be cast by Owners other than the Class B Owner, or (ii) approval by at least Sixty-seven Percent Vote of the Owners other than the Class B Owner, provided that (x) at least twenty-five days notice is provided to all Owners; (y) the notice states the purpose of the meeting and contains a copy or summary of any material amendments proposed; and (z) the notice also contains a copy of the proxy that can be cast in lieu of attendance at the meeting. After the Declarant Control Period, any extraordinary action listed above must have either (i) the written approval of Owners entitled to cast at least sixty-seven percent of the total number entitled to be cast by Owners, or (ii) approval by at least sixty-seven Percent Vote of the Owners provided that (x) at least twenty-five day notice is provided to all Owners; (y) the notice states the purpose of the meeting and contains a copy or summary of any material amendments



proposed; and (z) the notice also contains a copy of the proxy that can be cast in lieu of attendance of the meeting. Notwithstanding the foregoing, approval of the Declarant is also required during the Development Period with respect to any extraordinary action twisted above.

- d) Class Approval. Any material amendment which changes the rights of any specific, Class of Owners, must also be approved by Owners entitled to cast at least fifty-one percent of the total number of votes of such Owners or by at least a Fifty-one Percent Vote of such Owners entitled to be cast at a meeting held in accordance with subsection (c) above.
- e) The following additional material amendments and extraordinary actions must be approved by Owners entitled to cast at least seventy-five percent of the total number of votes in the Association, other than the Class B Owner during the Declarant Control Period, and the Class B Owner 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;
  - 3) dissolving the Association, except pursuant to a consolidation or a merger; or
  - 4) conveyance or all the Common Area, except to an entity formed for similar purposes pursuant to a consolidation or a merger.
- f) 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; and (ii) during the Declarant Control Period, the Association may not submit any land other than Additional Land or 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.
- g) Mortgagee Approvals. Any material amendment or extraordinary action listed in subparagraphs (a), (b) and (e) except item (b)(6) above must also be approved by Fifty-one Percent of the Mortgagees. Any Mortgagee who is notified of proposed amendments or actions of the Association in writing by certified or registered United States mail, return receipt requested, and who does not deliver a negative response within thirty days shall be deemed to have approved such amendment or action.
- h) Corrective Amendments. Any amendment to the Association Documents shall not be considered material if made only for the purposes of correcting technical errors or for clarification. Any amendment to the Association Documents adding provisions to or interpreting the application of provisions of the Declaration, contained in a Supplementary Declaration and applied to a specific portion of the Property, shall not be considered a material amendment.

SECTION 14.5. COUNTY APPROVAL. A number of provisions are contained within this Declaration to comply with the conditions of subdivision approval applicable to the Property or the Additional Land. No amendment shall modify or delete any such provision of this Declaration required by such subdivision approval conditions, nor shall any amendment, including an amendment withdrawing land as provided in Section 4.4 or otherwise, impair the right and authority of Spotsylvania County, Virginia to require compliance with the subdivision approval conditions applicable to the Property without the prior written approval of the County.

SECTION 14.6 SECONDARY MORTGAGE MARKET AGENCIES. As long as there is a Class B membership, the following actions require the prior approval of the Secondary Mortgage Market Agencies: annexation of additional properties mergers and consolidations, mortgaging of the Common Area, declaration of Common Area, dissolution or amendment of this Declaration.

## 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 shall inure to the benefit and be enforceable by the Association or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, Successors and assigns, for a term of twenty years from the date of recordation of the Original Declaration, after which time said covenants shall be automatically extended for successive periods of twenty years, unless amended as herein provided. Subject to Section 14.4, the Association may terminate this Declaration only with the written approval of Owners entitled to cast at least seventy-five percent of the total number of votes. The termination shall not be effective until 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.

SECTION 15.2. PREREQUISITES. Written notice of the proposed termination shall be sent to every Owner and Mortgagee at least thirty days before any action is taken. The Declaration may not be terminated during the first twenty-year 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 Common Area 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 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 Spotsylvania County, Virginia, if the land is located in Spotsylvania County; provided, however, that if a site plan is approved for the Property, or 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 of the Association may be distributed as agreed upon by a Sixty-seven Percent Vote of the Owners.

ARTICLE 16

CONDEMNATION

SECTION 16.1. DEFINITION. 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.

