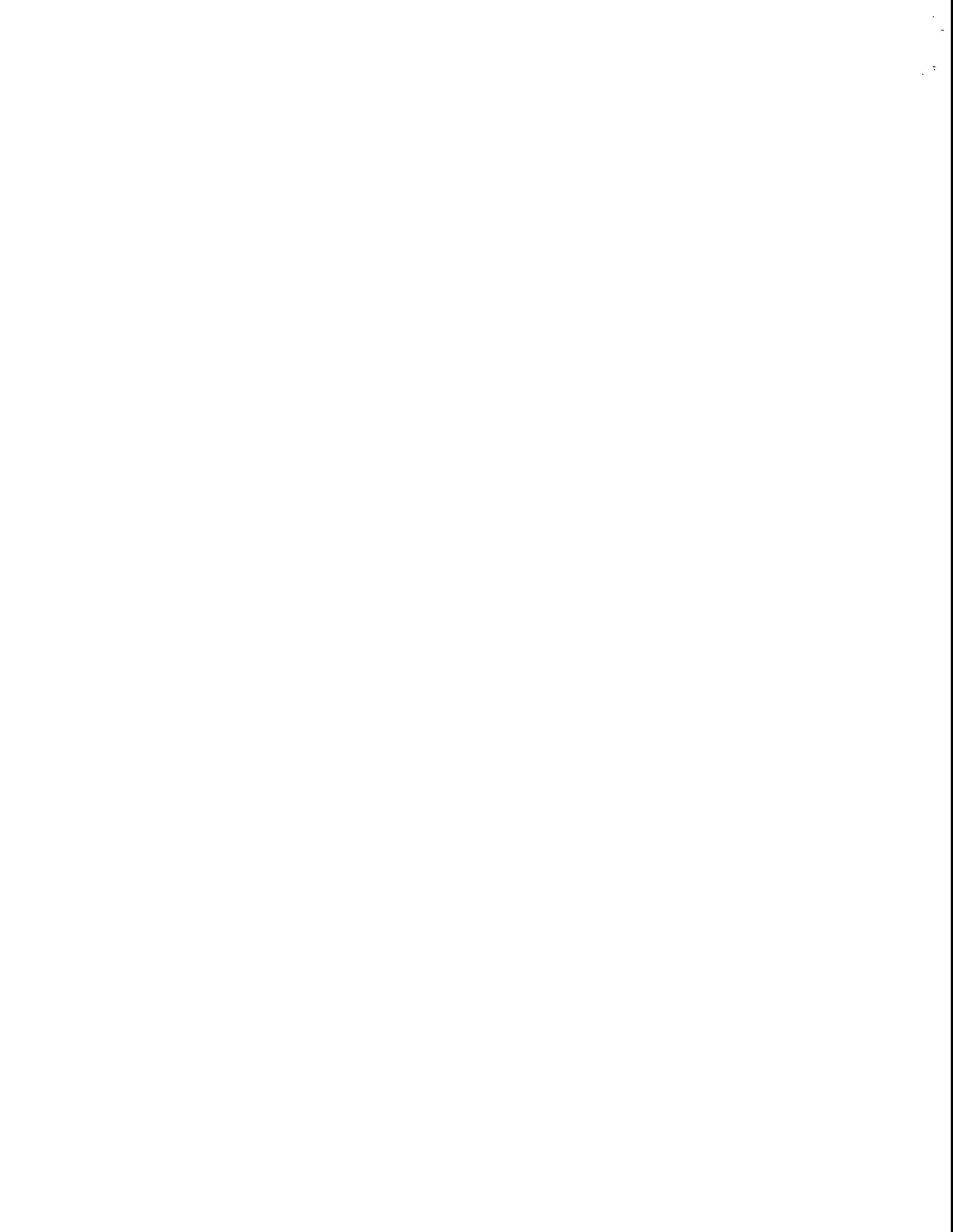


**MONTCLAIR
PROPERTY OWNERS
ASSOCIATION**



Articles of Incorporation
Declaration
ByLaws



MONTCLAIR PROPERTY OWNERS ASSOCIATION

RESOLUTION

AMENDMENTS OF ARTICLES OF INCORPORATION,
DECLARATION, AND BYLAWS

This Amendment of Articles of Incorporation, Declaration, and Bylaws, is made and entered into this 2nd day of April, 1990, by the membership of the MONTCLAIR PROPERTY OWNERS ASSOCIATION, INC., a Virginia non-stock corporation, (hereinafter referred to as "MPOA").

WHEREAS, Article III, Section 1.0 of the Bylaws grants the Board the general power of managing the business affairs of the Corporation; and

WHEREAS, Article XIII, Section 13.02 allows the Declaration to be amended within the first thirty (30) years following recordation by consent of two-thirds (2/3) of the members of the Association and by consent of the governing body of the Association; and

WHEREAS, the aforementioned Declaration has been of record and in effect for less than the thirty (30) years specified under Article XIII; and

WHEREAS, the membership and the governing body of the Association desire to amend the Articles of Incorporation, Declaration, and Bylaws to read as attached.

NOW THEREFORE BE IT RESOLVED THAT, the above stated document amendments were approved by the Board of Directors at a duly convened meeting on February 15, 1990, by the membership at a duly convened meeting on March 31, 1990 and by the Board of Directors at a duly convened meeting on April 2, 1990.

IN WITNESS WHEREOF, on behalf of the Board of Directors and the membership of Montclair Property Owners Association, Inc., we do hereby certify that the aforementioned Amendments to the Articles of Incorporation, Declaration, and Bylaws, were adopted by the membership in accordance with the requirements for amendment, as contained in Article XIII of the Declaration, as set forth above.

MONTCLAIR PROPERTY OWNERS ASSOCIATION, INC.

By: Bradley V. Johnson
Brad Johnson, President

Attest:
Rossie Alston
Rossie Alston, Secretary

STATE OF VIRGINIA :
COUNTY OF PRINCE WILLIAM

I, the undersigned Notary Public of and for the county and state aforesaid, do certify that Brad Johnson, as President of Montclair Property Owners Association, Inc. whose name is signed to the foregoing Amendment bearing the date of the 2nd day of April, 1992, has acknowledged the same before me in my county aforesaid.

Given under my hand this 2nd day of April, 1992
Ginny L. Lockamy
Notary Public

My Commission Expires:
June 28, 1992

STATE OF VIRGINIA :
COUNTY OF PRINCE WILLIAM

I, the undersigned Notary Public of and for the county and state aforesaid, do certify that ^{Lyf Dennis acting for} Rossie Alston, as Secretary of Montclair Property Owners Association, Inc. whose name is signed to the foregoing Amendment bearing the date of the 2nd day of April, 1992, has acknowledged the same before me in my county aforesaid.

Given under my hand this 2nd day of April, 1992
Ginny L. Lockamy
Notary Public

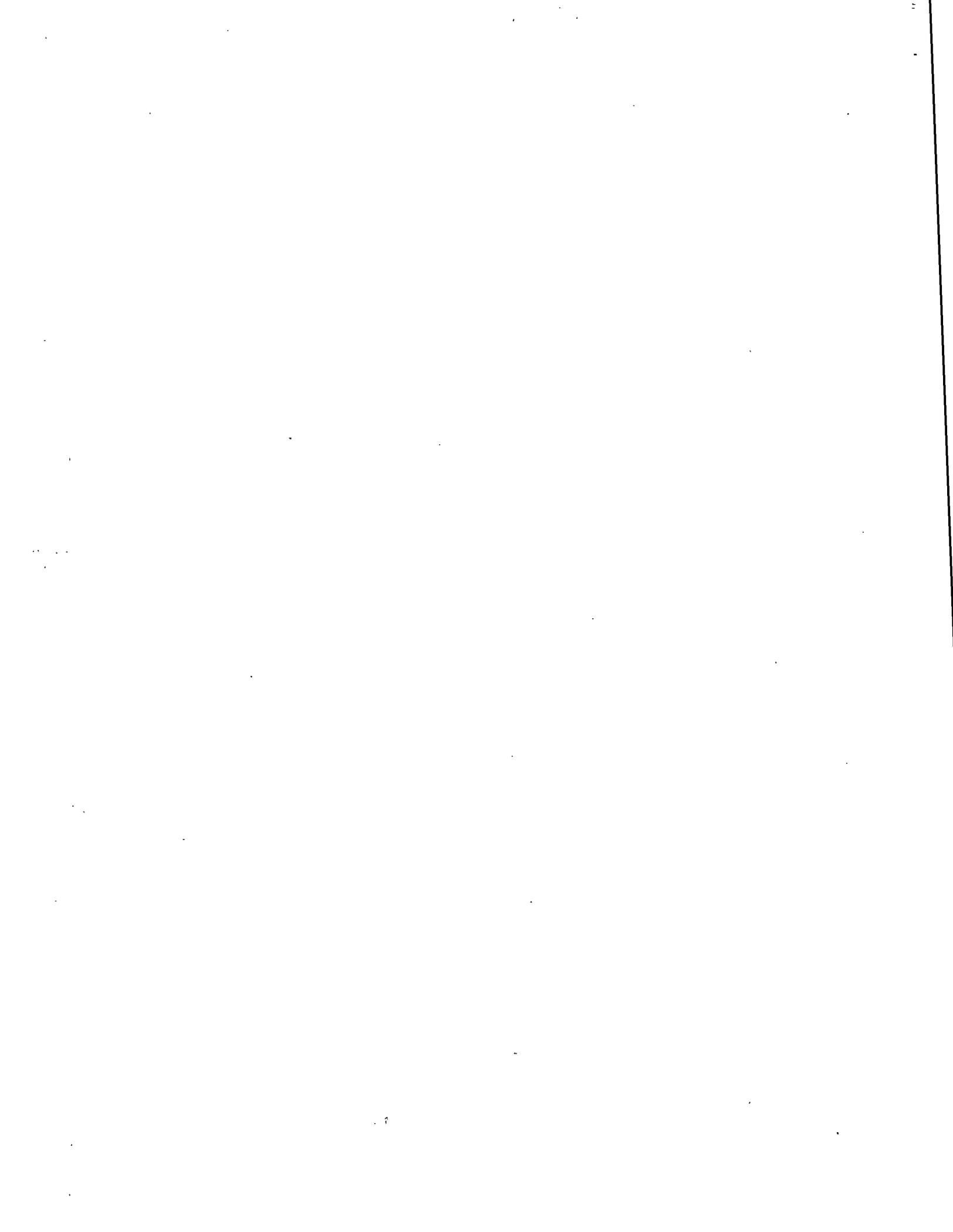
My Commission Expires:
June 28, 1992

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Section 2 Amended Deed of Dedication Agreement and Declaration
of Covenants, Conditions and Restrictions

Section 3 Bylaws



RESTATED ARTICLES OF INCORPORATION
FOR
MONTCLAIR PROPERTY OWNERS ASSOCIATION, INC.