SECTION 16.2. TAKING OF COMMON AREA. If there is a Taking of all or any part of the Common Area, then the Association shall notify the Owners, but the Board of Directors shall act on behalf of the Association in connection therewith and no Owner shall have any right to participate in the proceedings incident thereto. The award made for such Taking shall be payable to the Association, to be disbursed as follows. If the Taking involves a portion of the Common Area on which improvements have been constructed, then the Association Shall restore or replace such improvements so taken on another portion of the Common Area, to the extent land is available therefor, in accordance with plans approved by the Board of Directors, unless within sixty days after such Taking the Declarant (during the Declarant Control Period) or the Owners by a Sixty-seven Percent Vote (after the Declarant Control Period) shall otherwise agree. The provisions of Article 11 regarding the disbursement of funds following damage or destruction shall apply.

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

FOX POINT, INC., a Virginia corporation

EXHIBIT A

DESCRIPTION OF SUBMITTED LAND

All land submitted to the Original Declaration, as amended, pursuant to (i) that certain Deed of Dedication dated July 14, 1988, recorded in Deed Book 800 at Page 493 among the land records of Spotsylvania County, Virginia (the "Land Records), (ii) that certain Deed of Dedication dated August 11, 1988, recorded in Deed 808 at Page 265 among the Land Records, (iii) that certain Deed of Dedication dated October 18, 1988, recorded in Deed Book 817 at Page 129 among the Land Records, (iv) that certain Deed of Dedication dated March 20, 1989, recorded in Deed Book 842 at page 601 among the Land Records, (v) that certain Deed of Dedication dated January 3, 1992, recorded in Deed Book 1010 at Page 837 among the Land Records, (vi) that certain Deed of Dedication dated July 17, 1992 recorded in Deed Book 1056 at Page 799, (vii) that certain Deed of Dedication dated July 31, 1993, recorded in Deed Book 1161 at Page 351 among the Land Records, (viii) that certain Deed of Dedication dated December 9, 1994, recorded in Deed Book 1271 at Page 76 among the Land Records and (ix) that certain Supplementary Declaration for Fox Point (All Remaining Additional Land) dated April 13, 1995, recorded in Deed Book 1287 at Page 392 among the land records of Spotsylvania County, Virginia.

EXHIBIT B

DESCRIPTION OF ADDITIONAL LAND

All land submitted to the Original Declaration, as amended, pursuant to (i) that certain Deed of Dedication dated July 14, 1988, recorded in Deed Book 800 at Page 493 among the land records of Spotsylvania County, Virginia (the "Land Records"), (ii) that certain Deed of Dedication dated August 11, 1988, recorded in Deed Book 808 at Page 265 among the Land Records, (iii) that certain Deed of Dedication dated October 18, 1988, recorded in Deed Book 817 at Page 129 among the Land Records, (iv) that certain Deed of Dedication dated March 20, 1989, recorded in Deed Book 842 at page 601 among the Land Records, (v) that certain Deed of Dedication dated January 3, 1992, recorded in Deed Book 1010 at. Page 837 among the Land Records, (vi) that certain Deed of Dedication dated July 17, 1992 recorded in Deed Book 1056 at Page 799, (vii) that certain Deed of Dedication dated July 31, 1993, recorded in Deed Book 1161 at Page 351 among the Land Records, (viii) that certain Deed of Dedication dated December 9, 1994, recorded in Deed Book 1271 at Page 76 among the Land Records and (ix) that certain Supplementary Declaration for Fox Point (All Remaining Additional Land) dated April 13, 1995, recorded in Deed Book 1287 at Page 392 among the land records of Spotsylvania County, Virginia.

CONSENT OF VETERANS ADMINISTRATION  
TO AMENDED AND RESTATED DECLARATION  
FOR  
FOX POINT

BOOK 1303 PAGE 263

CONSENT OF VETERANS ADMINISTRATION  
TO AMENDED AND RESTATED  
DECLARATION  
FOR FOX POINT

THIS CONSENT is made as of April 13, 1995, by the  
DEPARTMENT OF VETERANS AFFAIRS ("VA").

RECITALS:

R-1. The undersigned is the duly authorized representative  
of VA.

R-2. Fox Point was subjected to the Declaration of  
Covenants, Conditions and Restrictions of Fox Point  
("Declaration") dated July 14, 1988 and recorded in Deed Book 800  
at Page 501 among the land records of Spotsylvania County,  
Virginia ("Land Records").

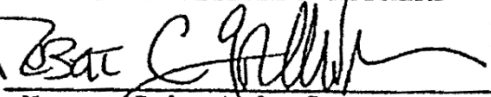
R-3. Article VIII, Section 8 of the Declaration requires  
the prior written approval of VA to amend the Declaration.

R-4. VA wishes to consent to and to approve the amendment  
to the Declaration.