I, the undersigned, President of Montclair Property Owners Association, Inc., a corporation organized under the laws of the Commonwealth of Virginia pursuant to the provisions of Chapter 10, Title 13.1 of the 1950 Code of Virginia, as amended, do hereby submit the following Articles of Restatement and Restated Articles of Incorporation pursuant to 13.1-889 of the Code, which were adopted pursuant to Section 13.1-886 of the Code.

ARTICLE 1

The name of this corporation is Montclair Property Owners Association, Inc., which is hereby incorporated as a non-stock corporation pursuant to Chapter 10 of Title 13.1 of the Code of Virginia (1950), as amended (the "Act").

ARTICLE 2

INTERPRETIVE PROVISIONS

Section 2.1. Definitions. Terms used herein or in the By-Laws without definition shall have the meanings specified for such terms in Section 13.1-803 of the Act: Capitalized terms 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 the same may be amended, supplemented or replaced from time to time.

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

(3) "Association" means Montclair Property Owners Association, Inc. and, with respect to the rights and obligations of the Association set forth in the Declaration, its successors and assigns.

(4) "Association Documents" means collectively these Articles of Incorporation, the Declaration, the Bylaws and the Rules and Regulations, as amended from time to time. Any exhibit, schedule, certification or amendment to an Association Document shall be an integral part of that document.

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

(6) "Building Envelope" means that portion of a Lot intended to be permanently enclosed by the outermost surface of the building structure or other structures located thereon, as expanded or reconstructed from time to time, extending both above and below the surface of the earth, including any supporting columns thereof and any balconies.

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

(8) "Common Area" means, at any given time, all of the Property, other than Lots, then owned or leased by the Association or otherwise available to the Association for the benefit, use and enjoyment of the Owners; provided, however, that real estate within the Property is not Common Area solely because it is burdened by an easement for utilities and/or maintenance or dedicated as a public street or roadway. A portion of the Common Area which the Association has the right to use and/or maintain for the benefit of the Owners may be located within a Lot. For the purposes of jurisdiction, operation and control, such portion of the Lot shall be treated as Common Area; for purposes of ownership, such portion shall be part of the Lot.

(9) "Common Expenses" means all expenditures lawfully made and incurred on behalf of the Association, together with all funds lawfully assessed for the creation and maintenance of reserves pursuant to the provisions of the Association Documents.

(10) "Covenants Committee" means the committee that may be established by the Board of Directors pursuant to Article 7 of

the Declaration to assure that the Property will be maintained in a manner consistent with the purposes and intents of the Declaration.

(a) "Initial Construction Subcommittee" means the subcommittee of the Covenants Committee that reviews proposed initial construction of any structure on the Property as set forth in Subsection 7.2(a) of the Declaration.

(b) "Modifications Subcommittee" means the subcommittee of the Covenants Committee that reviews proposed visible additions, alterations or modifications to the exterior of existing structures on the Property as set forth in Subsection 7.2(b) of the Declaration.

(c) "Rules Enforcement Subcommittee" means the subcommittee of the Covenants Committee that reviews possible violations of the Rules and Regulations and recommends appropriate enforcement action as set forth in Subsection 7.2(c) of the Declaration.

(11) "Declaration" means the Amended Declaration for Montclair together with all amendments to the Amended Declaration which may be hereafter adopted and recorded among the land records.

(12) "Design Guidelines" means the standards developed by the Covenants Committee pursuant to Article 7 of the Declaration.

(13) "Developer" shall mean Interstate General Business Corporation, or its successors or assigns, if any.

(14) "Land Records" means the land records of Prince William County, Virginia, the jurisdiction in which the Property is located.

(15) "Lot" means: (i) any parcel of land within the Property designated for separate ownership and occupancy shown on a recorded subdivision plat, other than Common Area; (ii) a unit in a condominium or real estate cooperative if the condominium or cooperative is within the Property; and (iii) any other physical portion of the development designated for separate ownership or occupancy.

(a) "Civic Lot" means a Lot owned by a governmental entity and intended to be improved for or containing improvements primarily used and occupied for a public purpose, including without limitation schools, fire and rescue stations, police stations, libraries and parks. If a Civic Lot is no longer used

and occupied for a public purpose and owned by a governmental entity, such Lot shall no longer be a Civic Lot and shall be treated as a Commercial Lot or Residential Lot, as may be appropriate.

(b) "Commercial Lot" means a Lot containing primarily corporate office, office building, retail use, restaurant, hotel or other nonresidential uses.

(c) "Residential Lot" means any Lot upon which the improvements are primarily intended for use and occupancy as a permanent residence and, unless otherwise specified, include without limitation Lots containing apartments, townhouses or single family homes.

(16) "Majority Vote" means a simple majority (more than fifty percent) of the votes actually cast in person or by proxy at a duly held meeting of the members at which a quorum is present. Any vote of a specified percentage of members means that percentage with respect to the total number of votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any vote by a specified percentage of the Board of Directors (or the Covenants Committee) means that percentage with respect to votes actually cast at a duly held meeting of the Board (or Committee) at which a quorum is present.

(17) "Member" means an Owner of a Residential Lot.

(18) "Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) holding a first mortgage or first deed of trust ("Mortgage") encumbering a Lot.

(19) "Officer" means any Person holding office pursuant to Article 5 of the Bylaws.

(20) "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.

(21) "Person" means one or more natural persons, corporations, partnerships, associations, trusts or other entities capable of holding title to real estate, or any combination thereof.

(22) "Private Streets and Roadways" means all streets, roadways, sidewalks, curbs, gutters and parking areas which are part of the Common Area, but not including streets and roadways dedicated to public use by a plat or deed of dedication.

(23) "Property" means, at any given time, the real estate then subject to the Declaration (including Lots and Common Area) and includes all improvements and appurtenances thereto now or hereafter existing.

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

(25) "Upkeep" means care, inspection, maintenance, operation, repair, repainting, remodelling, restoration, improvement, renovation, alteration, replacement and reconstruction.

Section 2.2. Construction of Association Documents.

(a) Captions. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the document in which used or any provision thereof.

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

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

(d) Interpretation. If there is any conflict between the Association Documents, the Declaration shall control, except as to matters of compliance with the Act, then 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 the provisions of any rule, regulation or other resolution adopted pursuant to any of the Association Documents.

ARTICLE 3

PURPOSE

The Association does not contemplate pecuniary gain or profit to the members thereof. The purposes for which the Association is organized are to:

- (1) provide for the Upkeep of the Common Area and, to the extent provided in the Association Documents, of the Lots;
- (2) establish and administer the architectural standards governing the Property;
- (3) exercise all powers and rights and perform all duties and obligations of the Association as set forth in the Association Documents with respect to all or any portion of the Property; and
- (4) exercise the powers now or hereafter conferred by law on Virginia non-stock corporations.

ARTICLE 4

MEMBERSHIP AND VOTING

Section 4.1. Membership. Association members shall at all times be, and be limited to, 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. Each person is entitled to attend all meetings of the Association. Membership in the Association is mandatory.

Section 4.2. Classes of Members; Voting Rights.

(a) Classes; Voting Rights. For purposes of voting, the Association shall have one class of Members. Members shall have one vote for each Lot or dwelling unit owned.

(b) Assignment of Voting Rights. Any Member, may assign such Member's voting rights, as such voting rights relate to a particular Lot owned by such Member, to a lessee of such Lot; provided, however, that the initial term of the lease for

such Lot is for a period of not less than one (1) year; and provided, further, that such assignment is evidenced by a written certificate signed and dated by the Member and witnessed by a person, other than the assignee, who shall sign their name and address. Such certificate shall be filed with the Secretary.

(c) Additional Provisions Governing Voting. Additional provisions governing voting rights and procedures shall be as set forth in Article 3 of the Bylaws.

Section 4.3 Required Vote. A Majority Vote of the Members shall be necessary for the adoption of any matter voted upon, except as otherwise provided in the Association Documents, and except with respect to the election of directors who shall be elected in accordance with Section 4.2 and Section 4.3 of the By-Laws. The Association is bound by the requirements set forth in the Declaration and shall not take any action in violation thereof.

ARTICLE 5

BOARD OF DIRECTORS

The number, election and qualifications of the Board of Directors shall be in accordance with the provisions of the By-laws.

ARTICLE 6

INITIAL REGISTERED OFFICE

The initial registered office of the Association is located in the County of Fairfax, 8133 Leesburg Pike, Ninth Floor, Vienna, Virginia 22182, at which office the initial registered agent of the Association is Rees, Broome & Diaz, P.C., said corporation meeting the requirements of Section 13.1-833 of the Act by reason of the fact that it is a Virginia professional corporation, whose business address is identical with that of the registered office.

ARTICLE 7

AMENDMENT

These Articles may be amended by sixty-seven percent (67%) of the votes cast by the Members at a duly convened meeting if the proposed amendment has been inserted in the Notice of Meeting or all of the Members are present in person or by proxy. The Board of Directors shall send any amendment to the Owners within thirty (30) days after adoption.

ARTICLE 8

DISSOLUTION

The Association may not be dissolved unless the resolution to dissolve is adopted by at least a Sixty-seven Percent Vote of the Members, pursuant to Section 13.1-902 of the Act.

IN WITNESS WHEREOF, the President of the Association has signed these Restated Articles of Incorporation on March 31, 1990.

MONTCLAIR PROPERTY OWNERS ASSOCIATION

By: Karen Trimbach
Karen Trimbach, President

RJD:ahs:2-16a
75440

Prepared by and return to:
Raymond J. Diaz
Whiteford, Taylor & Preston, LLP
3190 Fairview Park Drive, Suite 300
Falls Church, Virginia 22042-4510


Instr: 200906110057095 Pg: 1 of 2
Prince William County, VA
06/11/2009 3:00:56PM
Michèle B. McQuigg, Clerk

FIRST AMENDMENT TO AMENDED DECLARATION FOR MONTCLAIR PROPERTY OWNERS ASSOCIATION, INC.

THIS FIRST AMENDMENT to the Amended Declaration for Montclair Property Owners Association, Inc., is made this 27th day of April, 2009, by the MONTCLAIR PROPERTY OWNERS ASSOCIATION, INC., GRANTOR (the "Association").

RECITALS

1. By that certain Amended Declaration for Montclair (the "Amended Declaration") dated March 31, 1990, and recorded on April 18, 1990, in Deed Book 1729, at Page 955, *et. seq.*, among the land records of Prince William County, Virginia, MPOA amended and restated the Deed of Dedication, Agreement and Declaration of Covenants, Conditions and Restrictions that imposed upon the real property therein described and then known as Country Club Lake and now known as Montclair certain covenants, conditions and restrictions more particularly described therein.

2. Section 13.1 of Article 13 of the Amended Declaration provides that the Association may amend the Amended Declaration by a vote of at least sixty-seven percent (67%) Vote of the members present and voting at a duly convened meeting of the Association at which a quorum is present.

3. At the 2009 annual meeting of the Association at which a quorum was present, more than sixty-seven percent (67%) of the members present and voting voted to approve the amendment set forth below.

AMENDMENT

NOW, THEREFORE, Montclair Property Owners Association, Inc., hereby amends the Amended Declaration, as follows:

The second sentence of Section 6.1 (k) of Article 6 of the Amended Declaration is amended to read, in its entirety, as follows:

(k) No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes line, shed or other temporary accessory buildings shall be erected, used or maintained on any Lot unless specifically approved by written resolution of the Board of Directors.

Except has hereby expressly amended, the Amended Declaration, including without limitation all other portions of Section 6.1 (k), is hereby ratified, confirmed and republished.

IN WITNESS WHEREOF, the undersigned has caused this First Amendment to Amended Declaration for Montclair Property Owners Association, Inc., to be executed pursuant to due and proper authority on the date first above set forth.

MONTCLAIR PROPERTY OWNERS
ASSOCIATION, INC.

By: Catherine Kudrick
Catherine Kudrick, President

ATTEST:

Brad Hancock
Brad Hancock, Secretary

COMMONWEALTH OF VIRGINIA
COUNTY OF PRINCE WILLIAM, to-wit:

I, the undersigned Notary Public in and for the jurisdiction aforesaid, do hereby certify that Catherine Kudrick, President of the Montclair Property Owners Association, Inc., whose name is signed to the foregoing First Amendment to Amended Declaration for Montclair Property Owners Association, Inc., has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized officer of the corporation.

GIVEN under my hand and seal this 27th day of April, 2009.

Sharon Kristie Witt
Notary Public

My Commission Expires: 06-30-2010

Registration No.: 7035865



AMENDED DECLARATION

FOR

MONTCLAIR

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TO: REES, BROOM & DIAZ, NINTH FLOOR, 8133 LEESBU' PIKE, VIENNA, VIRGINIA 22184
ATTENTION: RAYMOND J. DIAZ

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AMENDED DEED OF DEDICATION
 AGREEMENT AND DECLARATION OF COVENANTS,
 CONDITIONS AND RESTRICTIONS

THIS AMENDED DECLARATION is made this 31st day of MARCH, 1990, by the MONTCLAIR PROPERTY OWNERS ASSOCIATION, INC. ("MPOA").

R E C I T A L S:

1. Prestwick, Inc., a Maryland Corporation, and others, caused to be recorded on March 30, 1970, in Deed Book 539 at page 558, et seq., among the land records of Prince William County, Virginia (hereafter all references to "land records" shall mean the land records of Prince William County, Virginia) a Deed of Dedication, Agreement and Declaration of Covenants, Conditions and Restrictions (the "original Declaration"), thereby establishing upon the real property therein dedicated a residential planned community then known as Country Club Lake and submitting the real property to the covenants, conditions and restrictions contained in the original Deed.
2. Thereafter, the original Deed was amended as follows:
 - a. By amendment dated March 16, 1972 and recorded in Deed Book 625 at page 558, et seq., among the land records;
 - b. By amendment dated August 25, 1978 and recorded in Deed Book 1033 at page 10, et seq., among the land records;
 - c. By amendment dated March 27, 1978 and recorded in Deed Book 1067 at page 533, et seq., among the land records;
 - d. By amendment dated April 26, 1979 and recorded in Deed Book 1074 at page 312, et seq., among the land records;
 - e. By amendment dated June 6, 1979 and recorded in Deed Book 1083 at page 1402, et seq., among the land records;
 - f. By amendment dated February 24, 1982 and recorded in Deed Book 1172 at page 785, et seq., among the land records;
 - g. By amendment dated February 24, 1982 and recorded in Deed Book 1172 at page 788, et seq., among the land records;
 - h. By amendment dated March 2, 1984 and recorded in Deed Book 1270 at page 899, et seq., among the land records;

i. By amendment dated May 25, 1984 and recorded in Deed Book 1270 at page 902, et seq., among the land records;

j. By amendment dated February 16, 1988 and recorded in Deed Book 1544 at page 1135, et seq., among the land records; and

k. By amendment dated April 13, 1989 and recorded in Deed Book 1655 at page 1567 et seq., among the land records;

3. Section 13.02 of Article XIII of the original Deed authorizes amendment of the original Deed in the manner provided in that section.

4. On March 31, 1990, at a duly called meeting of the membership, the requisite percentage of the membership of MPOA consented to the amendment of the original Deed in the manner set forth below, which amendment was subsequently approved by the governing body of MPOA. Thereafter, the amendment was submitted to Second Montclair Corporation, which by virtue of an assignment dated July 22, 1977, is entitled to take action to concur or nonconcur within thirty (30) days of passage of the amendment. No action to concur or nonconcur was taken thereon within thirty (30) days of passage of the amendment of the original Deed in the manner set forth below.

NOW, THEREFORE, MPOA hereby amends the original Deed by deleting in its entirety all after the title of the said original Deed and substituting in its place the following:

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 the same may be amended, supplemented or replaced from time to time.

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

(3) "Association" means Montclair Property Owners Association, Inc. and, with respect to the rights and obligations of the Association set forth in this Declaration, its successors and assigns.

(4) "Association Documents" means collectively, the Articles of Incorporation, this Declaration, the Bylaws and the Rules and Regulations, as amended from time to time. Any exhibit, schedule, certification or amendment to an Association Document shall be an integral part of that document.

(5) "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.

(6) "Building Envelope" means that portion of a Lot intended to be permanently enclosed by the outermost surface of the building structure or other structures located thereon, as expanded or reconstructed from time to time, extending both above and below the surface of the earth, including any supporting columns thereof and any balconies.

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

(8) "Common Area" means, at any given time, all of the Property, other than Lots, then owned or leased by the Association or otherwise available to the Association for the benefit, use and enjoyment of the Owners; provided, however, that real estate within the Property is not Common Area solely because it is burdened by an easement for utilities and/or maintenance or dedicated as a public street or roadway. A portion of the Common Area which the Association has the right to use and/or maintain for the benefit of the Owners may be located within a Lot. For the purposes of jurisdiction, operation and control, such portion of the Lot shall be treated as Common Area; for purposes of ownership, such portion shall be part of the Lot.

(9) "Common Expenses" means all expenditures lawfully made and incurred on behalf of the Association, together with all funds lawfully assessed for the creation and maintenance of reserves pursuant to the provisions of the Association Documents.

(10) "Covenants Committee" means the committee that may be established by the Board of Directors pursuant to Article 7 hereof to assure that the Property shall be

maintained in a manner consistent with the purposes and intents of this Declaration.

(a) "Initial Construction Subcommittee" means the subcommittee of the Covenants Committee that reviews proposed initial construction of any structure on the Property as set forth in Subsection 7.2(a) hereof.

(b) "Modifications Subcommittee" means the subcommittee of the Covenants Committee that reviews proposed visible additions, alterations or modifications to the exterior of existing structures on the Property as set forth in Subsection 7.2(b) hereof.

(c) "Rules Enforcement Subcommittee" means the subcommittee of the Covenants Committee that reviews possible violations of the Rules and Regulations and recommends appropriate enforcement action as set forth in Subsection 7.2(c) hereof.

(11) "Declaration" means this Amended Declaration for Montclair together with all amendments to this Amended Declaration which may be hereafter adopted and recorded among the land records.

(12) "Design Guidelines" means the standards developed by the Covenants Committee pursuant to Article 7 hereof.

(13) "Developer" shall mean Interstate General Business Corporation, or its successors or assigns, if any.

(14) "Land Records" means the land records of Prince William County, Virginia, the jurisdiction in which the Property is located.

(15) "Lot" means: (i) any parcel of land within the Property designated for separate ownership and occupancy shown on a recorded subdivision plat, other than Common Area; (ii) a unit in a condominium or real estate cooperative if the condominium or cooperative is within the Property; and (iii) any other physical portion of the development designated for separate ownership or occupancy.

(a) "Civic Lot" means a Lot owned by a governmental entity and intended to be improved for or containing improvements primarily used and occupied for a public purpose, including without limitation schools, fire and rescue stations, police stations, libraries and parks. If a Civic Lot is no longer used and occupied for a public purpose

and owned by a governmental entity, such Lot shall no longer be a Civic Lot and shall be treated as a Commercial Lot or Residential Lot, as may be appropriate.

(b) "Commercial Lot" means a Lot containing primarily corporate office, office building, retail use, restaurant, hotel or other nonresidential uses.

(c) "Residential Lot" means any Lot upon which the improvements are primarily intended for use and occupancy as a permanent residence and, unless otherwise specified, include without limitation Lots containing apartments, townhouses or single family homes.

(16) "Majority Vote" means a simple majority (more than fifty percent) of the votes actually cast in person or by proxy at a duly held meeting of the Members at which a quorum is present. Any vote of a specified percentage of Members means that percentage with respect to the total number of votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any vote by a specified percentage of the Board of Directors (or the Covenants Committee) means that percentage with respect to votes actually cast at a duly held meeting of the Board (or Committee) at which a quorum is present.

(17) "Member" means an Owner of a Residential Lot.

(18) "Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) holding a first mortgage or first deed of trust ("Mortgage") encumbering a Lot.

(19) "Officer" means any Person holding office pursuant to Article 5 of the Bylaws.

(20) "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.

(21) "Person" means one or more natural persons, corporations, partnerships, associations, trusts or other entities capable of holding title to real estate, or any combination thereof.

(22) "Private Streets and Roadways" means all streets, roadways, sidewalks, curbs, gutters and parking areas which are part of the Common Area, but not including streets and roadways dedicated to public use by a plat or deed of dedication.

(23) "Property" means, at any given time, the real estate then subject to the Declaration (including Lots and Common Area) and includes all improvements and appurtenances thereto now or hereafter existing.

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

(25) "Upkeep" means care, inspection, maintenance, operation, repair, repainting, remodelling, restoration, improvement, renovation, alteration, replacement and reconstruction.

Section 1.2. Construction of Association Documents.

(a) Captions. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the document in which used or any provision thereof.

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

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

(d) Interpretation. If there is any conflict between the Association Documents, the 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.

Section 1.3. MPOA.

(a) The Association. The Association is a non-stock 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 Articles of Incorporation and the Bylaws.

(b) Membership. Members of the Association shall at all times be, and be limited to, 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. In either case, each Person is entitled to attend all meetings of the Association. Membership in the Association is mandatory.

Upon acquiring title to a Lot, each new Owner shall immediately give written notice to the Secretary stating the name and address of such new Owner and the number or address of the Lot. If the new Owner fails to give the Secretary such notice within thirty days of acquiring title to such Lot, then reasonable record keeping costs incurred by the Association may be assessed against such Owner pursuant to Subsection 10.1(a) hereof.

(c) Board Authority to Act. Unless otherwise specifically provided in the Act or the Association Documents, all rights, powers, easements, obligations and duties of the Association may be performed by the Board of Directors on behalf of the Association.

(d) 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 13 and 14 hereof.

(e) Other Associations. Portions of the Property are also subject to declarations which grant rights with respect to a portion of the Property to sub-associations which address

concerns particular to that specific portion of the Property. Any obligations created under any such declaration shall be in addition to obligations created hereunder.

ARTICLE 2

COMMON AREA

Section 2.1. No Dedication. Nothing contained herein or in the other Association Documents shall be construed as a dedication to public use or as an assumption of responsibility for Upkeep of any Common Area by any public or municipal agency, authority or utility.