NOW, THEREFORE, in accordance with Article VIII, Section 8  
of the Declaration, VA hereby consents to and approves the  
foregoing Amended and Restated Declaration for Fox Point dated  
June 12, 1995 and to be recorded among the Land Records.

IN WITNESS WHEREOF, the undersigned has caused this Consent  
to be signed by its duly authorized representative pursuant to  
due and proper authority as of the date first set forth above.

DEPARTMENT OF VETERANS AFFAIRS

By:   
Name: Robert C. Greaves  
Title: Asst. Director for  
Construction and Valuation

DISTRICT OF COLUMBIA )  
 ) ss:  
CITY OF WASHINGTON )

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Robert C. Greaves, who is an authorized representative of the Department of Veterans Affairs, the party in the foregoing and attached Consent, personally appeared before me in the aforesaid jurisdiction; he being personally well known to me as the person named in the Consent and, by virtue of the power and authority vested in him by the Department, acknowledged the Consent to be the act and deed of the Department of Veterans Affairs and that he delivered the same as the Department's act and deed.

GIVEN under my hand and seal on April 13, 1995.

Walter B. Covington Jr. [SEAL]  
Notary Public

My commission expires: 6/30/99

Consent of Federal Housing Administration  
To Amended and Restated Declaration  
For  
Fox Point

BOOK 1303 PAGE 265

CONSENT OF FEDERAL HOUSING ADMINISTRATION  
TO AMENDED AND RESTATED  
DECLARATION  
FOR FOX POINT

THIS CONSENT is made as of 6/1, 1995, by the  
FEDERAL HOUSING ADMINISTRATION ("FHA").

RECITALS:

R-1. The undersigned is the duly authorized representative  
of FHA.

R-2. Fox Point was subjected to the Declaration of  
Covenants, Conditions and Restrictions of Fox Point  
("Declaration") dated July 14, 1988 and recorded in Deed Book 800  
at Page 501 among the land records of Spotsylvania County,  
Virginia ("Land Records").

R-3. Article VIII, Section 8 of the Declaration requires  
the prior written approval of FHA to amend the Declaration.

R-4. FHA wishes to consent to and to approve the amendment  
to the Declaration.

NOW, THEREFORE, in accordance with Article VIII, Section 8  
of the Declaration, FHA hereby consents to and approves the  
foregoing Amended and Restated Declaration for Fox Point dated  
June 12, 1995 and to be recorded among the Land Records.

IN WITNESS WHEREOF, the undersigned has caused this Consent  
to be signed by its duly authorized representative pursuant to  
due and proper authority as of the date first set forth above.

FEDERAL HOUSING ADMINISTRATION

By: Carole Catineall  
Name: CAROLE CATINEALL  
Title: DIRECTOR, SINGLE FAMILY



DISTRICT OF COLUMBIA )  
 ) ss:  
CITY OF WASHINGTON )

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Carole Catineau, who is an authorized representative of the Federal Housing Administration, the party in the foregoing and attached Consent, personally appeared before me in the aforesaid jurisdiction; the said Director being personally well known to me as the person named in the Consent and, by virtue of the power and authority vested in him by the Federal Housing Administration, acknowledged the Consent to be the act and deed of the Federal Housing Administration and that he delivered the same as the Administration's act and deed.

GIVEN under my hand and seal on June 1st, 1995.

Crestine P. Belton (SEAL)  
Notary Public

My Commission Expires October 31, 1999

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



Consent of Federal National Mortgage Association  
To Amended and Restated Declaration  
For  
Fox Point

BOOK 1303 PAGE 267

CONSENT OF FEDERAL NATIONAL MORTGAGE ASSOCIATION  
TO AMENDED AND RESTATED  
DECLARATION FOR  
FOX POINT

THIS CONSENT is made as of April 18, 1995, by the FEDERAL NATIONAL MORTGAGE ASSOCIATION ("FANNIE MAE").

RECITALS:

R-1. The undersigned is the duly authorized representative of Fannie Mae.

R-2. Fox Point was subject to the Declaration of Covenants, Conditions and Restrictions of Fox Point ("Declaration") dated July 14, 1988 and recorded in Deed Book 800 at Page 501 among the land records of Spotsylvania County, Virginia ("Lease Records").

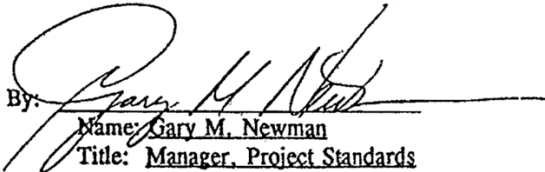
R-3. Article VIII, Section 8 of the Declaration requires the prior written approval of Fannie Mae to amend the Declaration.