Section 2.2. Regulation of Common Area. The Association shall have the right to regulate use of the Common Area pursuant to Section 6.2 hereof and to charge fees for the use thereof. The Association may also mortgage, dedicate, convey or grant easements across the Common Area subject to the restrictions in Section 13.3 hereof.

ARTICLE 3

EASEMENTS

Section 3.1. Association Power to Make Dedications and Grant Easements. The Association shall have the right and power to make any dedications and to grant any easements, rights-of-way and licenses required by any government or governmental agency or requested by any other entity over and through all or any portion of the Common Area.

Section 3.2. Easement for Upkeep.

(a) Association Access. The Association and any other Person authorized by the Board of Directors, shall have the right of access over and through any Lot for the purpose of exercising and discharging 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. The agents, contractors, Officers and directors of the Association

may enter any area of any Lot (including any building) in order to utilize or provide for the Upkeep of the areas subject to easements granted in this Article to the Association.

(b) Entry into Improvements. If entry to an improvement is required by any Person pursuant to this section, a request for entry shall be made in advance and such entry shall be made, to the extent practicable, at a time reasonably convenient to the Owner (or where the improvement is used for commercial purposes, during normal business hours). In case of an emergency, however, such right of entry to any improvement shall be immediate.

Section 3.3. Limitations on Exercise of Rights and Easements.

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

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

(d) Any damage resulting from the exercise of the aforesaid rights and easements shall be promptly repaired and the site restored to the extent practicable by the Association or at the option of the Association, the party responsible for such damage. In either case, the cost of such repair and restoration shall be paid for by the party responsible for the damage.

Section 3.4. Easements for Encroachments. If any improvement on the Property now or hereafter encroaches on any other portion of the Property by reason of (1) the original construction thereof, (2) deviations within normal construction tolerances in the Upkeep of any improvement, or (3) the settling or shifting of any land or improvement, an easement is hereby granted to the extent of any such encroachment for the period of time the encroachment exists. The Owner of the encroaching improvement shall also have an easement for the limited purpose of Upkeep of the encroaching improvement. This

easement does not relieve any Owner or any other Person from liability for such Owner's or other Person's negligence or willful misconduct.

Section 3.5. Easement for Support. To the extent that any portion of the Property now or hereafter supports or contributes to the support of any other portion of the Property, the former is hereby burdened with an easement for the lateral and sub-adjacent support of the latter.

Section 3.6. Emergency Access. The Association, on behalf of itself and its successors and assigns, hereby grants an easement (1) to all police, fire, ambulance and other rescue personnel over and through all or any portion of the Property for the lawful performance of their functions during emergencies and (2) reserves such an easement to itself over and through all Lots, if emergency measures are required in any Lot to reduce a hazard thereto or to any other portion of the Property. The Association may but is not obligated to take any such measures.

Section 3.7. Easement for Use of Common Area.

(a) Use and Enjoyment. There is hereby reserved to each Owner and each Person lawfully occupying a Residential Lot only a non-exclusive right and easement of use and enjoyment in common with others of the Common Area (other than any easement or other area located within a Lot with respect to which the Association has the right to use and/or maintain for the benefit of the Owners). Such right and easement of use and enjoyment shall be appurtenant to each Residential Lot, whether or not mentioned in the deed thereto. Any purported conveyance or other transfer of such rights and easements without the Residential Lot to which such rights and easements are appurtenant shall be void.

(b) Vehicle and Pedestrian Access. There is hereby reserved to each Owner and each person lawfully occupying a Lot a non-exclusive easement over all driveways, walkways and pathways on the Common Area for the purpose of vehicular and/or pedestrian access, ingress and egress, as appropriate, to any portion of the Property to which such Person has the right to go, subject to any Rules and Regulations promulgated by the Association pursuant to Section 6.2 hereof. Any purported conveyance or other transfer of such rights and easements without the Lot to which such right and easement are appurtenant shall be void.

(c) Limitations. The rights and easements of enjoyment created hereby 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 Association when exercised in accordance with the other applicable provisions of the Association Documents, including without limitation the Association's right 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 and to mortgage the Common Area.

(d) Delegation. Subject to the Rules and Regulations or such other restrictions as adopted by the Board of Directors, any Person having the right to use and enjoy the Common Area may delegate such rights to such Person's guests and invitees and to such other Persons as may be permitted by the Board of Directors.

Section 3.8. Priority and Enforcement of Easements.

(a) No Person who owns Property subject to this Declaration may subordinate the easements herein created to any subsequent encumbrance.

(b) 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 guests, employees, customers, tenants, agents or 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.

ARTICLE 4

COMMON EXPENSES AND ASSESSMENTS

Section 4.1. Determination of Common Expenses and Assessments.

(a) Fiscal Year. The fiscal year of the Association shall be as determined in accordance with Section 8.4 of the Bylaws.

(b) Preparation and Approval of Budget.

(1) At least forty-five days before the Annual Meeting next preceding each fiscal year, the Board of Directors shall adopt for submission to the Members at the Annual Meeting, 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, Upkeep of the Lots, 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.

(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), 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 replacements. At least thirty days before the Annual Meeting preceding each fiscal year, the Board of Directors shall make available a copy of the proposed budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any assessments payable by each Owner and provide a copy of such proposed budget to each Member.

(3) In order to become effective, such budget must be approved by Majority Vote at the annual meeting next preceding the beginning of the fiscal year to which the budget is applicable. Such budget, once adopted, shall constitute the basis for determining the assessment against each Lot.

(c) Effect of Failure to Prepare or Adopt Budget.

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 of the Members to approve 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 whenever the same shall be determined. In the absence of an approved budget, each Owner shall continue to pay assessments at the rate established for the previous fiscal year until notified of a new rate. In the event a budget is prepared and thereafter approved by the Members subsequent to the annual meeting, and as a result, the annual assessment against each Lot for Common Expenses shall increase above the annual assessment for the immediately preceding year, the Board of Directors may cause a supplemental assessment to be issued against such Lot for its prorata share of the increased assessment.

Section 4.2. Assessments and Common Expenses.

(a) Rate of Assessment and Payment. The total amount of the estimated funds required for the management and Upkeep of the Property set forth in the budget as an annual assessment or levied as an additional assessment shall be assessed against each Lot.

Each Residential Lot shall be assessed annually an amount calculated by subtracting from the Association's annual budget (1) the total amount of assessments due from all Commercial Lots and (2) such revenues as may reasonably be anticipated from sources other than assessments and multiplying the result by a fraction the numerator of which is either one or the number of units constructed on such Residential Lot, whichever is greater, and the denominator of which is the total number of dwelling units constructed on all lots within Montclair.

Each Commercial Lot which is established of record shall be assessed for fiscal year 1991 an amount calculated by multiplying the square feet within the Building Envelope on the Commercial Lot by 1.7 cents, but in no event shall the annual assessment for any Commercial Lot be less than 65% of the annual assessment then imposed on each Residential Lot. For each fiscal year after 1991, the annual assessment for each Commercial Lot shall be increased or decreased in the same ratio as the total annual assessment for all Residential Lots for that fiscal year increases or decreases over the total annual assessment for all Residential Lots for the immediately preceding fiscal year.

For purposes of this Section each Residential Lot intended to be improved by not more than one single family residence shall be assessed from the date on which it is platted of record; each dwelling unit on a Residential Lot intended to be improved by more than one single family residence shall be assessed from the date on which all electrical, plumbing, mechanical and building inspections on the unit have been completed; and each Commercial Lot shall be assessed from the date on which it is platted of record.

Any and all such assessments and other charges shall be a lien against each Owner's Lot as provided in Section 10.2 hereof. 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.

All sums collected by the Board of Directors with respect to assessments against the Lots or from any other source may be commingled into a single fund.

(b) Lots Added During the Fiscal Year.

Notwithstanding any other provision of this Article, the assessment against each Lot or dwelling unit which becomes assessable for the first time after the beginning of a fiscal year shall be calculated in the same manner and 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 any such Lot or dwelling unit shall pay a prorated portion of any amount payable for the period between the date it became assessable and the due date of the next installment. Such proration of the assessment due for any Lot or dwelling unit added shall be based upon the total assessment due in a 365-day fiscal year. Payment of the prorated portion shall be due no later than the due date of the first installment to be paid by the Owner of any Lot or dwelling unit added.

(c) Additional Assessments. With the prior

assent of at least two-thirds of all Directors, the Board of Directors may levy additional assessments on the Lots for a catastrophic expense which exceeds available insurance proceeds and other budgetary resources. 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 not more than twelve equal periodic installments, as the Board may determine. Such assessment shall be a lien as set forth in Section 10.2 hereof.

(d) Special 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 Subsection 5.2(a) hereof in performing Upkeep that the Owner failed to perform as required by that section, (ii) for the costs of improvements determined by the Board to be substantially for the benefit of that Owner pursuant to Section 5.4 hereof, (iii) for the amount of any charges imposed on that Owner pursuant to Subsection 10.1(g) hereof, and (iv) for any costs incurred by the Association because of any violation or negligence for which that Owner is responsible under Subsection 10.1(a) hereof. Each such assessment shall be due ten days after notice thereof is given to the Owner unless the notice specifies a later date.

(e) Optional Expenses. Upon request, the Association may provide certain services to Owners on a contractual basis pursuant to Section 5.7; provided, however, that the charge for such services shall be assessed against such Owner's Lots in accordance with the terms of the contract.

(f) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, contingencies, repairs and replacements. Such funds shall be a Common Expense of the Association and may be deposited with any financial institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. 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 maintenance extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items, by prorata reduction in the assessments thereafter due from the Owner of each Lot on such terms as the Board of Directors shall determine or by a distribution to each Owner in proportion to the percentage of assessments paid on account of the Lot owned by each Owner.

(3) If the reserves are inadequate to meet actual expenditures for any reason (including non-payment of any Owner's assessment) then the Board of Directors may, in accordance with Subsection 4.2(c) hereof, levy an additional assessment against the Lots.

(g) Surplus and Deficit.

(1) Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely

for the general welfare of the Owners, be credited to the next periodic installments due from Owners under the current fiscal year's budget, until exhausted, or distributed to each Owner in proportion to the percentage (if any) of assessments paid by such Owner.

(2) Unless the budget for the succeeding fiscal year is adjusted to amortize the deficit during such fiscal year, any net shortage in expenses (including reserves) shall be assessed promptly against the Owners as an additional assessment in accordance with Subsection 4.2(c) hereof.

Section 4.3. Exemptions. The Common Area shall be exempt from assessment and the lien created hereby.

Section 4.4. Liability for Common Expenses.

(a) Owner Liability. Each Owner of a Lot by acceptance of a deed therefor, whether or not so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association all Common Expenses, 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 may be exempted from liability for the assessment for Common Expenses by reason of waiver of the use or enjoyment of any of the Common Area or by abandonment of the Lot. 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 in fee 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, without prejudice to the purchaser's right to recover from the selling Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser may rely on a Statement of Common Expenses obtained pursuant to Section 4.6 herein.

(b) Mortgagee Liability. Each Mortgagee 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 Mortgagee or purchaser comes into the first of possession or title thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all

Lots including the mortgaged Lot assessed after the Mortgagee or purchaser takes possession. The lien created by Section 10.2 hereof shall cease to exist with respect to assessments and charges levied prior to the time title is transferred by foreclosure or by deed or assignment in lieu thereof; provided, however, that if the proceeds of a foreclosure exceed the total amount due to the Mortgagee, the excess shall first be paid to the Association and applied to the satisfaction of the lien.

Section 2

Section 4.5. Collection of Assessments. Any assessment, or installment thereof, not paid within ten days after the due date shall be delinquent and shall accrue a late charge in such amount as may be determined from time to time by resolution of the Board of Directors. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Owner or member which remain unpaid for more than thirty days after the due date for payment thereof.

Section 4.6. Statement of Common Expenses. The Board of Directors shall provide any Owner, contract purchaser or Mortgagee, within fourteen days after actual receipt of a written request therefor, with a written statement of all unpaid assessments for Common Expenses due with respect to a specific Lot (or a statement that the amount of unpaid assessments is zero). 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 charge for the preparation and issuance of such statement to cover the costs therefor.

ARTICLE 5

OPERATION OF THE PROPERTY

Section 5.1. Upkeep of Common Area. The Association shall be responsible for the management and Upkeep of all of the Common Area the cost of which shall be assessed against all Lots as a Common Expense, except for improvements specially assessed in accordance with Sections 5.2 and 5.7 hereof. Notwithstanding the general provisions for maintenance of Common Areas set forth in this section, specific maintenance responsibilities and allocation of maintenance costs shall be

determined by any provisions therefor indicated on either an amendment to the Declaration or the plat recorded with the amendment to the Declaration subjecting such Common Area to the Declaration. If the Board of Directors determines that certain Upkeep was necessitated by the negligence, misuse or neglect of an Owner or for which an Owner is responsible pursuant to Section 10.1 hereof, the cost of such Upkeep shall be assessed against such Owner's Lot pursuant to Subsection 10.1(a) hereof. The Board of Directors shall establish the standard for Upkeep of the Common Area in its sole discretion.

Section 5.2. Upkeep of Lots.

(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. Each Owner shall perform this responsibility 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 and in a neat and orderly condition, consistent with such Rules and Regulations as the Board of Directors may promulgate, then the Rules Enforcement Subcommittee may 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 rectify that condition within thirty days after the date the notice is given, or such shorter period as may be specified in the notice if the circumstances warrant a shorter period, the Board of Directors shall have the right, pursuant to Section 3.3 and Subsection 10.1(e) hereof and any resolutions adopted by the Board of Directors, 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 that condition shall be assessed against such Owner's Lot in accordance with Section 10.1 hereof. If such Owner fails to reimburse the Association within thirty days after receipt of a statement for such expenses from the Board, then the indebtedness shall constitute a lien as provided for in Section 10.2 hereof. The Owner may contract with a third party, including the Association to the extent provided for in Section 5.7 hereof, to perform the Owner's responsibility for Upkeep under this section.

(b) Common Area in Sub-Associations. The owners association of any planned community located within the Property ("sub-association") shall keep the common area of the planned community in good order, condition and repair and in a clean and sanitary condition (in keeping with the general character of the Property) including without limitation all

necessary grounds maintenance. The sub-association may contract with third parties, including the Association to the extent provided in Section 5.7 hereof, to provide the necessary Upkeep and/or management services to perform its responsibilities under this section. If such sub-association shall fail to keep the portion of the Property for which such association has maintenance responsibility in as good repair and condition as when acquired and in a neat and orderly condition, consistent with such Rules and Regulations as the Board of Directors may promulgate, then the Board may, pursuant to resolution, give notice to that association of the condition complained of, specifying generally the action to be taken to rectify the condition. If the sub-association fails to rectify that condition within thirty days after the date the notice is given, or such shorter period as may be specified in the notice if the circumstances warrant a shorter period, the Board of Directors shall have the right pursuant to Section 3.3 and Subsection 10.1(e) hereof and any resolutions adopted by the Board of Directors, to rectify the condition by taking such action (or by causing such action to be taken) as was specified in the notice. The costs incurred shall be charged against such sub-association.

Section 5.3. Additions; Alterations or Improvements by the Board of Directors.

(a) Action of the Board. 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 five 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 the approval by a majority of the total membership of the Association, and the Board of Directors shall assess all Owners for the cost thereof as a Common Expense. Any capital additions, alterations or improvements (other than for Upkeep) costing in the aggregate five percent or less of the total annual assessment for Common Expenses for that fiscal year or less during any period of twelve consecutive months may be made by the Board of Directors without approval of the members and the cost thereof shall constitute a Common Expense.

(b) Permits. Each Owner shall cooperate with the Association in obtaining any governmental approvals or permits as may be necessary for the Association to alter, improve, reconstruct or repair all or any portion of the Common Area which may be located on such Owner's Lot, either as approved above or as required for Upkeep. If requested by the Board of Directors, each Owner shall name or appoint the Association as

agent for such Owner to apply for and secure such approvals or permits with respect to such Common Area in the Association's name.

(c) Liens. Within thirty days after the filing thereof, each Owner shall, either by payment of bond or otherwise, cause any mechanic's, materialmen's or other lien affecting any portion of the Common Area located within such Owner's Lot and arising by reason of any work or materials ordered by the Owner or any action taken by the Owner to be discharged of record.

Section 5.4. Additions, Alterations or Improvements by the Owners.

(a) Approval.

(1) No Owner shall make any addition, alteration or improvement in or to any Lot (other than for normal Upkeep or natural landscaping and not including areas within a Building Envelope visible from the exterior only because of the transparency of glass or screen doors, walls or windows) which is visible from the exterior of the Lot, without the prior written consent of the Covenants Committee. No Owner shall paint, affix a sign not permitted by the Rules and Regulations to or alter the exterior of any improvement located upon such Owner's Lot, including the doors and windows, if such exterior is visible from another Lot or the Common Area, without the prior written consent of the Covenants Committee. The Covenants Committee shall be obliged to answer any written request by an Owner for approval of a proposed addition, alteration or improvement within fifteen days after the first Covenants Committee meeting held following such request. Failure to do so within the stipulated time shall constitute a consent by the Covenants Committee to the proposed addition, alteration or improvement; provided, however, that the Covenants Committee has no right or power, either by action or failure to act, to waive enforcement or grant variances from written Design Guidelines without a specific finding that enforcement of such guidelines would impose an unfair burden on such Owner and stating the variance and the reasons therefor in a written instrument which shall be part of the records of the Association. Upon such written approval of any specific variance or exception from the requirements of the Design Guidelines, all development conforming to such variance or exception shall be deemed to comply. Such approval shall not relieve an Owner from any obligation to obtain any governmental permit which may be required. 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 execution by the Association, (and provided consent has been given by the Covenants Committee) then the application shall be executed on behalf of the Association by an Officer only. No liability shall be incurred by the Board of Directors, the Association or 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.

(2) With respect to Lots which are also subject to the jurisdiction of a sub-association, the covenants committee, board of directors or similar body of such sub-association shall review all applications for architectural review on behalf of the Covenants Committee, unless the Board of Directors specifically determines to have the Covenants Committee perform such review. Owners of such Lots must comply with the guidelines established by the Covenants Committee and the Rules and Regulations for the Property, as well as any guidelines or rules and regulations established by the sub-association with jurisdiction over such Lot.

(3) Subject to the approval of any Mortgagee of the affected Lots, the Board of Directors, any Owner affected and the appropriate governmental entity, if required, any Lot may be subdivided or altered so as to relocate the boundaries between such Lot and any adjoining Lot. Otherwise, no Lot may be subdivided nor may any Lot's boundaries be relocated. No portion less than all of any Lot shall be conveyed or transferred by an Owner without the prior written approval of the Board of Directors. However, this section is not intended to require the approval of the Board of Directors or Covenants Committee to grant deeds of correction, deeds to resolve boundary line disputes and similar corrective instruments or to grant any easement, right-of-way or license to any municipality, political subdivision, public utility or other public body or authority, or to the Association for any purpose.

(4) 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) Unless a Person commences construction in accordance with plans and specifications approved by the Initial Construction Subcommittee or the Modifications Subcommittee of the Covenants Committee within twelve months after the date of approval, the approval shall lapse; such construction shall be substantially completed within twelve months after the date of commencement. Notwithstanding the foregoing, the approval may provide for a longer period during which to commence or complete construction.

(2) Any Person obtaining approval of the Covenants Committee shall not deviate materially from the plans and specifications approved without the prior written consent of the Covenants Committee. An Owner shall notify the Covenants 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 Owner.

Section 5.5. Parking.

(a) Right to Use Parking Areas. Each of the parking spaces located on the Common Area shall be available for the use of the Owners, such Owners' tenants and such Owners' (or tenants') households, guests or invitees subject to Subsection 5.6(b) hereof and such reasonable Rules and Regulations regulating the same as the Board of Directors may adopt.

(b) Limitations. 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.

Section 5.6. Disclaimer of Liability.

(a) Bailee. The Board of Directors, the Association or any Owner 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.

(b) Operational. The Association shall not be liable for any failure of services to be provided or obtained by the Association or paid for as a Common Expense, or for personal injury or property damage caused by the elements or by 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. The Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any portion of the Property. No diminution, offset or abatement of any assessments 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, a member or an Owner.

Section 5.7. Services to Owners and Sub-Associations. The Association may, in the sole discretion of the Board of Directors, provide additional services to Owners and to any sub-association located within the Property on a contractual basis at the request of such Persons. The charges for such services shall be assessed to the Lot of the Owner or charged to the sub-association.

Services which may be provided to an sub-association include, without limitation: (i) the Upkeep of any Lot owned by a sub-association; (ii) the enforcement of any declaration creating or governing the planned community; (iii) the collection of assessments under the declaration creating or governing a planned community on behalf of and in the name of the sub-association; (iv) financial and physical property management services; and (v) obtaining insurance for such sub-association.

ARTICLE 6

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

Section 6.1. Restrictions. Each Lot and the Common Area shall be used as follows:

(a) Except as otherwise provided in the Association Documents, no Lot shall be used for other than the purposes for which such Lot is zoned and designed. No portion of a Residential Lot shall be used except for residential purposes and for purposes incidental or accessory thereto. Residences, however, may be used for business purposes by the Member, subject to rules and regulations adopted by the Board of Directors and subject further to zoning regulations of Prince William County and provided there are no external indications (i.e., signs, additional vehicles, noise) of such business and provided further approval has been granted for the same by the Board of Directors.

(b) 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 consent of the Board of Directors; including without limitation any activities which are unsafe or hazardous with respect to any person or property. No Owner 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 Common Area.

(c) No improper, offensive or unlawful use shall be made of 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 any sub-association, 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.