R-4. Fannie Mae wishes to consent to and to approve the amendment to the Declaration.

NOW THEREFORE, in accordance with Article VIII, Section 8 of the Declaration, Fannie Mae hereby consents to and approves the foregoing Amended and Restated Declaration for Fox Point dated ~~April 18~~, 1995 and to be recorded among the Land Records. June 12,

IN WITNESS WHEREOF, the undersigned has caused this Consent to be signed by its duly authorized representative pursuant to due and proper authority as of the date first set forth above.

FEDERAL NATIONAL MORTGAGE  
ASSOCIATION

By:   
Name: Gary M. Newman  
Title: Manager, Project Standards

STATE OF GEORGIA     )  
                                  )  
CITY OF ATLANTA     )     ss:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Gary M. Newman, who is an authorized representative of the Federal National Mortgage Association, the party in the foregoing and attached Consent, personally appeared before me in the aforesaid jurisdiction; the said Gary M. Newman being personally well known to me as the person named in the Consent and, by virtue of the power and authority vested in him by the Federal National Mortgage Association, acknowledged the Consent to be the act and deed of the Federal National Mortgage Association and that he delivered the same as the Association's act and deed.

GIVEN under my hand and seal on April 18, 1995.

*Melanie W. Taylor* [SEAL]  
Notary Public



My commission expires: Notary Public, Bartow County, Georgia  
My Commission Expires July 14, 1998

CONSENT OF FEDERAL HOME LOAN MORTGAGE CORPORATION  
TO AMENDED AND RESTATED DECLARATION  
FOR  
FOX POINT

BOOK 1303 PAGE 269

CONSENT OF FEDERAL HOME LOAN MORTGAGE CORPORATION  
TO AMENDED AND RESTATED  
DECLARATION  
FOR FOX POINT

THIS CONSENT is made as of June 29, 1995, by the  
FEDERAL HOME LOAN MORTGAGE CORPORATION ("FHLMC").

RECITALS:

R-1. The undersigned is the duly authorized representative  
of FHLMC.

R-2. Fox Point was subjected to the Declaration of  
Covenants, Conditions and Restrictions of Fox Point  
("Declaration") dated July 14, 1988 and recorded in Deed Book 800  
at Page 501 among the land records of Spotsylvania County,  
Virginia ("Land Records").

R-3. Article VIII, Section 8 of the Declaration requires  
the prior written approval of FHLMC to amend the Declaration.

R-4. FHLMC wishes to consent to and to approve the  
amendment to the Declaration.

NOW, THEREFORE, in accordance with Article VIII, Section 8  
of the Declaration, FHLMC hereby consents to and approves the  
Amended and Restated Declaration for Fox Point dated as of  
June 12, 1995 and to be recorded among the Land Records.

IN WITNESS WHEREOF, the undersigned has caused this Consent  
to be signed by its duly authorized representative pursuant to  
due and proper authority as of the date first set forth above.

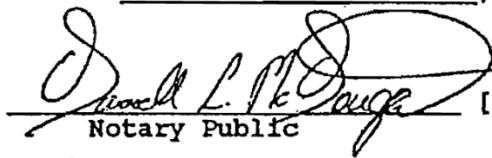
FEDERAL HOME LOAN MORTGAGE CORPORATION

By: *Barbara J. Craig*  
Name: Barbara J. Craig  
Title: Assistant Secretary

COMMONWEALTH OF VIRGINIA )  
 ) SS:  
COUNTY OF FAIRFAX )

I, the undersigned, a Notary Public for the jurisdiction aforesaid, do hereby certify that Barbara J. Craig, who is an authorized representative of the Federal Home Loan Mortgage Corporation, personally appeared before me in the aforesaid jurisdiction and by virtue of the power and authority vested in him by the Federal Home Loan Mortgage Corporation, acknowledged the Consent to be the act and deed of the Federal Home Loan Mortgage Corporation and that he delivered the same as such.

GIVEN under my hand and seal on June 29, 1995.

  
Notary Public [SEAL]

My commission expires: July 31, 1996



Virginia, Spotsylvania County, to-wit:  
In the Clerk's Office of the County and State aforesaid the 30 day of JUNE, 1995, at 12:00 o'clock P.M., the foregoing writing was presented and admitted to record, together with the annexed certificate of acknowledgment.  
The tax imposed by Section 58.56-1 in the amount of \$ — has been paid

Teste: Linda J. Johnson

RECORDED - INDEXED  
JUN 29 1995 12:00  
CLERK'S OFFICE  
SPOTSYLVANIA COUNTY  
VIRGINIA