(d) There shall be no emissions of dust, sweepings, dirt, cinders, odors, gases or other substances into the atmosphere, no production, storage or discharge of hazardous wastes on the Property or discharges of liquid, solid wastes or other harmful matter into the ground or any body of water, if such emission, production, storage or discharge may adversely effect the use or intended use of any portion of the Property or may adversely effect the health, safety or comfort of any Person.

(e) 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; but this provision shall not be construed as forbidding any work involved in the construction or Upkeep of any portion of the Property so long as such work is undertaken 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.

(f) No Owner shall obstruct any of the Common Area 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 Owner shall place or cause or permit anything to be placed on or in any of the Common Area without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Area except with the prior written approval of the Board of Directors.

(g) 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 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 without the prior written approval of the Board of Directors and then only on a temporary basis. No Owner shall engage or direct any employee of the Association on any private business of the Owner or, except as a Board of Directors may determine, otherwise direct, supervise or in any manner attempt to assert control over such employee during the hours such employee is employed by the Association.

(h) No Lot shall be used for the purpose 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.

(i) Except for such signs as may be posted by the Association or permitted by resolution of the Board of Directors, no signs of any character shall be erected, posted or displayed in a location that is visible from the Common Area or any other Lot without the prior written approval of the Covenants Committee.

(j) No burning of any trash and no accumulation or storage of litter, refuse, bulk materials, building materials or trash of any other kind shall be permitted on any Lot without the prior written consent of the Board of Directors. Trash containers shall not be permitted to remain in public view from the Common Area or another Lot except after dark on the night before and on days of trash collection. No incinerator shall be kept or maintained upon any Lot without the prior written approval of the Covenants Committee.

(k) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets. No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes line, shed or other temporary accessory buildings shall be erected, used or maintained on any Lot. 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 encouraged. Except for hoses and the like which are reasonably necessary in connection with construction activities or normal landscape maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground.

(l) Except in accordance with the Design Guidelines, no sound trees shall be removed from any Lot without the prior written approval of the Covenants Committee unless necessary to construct improvements based on plans previously approved by the Covenants Committee.

(m) Without the prior written approval of the Covenants Committee, no outside antenna shall be maintained upon the Property.

(n) Except for any fence installed by the Association, no fence shall be installed except in conformance with standards established therefor and with the written approval of the Covenants Committee.

(o) Except in connection with construction activities, trucks, trailers, campers, recreational vehicles, buses, boats and other large vehicles may not be parked on the

Property unless expressly permitted by the Board of Directors and only in such parking areas (if any) as may be designated for such purpose. However, grounds maintenance equipment may be stored and maintained on the Property with the prior written approval of the Covenants Committee. 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 Property. Vehicle repairs and storage of vehicles are not permitted on the Property without the prior written approval of the Covenants Committee.

Section 6.2. Rules and Regulations. The Board of Directors shall have the power to adopt, amend and repeal Rules, Regulations, and Policies restricting and regulating the use and enjoyment of the Property or of any portion thereof, which may supplement, but may not be inconsistent with the provisions of the Association Documents. The Property shall be occupied and used in compliance with the Rules and Regulations, as well as the rules and regulations established by any sub-association. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each member. 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 member. The Rules and Regulations shall not unreasonably interfere with the use or enjoyment of the Lots or Common Area. Also, the Board of Directors may issue temporary exceptions to any prohibitions expressed or implied by this Article, for good cause shown.

Section 6.3. Setbacks. Setback regulation adopted by the Board of Directors will depend largely on the relationship to and affect upon adjacent dwellings and preservation of natural beauty of the open spaces. As a general rule, a side setback of twelve feet on either side of all Lots, a setback of twenty-five feet from the lake for lakefront Lots and twenty-five feet from the golf course for golf course Lots and a twenty-foot front yard setback on all other Lots will be required. The requirement may be varied by the Initial Construction Subcommittee in keeping with the overall objectives of the community. Such variations may not be made without prior written notice to the adjoining property owners.

Section 6.4. General Lake Rules.

(a) No canal shall be dug or excavated without the prior written approval of the Initial Construction Subcommittee.

(b) No bulkheading barge, pier, dock, piling float or other marine structure shall be erected adjacent to or upon the lake except as shown on the RPC Plat filed with Prince William County nor without the prior written approval of the Modifications Subcommittee.

(c) Except for boats operated by or at the direction of the Association for purposes related to the maintenance and operation of the lake and its facilities, no boat powered by other than an electric motor and no boat of a length greater than eighteen feet shall be used on the lake or launched into the waters thereof or launched into waters having a common boundary thereof or otherwise use the existing lake and no boat shall be moored so as to obstruct navigation in such waters.

(d) No diving platform shall be constructed or permitted on any lot or in the lake except those constructed by the Association or approved by the Initial Construction Subcommittee.

(e) No refuse of any kind shall be disposed of or discharged to the lake or waters adjacent thereto.

(f) Any obstruction, including sunken craft, shall be removed from the lake by the owner of such obstruction or the person responsible for permitting the same within forty-eight hours of the time placed therein. The Board of Directors may cause any such obstruction to be removed if not removed by the owner or person responsible therefore within the said forty-eight hours and charge of cost thereof to the owner or person responsible therefor.

Section 6.5. Minimum Square Footage of Structures.

No single family residential structure shall be permitted on any Lot the finished habitable area of which, exclusive of basements, porches, patios and garages is less than twelve hundred square feet for interior offshore Lots or fourteen hundred square feet if the Residential Lot lies along the golf course or abuts the lake. In addition to the above requirement, the minimum square footage of the first floor habitable area shall be eight hundred square feet. The Initial Construction Subcommittee may disapprove any proposed improvement to a Lot based on its non-conformity with the architectural pattern of the community. Notwithstanding the limitation with respect to minimum square feet per residential structure, and/or first floor habitable area, the Initial Construction Subcommittee may permit such variances as it determines will not be detrimental to the overall character of the community, such variances expressly being limited to

variances which allow a reduction of square footage on the first floor to no less than six hundred square feet per single family residential structure in the event specific concerns for an individual Lot are proven to prevent feasible development of such Lot in conformance with the above standards.

Section 6.6. Pets.

No animal of any kind shall be kept on any Lot or parcel other than dogs, cats and other common household pets provided that they are not kept for commercial purposes. No dogs shall be allowed to run free except within the confines of the Owner's Lot.

Section 6.7. Foundation and Masonry Walls.

Foundation walls must be of either brick, natural stone, parged and painted concrete block or painted concrete. In addition, any side or rear foundation wall with four feet or greater exposure above grade shall have screen planting. Front elevations or any elevation directly facing a roadway may have no more than four feet of exposed foundation and screening planting shall be required for any exposure over eighteen inches. The builder shall submit sample planting plans to the Initial Construction Subcommittee. Masonry walls above the foundation shall be either brick, natural stone or decorative textures stucco.

Section 6.8. Trash and Refuse Removal.

All trash, garbage and refuse stored outside any building or dwelling shall be stored in covered, underground receptacles, unless screened from view of adjacent lots and roadways.

ARTICLE 7

COVENANTS COMMITTEE

Section 7.1. Covenants Committee.

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of at least five members who shall, except for Developer appointed members of the Initial Construction Subcommittee, be appointed by the President with the approval of the Board of Directors, 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 Property; and (iii) promoting the general welfare and safety of the Owners, such Owners' tenants and such Owners' (or tenants') households, guests, employees, customers, 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. The Charter and Guidelines of the Covenants Committee shall be established and may be amended from time to time by the Board of Directors.

(b) Powers.

(1) The Covenants Committee shall regulate the external design, signage, appearance, use and maintenance of the Lots and the Common Area; provided, however, that the Covenants Committee shall not have the power to regulate the activities of the Association on the Common Area. In addition, unless the Board of Directors otherwise determines, the covenants committee, board of directors or similar body of any sub-association also governing a portion of Property with respect to any planned community located on the Property shall review applications made by Owners of Lots subject to the jurisdiction of such sub-association on behalf of the Covenants Committee.

(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. Subject to the prior approval of the Board of Directors, 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 repairs, replacements, improvements or changes proposed by an Owner. Such fees shall be assessed against the Owner.

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

(4) Subject to the review of the Board of Directors, the Covenants Committee shall from time to time provide interpretations of the Association Documents with respect to the intents, provisions and qualifications thereof when requested to do so by an Owner, a member or the Board of Directors. The Committee may publish and record such interpretations in order to establish precedents for

application of the Association Documents or the Design Guidelines or other matters relative to architectural control and protection of the aesthetic or property values of the Property. The Covenants Committee shall propose Design Guidelines for approval by the Board of Directors. Such Design Guidelines are hereby incorporated by this reference and shall be enforceable as if set forth herein in full; provided, however, that no Design Guidelines administered by the Initial Construction Subcommittee shall be enforced against an Owner which are more restrictive than those in effect when the Owner purchased the Lot. The Covenants Committee shall also review the architectural guidelines proposed by the board of directors, covenants committee or similar committee of any sub-association operating within the Property and shall determine whether such guidelines are in keeping with the overall architectural character of the Property. Any such guidelines which are submitted to the Covenants Committee shall be deemed approved if not disapproved within forty-five days.

(5) A Majority Vote of the Covenants Committee shall be required in order to take any action except as otherwise provided in Subsection 10.1(i) hereof. The Covenants Committee shall keep written records of all its actions. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision.

(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 Covenants 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 Subsections 10.1(i) and (j) hereof 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. The Covenants Committee shall act on all matters properly before it within forty-five days; failure to do so within the stipulated time shall constitute an automatic referral to the Board of Directors.

Section 7.2. Subcommittees of the Covenants Committee. The Covenants Committee shall be composed of an Initial Construction Subcommittee, a Modifications Subcommittee and a Rules Enforcement Subcommittee to exercise the powers of the Covenants Committee. The Covenants Committee may in its discretion establish additional subcommittees to carry out its functions. Wherever in the Association Documents reference is

made to the Covenants Committee, such reference shall mean the Covenants Committee itself or the appropriate subcommittee thereof.

(a) Initial Construction Subcommittee. The Initial Construction Subcommittee shall be composed of five members. Three members shall be appointed by the Developer and two members shall be appointed by the President with the approval of the Board of Directors. The members appointed by the Developer shall be subject to removal by the Developer, who shall be empowered to appoint new members upon such removal. The members appointed by the President shall be subject to removal by the President with the approval of the Board of Directors who shall, with the approval of the Board of Directors, appoint a new member upon such removal. In the event of the failure of either to appoint to fill a vacancy within two months after the vacancy occurs, the other may appoint a new member to fill the vacancy. The Initial Construction Subcommittee shall 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 plan, 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.

(b) Modifications Subcommittee. The Modifications Subcommittee shall review and approve or disapprove the plans for any visible repairs, replacements, additions, alterations or modifications to any Lot or the exterior of existing improvements located on the Property in order to ensure the quality and compatibility of the style of all the improvements on the Property.

(c) Rules Enforcement Subcommittee. The Rules Enforcement Subcommittee shall review possible violations of the Rules and Regulations, recommend appropriate enforcement action and act as the judicial arm of the Covenants Committee as set forth in Subsection 10.1(i) hereof.

(d) Subcommittee Powers. Any subcommittee shall have the right to inspect construction periodically. Any deviation from the approved drawings and specifications which changes the exterior appearance of any Lot or the exterior appearance or location of the improvement is a violation of the Association Documents. If a subcommittee does not respond within the requisite time periods, the application or drawings and specifications shall be deemed approved. Each subcommittee shall adopt its own requirements, procedures and time periods

for action and incorporate the same in the Design Guidelines. This section shall in no way affect any requirement for inspection or approval by any governmental entity.

Section 7.3. Appeals From the Covenants Committee and/or Its Subcommittees. The President shall appoint an appeals board composed of three members, each of whom shall be a director. The initial term of one member of the appeals board shall be one calendar quarter, the initial term of office of one member shall be two calendar quarters and the initial term of one member shall be three calendar quarters. Thereafter, the term of each member of the appeals board shall be three calendar quarters. The appeals board shall hear all appeals from decisions and interpretations of the Covenants Committee and decisions of its subcommittees in accordance with such procedures as may be established by the Board of Directors.

Section 2

ARTICLE 8

INSURANCESection 8.1. Authority to Purchase; Notice.

(a) The Board of Directors shall have the power on behalf of the Association to purchase insurance policies relating to the Common Area, and, except as may be otherwise required by contracts of insurance, to adjust all claims arising under such policies and execute 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. Neither the Board of Directors nor any officer, employee or agent of the Association shall be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at an unreasonable cost. Exclusive authority to negotiate claims with the insurer under such policies shall be vested in the Board of Directors or with its authorized representative. The Board of Directors shall promptly notify the members of material adverse changes in, or termination of, insurance coverages obtained on behalf of the Association.

(b) The deductible (if any) on any insurance policy purchased by the Board of Directors shall be a Common Expense; provided, however, that the Association may, pursuant to Subsection 10.1(a) hereof, assess any deductible amount necessitated by the act, misuse or neglect of an Owner, or such

Owner's tenant or such Owner's (or tenant's) household, guests, employees, customers, agents or invitees against such Owner.

Section 8.2. Physical Damage Insurance.

The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance, insuring any improvements located on the Common Area and covering the interests of the Association, in an amount equal to one hundred percent of the then current replacement cost of any improvements located on the Common Area (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined 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 on all personal property and real estate other than the Common Area owned by the Association.

Section 8.3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability, broad form endorsement (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 each director and the employees of the Association against any liability to the public or to any member or any Owner or such Owner's tenant and such Owner's (or tenant's) household, guests, employees, customers, 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 if available at rates deemed reasonable by the Board of Directors. 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 three million dollars.

Section 8.4. 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. If the Association delegates some or all of the responsibility for handling funds to a managing agent, such managing agent shall

be covered by its own fidelity bond. Such fidelity bonds (except for fidelity bonds obtained by the managing agent for its own personnel) shall: (i) name the Association as an obligee, and (ii) 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;

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

(e) such other insurance: (i) as the Board of Directors may determine; or (ii) as may be requested from time to time by a Majority Vote of the members.

Section 8.5. Separate Insurance on Lots.

Each member shall have the right to obtain insurance for such member's or Owner's benefit, at such member's or Owner's expense, covering the improvements located on such Owner's Lot or the Lot owned or maintained by such member. No member shall acquire or maintain insurance coverage on the Common Area insured by the Association so as: (i) to decrease the amount which the Board of Directors may realize under any insurance policy maintained by the Board; (ii) to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a member; or (iii) in violation of any declaration of covenants encumbering such Owner's Lot. No member shall obtain separate insurance policies on the Common Area owned by the Association.

ARTICLE 9

RECONSTRUCTION AND REPAIR

Section 9.1. When Reconstruction or Repair of Common Area Required.

(a) Common Area. Except as otherwise provided in Section 9.4 hereof, 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). 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 Sections 9.4 and 13.3 hereof.

(b) Lots. If a Building Envelope 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 Envelope 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 commencement.

Section 9.2. 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 13.3 hereof.

Section 9.3. 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 Subsection 9.3(b) hereof, or any Owner pursuant to Subsection 10.1(a) hereof, shall constitute a construction fund which shall be disbursed

in payment of the costs of reconstruction and repair in the following manner.

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

(2) If the estimated cost of reconstruction and repair is five percent or more of the total annual assessment for Common Expenses for that fiscal year, then the construction fund shall be disbursed in payment of such costs upon approval of an architect or engineer 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 or engineer shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect or engineer 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 or engineer for the services and and materials described; and (iii) the cost as estimated by such architect or engineer 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.

(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 and an assessment therefor shall be levied subject to Section 4.2 hereof.

(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 Subsection 9.3(b) hereof in proportion to their contributions or the refund of excess payments by any Owner pursuant to Subsection 10.1(a) hereof, there remains any surplus fund, such fund shall be paid to the Association and shall be placed in the appropriate reserve account.

Section 9.4. When Reconstruction and Repair of Common Area Not Required. 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 13.3 hereof. 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.

ARTICLE 10

COMPLIANCE AND DEFAULT

Section 10.1. Relief. Each Owner and each sub-association located within the Property shall be governed by, and shall comply with, all of the terms of the Association Documents as they may be amended from time to time. For the purpose of determining an Owner's liability for the violation of any provision of the Association Documents or for an act or omission of such Owner, each Owner is responsible, regardless of negligence or culpability, for such Owner's own acts or omissions, the acts or omissions of such Owner's tenants, and the acts or omissions of such Owner's (or tenant's) household, guests, employees, customers, agents or invitees. A default by an Owner or sub-association located within the Property shall entitle the Association, acting through its Board of Directors, to the following relief.

(a) Additional Liability.

(1) Each Owner or each sub-association within the Property shall be liable to the Association or to any affected owner for the expense of all Upkeep rendered necessary by such Owner's act or omission or the act or omission of such sub-association regardless of negligence or culpability, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. 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 by any Owner may be assessed against such Owner's Lot.

(2) If a new Owner does not give the Secretary written notice stating the name and address of the new Owner and the number or address of the Lot within thirty days after acquiring title to such Lot, pursuant to Section 1.3 hereof, then reasonable record keeping costs incurred by the Association, as determined by the Board of Directors, may be assessed against such Owner. 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 hereof.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by an Owner or an sub-association located within the Property, the Association shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be determined by the court.

(c) No Waiver of Rights. The failure of the Association, the Board of Directors or of 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 of the Association, the Board or any Owner 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 party exercising the same from exercising such other privileges as may be granted to such party by the Association Documents, the Act or at law or in equity.

(d) Interest. In the event of a default by any Owner in paying any sum assessed against such Owner's Lot or any sub-association in paying any amount to be collected from such sub-association which continues for a period in excess of ten 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 eighteen 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; provided, however, that if the Board of Directors does not impose interest, the Board shall set forth its reasons for not charging such interest in a written record of its decision.

(e) Abating and Enjoining Violations. The violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any other provision of the Association Documents shall give the Board of Directors and its agents the right, in addition to any other rights set forth in the Association Documents: (1) to enter the portion of the Property on which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner or member, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the Association Documents, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; (2) to use self-help to remove or cure any violation of the Association Documents on the Property (including without limitation the towing of vehicles); or (3) 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 instituted.

(f) Legal Proceedings. Failure to comply with any of the terms of the Association Documents 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 or, if appropriate, by any aggrieved Owner and shall not constitute an election of remedies.

(g) Other Remedies. The Board of Directors may suspend a Member's voting rights pursuant to Section 4.1(14) of the Bylaws. The Board may also suspend the right of an Owner or other resident, and the right of such Person's household, guests, tenants and invitees, to use the Common Area for a reasonable period not to exceed sixty days for any violation of any provision of any of the Association Documents or for any period during which any assessment against an Owner's Lot remains unpaid; provided, however, that the Association shall not suspend the right to use the Streets and Roadways for both vehicular and pedestrian ingress and egress to and from such Owner's Lot and for parking or to use the Common Area for necessary, ordinary and reasonable pedestrian ingress and egress to and from such Owner's Lot, or to suspend any easement over the Common Area for storm water drainage, electricity, water, sanitary sewer, natural gas, television reception, telephone service or similar utilities and services to the Lots.

Section 2

(h) Suspension of Rights. The Board of Directors, or the Covenants Committee created by the Board of Directors for this purpose, shall constitute a subcommittee having the power to suspend the use of any amenity or facility located on the Common Area and to suspend the right to vote in the Association (pursuant to Subsection 3.2(d) of the Bylaws and Subsection (h) hereof) in the case of an Owner or sub-association located within the Property found by the subcommittee to be responsible for a violation of the Association Documents (personally or under the provisions of the Association Documents). No such penalty shall be imposed until the Owner charged with such a violation has been given notice and an opportunity for a hearing as set forth in Subsection 10.1(j) hereof. The subcommittee may deliberate privately, but shall either announce its decision in the presence of the respondent or give the respondent notice thereof. A decision adverse to the respondent shall require a two-thirds majority vote of the whole membership of the subcommittee.

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

(1) Notice. An Owner or owners association 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.

(2) Hearing. If an Owner or sub-association requests in writing a hearing before any sanction is imposed or action taken, then the imposition of the sanction or the taking of the action shall be suspended until the Owner or sub-association has an opportunity to be heard at a hearing at which the Board of Directors or Covenants 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 an Owner or sub-association deemed by the Board to have standing as an aggrieved party the right to appeal to the Board, and the Board may modify or reverse any action taken by the Covenants Committee.

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

Section 10.2. Lien for Assessments.

(a) Lien. The total annual assessment of each Owner for Common Expenses, any additional assessment, any special assessment or any other sum duly levied (including without limitation interest, late charges, attorney's fees, costs, etc.), made pursuant to the Association Documents, is hereby declared to be a lien levied against any Lot owned by any Owner. Until fully paid and satisfied, the lien shall apply to and encumber all of the Lots that were owned, as of the date when payment was due, by the Owner from whom payment was due, and shall also apply to and encumber any and all Lots thereafter acquired by that Owner from the time such Owner becomes the Owner thereof. With respect to annual assessments, the lien is effective on the first day of each fiscal year of the Association and, as to additional assessments, special assessments and other sums duly levied, on the first day of the next payment period which begins more than ten days after the date of notice to the Owner of such additional assessment, special assessment or levy. The Board of Directors 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. The lien created by this section shall be prior to all liens and encumbrances except those those 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 installment, 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 for foreclosure of mortgages or deeds of trust containing a power of sale or by an action in the name of the Board of Directors acting on behalf of the Association. 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 laws of Virginia. 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 10.3. Subordination and Mortgage Protection. Notwithstanding any other provision hereof to the contrary, the lien of any assessment levied pursuant to the Association Documents upon any Lot (and any charges, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made by a Mortgagee and made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to foreclosure or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the Mortgagee or the purchaser of the Lot at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE 11

MORTGAGES

Section 11.1. Notice to Board of Directors. Upon request, an Owner who mortgages such Owner's Lot shall notify the Board of Directors of the name and address of the Mortgagee. No Mortgagee shall be entitled to any Mortgagee rights under the Association Documents unless such Mortgagee has notified the Board of its address as required by Section 11.2 below and has requested all rights under the Association Documents.

Section 11.2. 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 States Mail. Any such notice shall contain the name and post office address of such Mortgagee and the name of the person to whom notices from the Association should be directed. The Board of Directors shall notify Mortgagees of the following:

(1) Any default of an Owner of a Lot, upon which the Mortgagee has a Mortgage, in paying assessments for Common Expenses (which remains uncured for sixty days) or any other default, simultaneously with the notice sent to the defaulting Owner;

(2) Any casualty, if required by Subsection 8.2(c) hereof;

(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 lapse in an insurance policy held by the Association on the Common Area;

(5) Any taking in condemnation or by eminent domain of the Common Area and the actions of the Association pursuant to Article 12 hereof;

(6) Any proposal to terminate the Declaration, at least sixty days before any action is taken to terminate in accordance with Section 14.2 hereof; and

(7) Any proposal to amend materially the Articles of Incorporation, this Declaration or the Bylaws, at least seven days before any action is taken.

Section 11.3. Other Rights of Mortgagees. All Mortgagees or their representatives shall have the right to receive notice of and to attend and to speak at meetings of the Association. All such Mortgagees shall have the right to examine the Association Documents and books and records of the Association and to require the submission of annual financial reports and other budgetary information. Any Mortgagee who makes a request shall be entitled to the most recent audited financial statement of the Association.

ARTICLE 12

CONDEMNATION

Section 12.1. 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 action of a governmental entity affecting the value of any portion of the Common Area so severely as to amount to condemnation.

Section 12.2. Taking of Common Area. If there is a Taking of all or any part of the Common Area, then the Association shall notify the members and Owners, but the Board of Directors shall act on behalf of the Association in connection therewith and no member 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 Members by a Sixty-seven Percent Vote shall otherwise agree. The provisions of Article 11 hereof regarding the disbursement of funds following damage or destruction shall apply.

ARTICLE 13

AMENDMENT; EXTRAORDINARY ACTIONSSection 13.1. Amendment.

(a) Subject to Section 13.3 hereof, the Association may amend this Declaration by at least a Sixty-Seven Percent Vote of the members present and voting at a duly convened meeting at which a quorum is present.

(b) An amendment shall not be effective until certified by the President as to compliance with the procedures set forth herein, executed 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.

Section 13.2. Prerequisites. Written notice of any proposed amendment shall be sent to every member and Owner at least thirty days before any action is taken. No amendment shall increase the financial obligations of an Owner in a discriminatory manner or further restrict development permitted on a Lot. No amendment may modify this Article or the rights of any Person hereunder. Except as specifically provided in the Declaration, no provision of the Declaration shall be construed to grant to any Owner or to any other Person any priority over any rights of Mortgagees.

Section 13.3. Extraordinary Actions of the Association. Except with the prior approval of Sixty-Seven Percent of the total membership of the Association, the Association shall not, by act or omission: (i) seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (except for making dedications or granting easements for utilities or other public purposes consistent with the intended use of such Common Area); (ii) change the method of determining the obligations, assessments or other charges which may be levied against an Owner or voting rights of any members; (iii) abandon architectural control or requirements for Upkeep of the Property; (iv) fail to maintain fire and extended coverage on insurable Common Area on a current replacement cost basis in an amount at least 100 percent of the insurable value (based on current replacement cost), in accordance with Section 10.2 hereof; (v) use hazard insurance proceeds for losses to the Common Area for any purpose other than repair, replacement or restoration of such Common Area substantially in accordance with the Association Documents and the original plans and specifications; (vi) terminate the Declaration or dissolve the Association; or (vii) add or amend any material provisions of the Association Documents, which establish, provide for, govern or regulate any of the following: (1) voting procedures, (2) assessment liens or subordination of such liens; (3) reserves for maintenance, repair and reconstruction of the Common Area; (4) insurance or fidelity bonds; (5) rights to use of the Common Area; (6) maintenance responsibility; (7) boundaries of any Lot; (8) leasing of Lots; (9) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey such Owner's Lot; (10) expansion or contraction of the Property or the addition, annexation or withdrawal of real estate to or from the Property; or (11) the convertibility of Lots into Common Area or vice versa.

Any amendment to the Association Documents shall not be considered material if only for the purpose of correcting technical errors or for clarification. The provisions of this

section shall not be construed to reduce the vote that must be obtained from members where a larger vote is required by the Act or other provisions of the Association Documents.

ARTICLE 14

TERMINATION

Section 14.1. Termination by the Association. Subject to Section 13.3 hereof, the Association may terminate this Declaration only by a vote of the members entitled to cast at least eighty percent of the total number of votes as certified by the President or with the written approval of members entitled to cast at least eighty percent of the total number of votes. In either case the termination shall not be effective until certified by the President as to compliance with the procedures set forth herein, executed and acknowledged by the President and Secretary of the Association and recorded among the Land Records.

Section 14.2. Prerequisites. Written notice of the proposed termination shall be sent to every member, Owner and Mortgagee at least sixty days before any action is taken. 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 maintenance 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. Upon termination of the Declaration and the dissolution of the Association, the Association shall dispose of or distribute the real and personal property owned by the Association as directed by the affirmative vote of sixty-seven percent (67%) of the Members in accordance with Section 13.1-902 of the Act.

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

MONTCLAIR PROPERTY OWNERS ASSOCIATION, INC.

By: Karen Trimbach
Karen Trimbach, President

ATTEST:

[Signature]
Secretary

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Karen Trimbach, President of the Montclair Property Owners Association, Inc., whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized officer of the corporation.

GIVEN under my hand and seal on March 31, 1990.

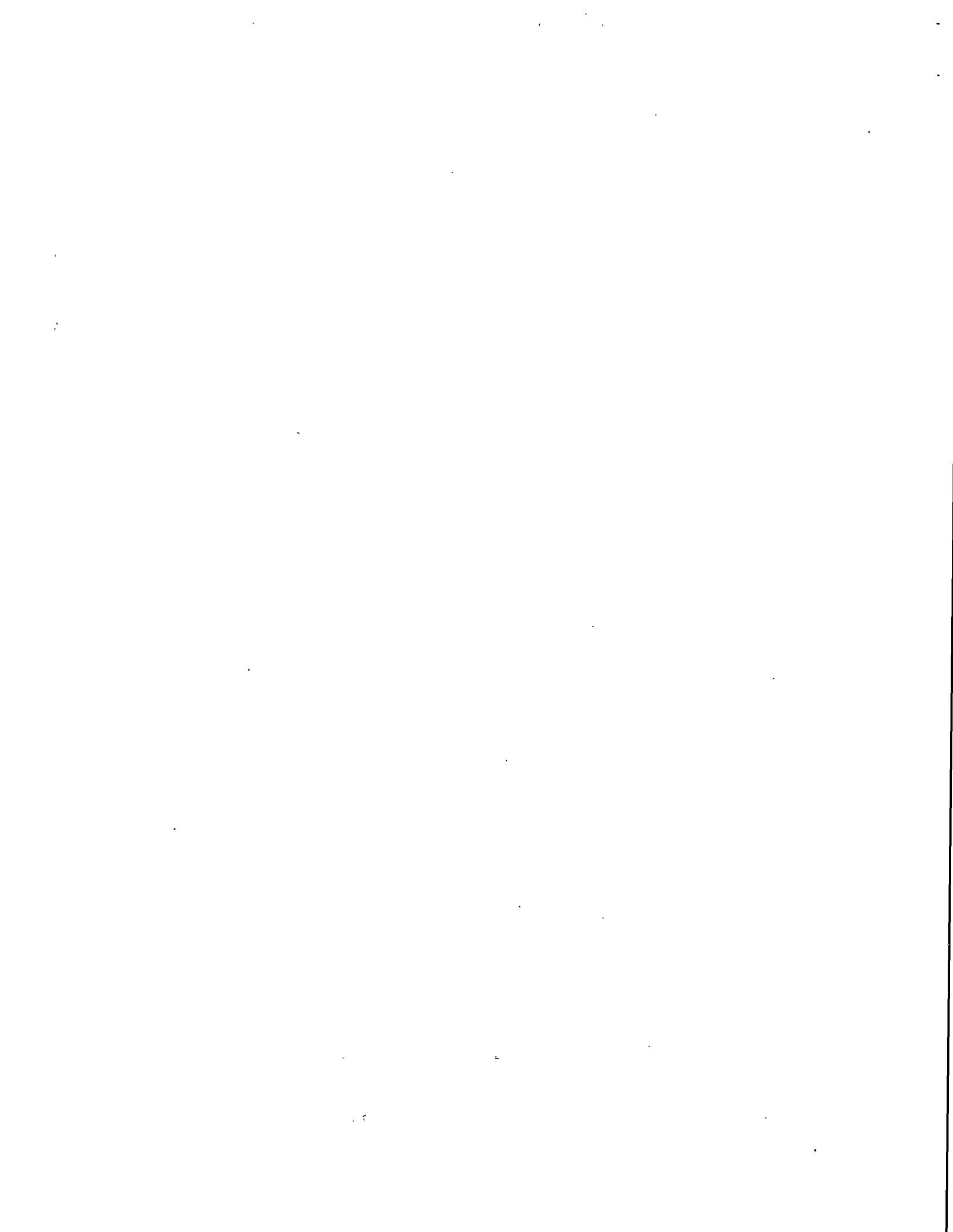
My Commissions Expires:

June 28, 1992

[Signature]
Genny L. Lockamy

RJD:ahs:2/16-p
75450

Section 2



OF

MONTCLAIR PROPERTY OWNERS ASSOCIATION, INC.

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0: REES, BROOME & DIAZ
NINTH FLOOR, 8133 LEESBURG PIKE, VIENNA, V. NIA 22182, ATTENTION: RAYMOND J. DIAZ

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ARTICLE 1INTERPRETIVE PROVISIONS

Terms used herein without definition shall have the meanings specified for such terms in Section 13.1-803 of the Act. Definitions, terms and other interpretive provisions set forth in Article 2 of the Articles of Incorporation for Montclair Property Owners Association, Inc. ("Articles of Incorporation") are equally applicable to these Bylaws.

ARTICLE 2MEETINGS OF MEMBERS

Section 2.1. Annual Meetings. Annual meetings of the Association shall be held during the month of March at such time and place as may be fixed from time to time by resolutions of the Board of Directors.

Section 2.2. Special Meetings. The Association shall hold a special meeting: (1) upon the call of the President; (2) if so directed by resolution of the Board of Directors; or (3) upon a petition presented to the Secretary and signed by Members entitled to cast at least fifteen percent of the total number of votes. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred eighty days after the date of the first such signature. Such resolution, petition or request must: (1) either specify a date and time on which the meeting is to be held which will permit the Secretary to comply with Section 2.3 hereof, or else specify that the Secretary shall designate the date and time of the meeting; (2) specify the purpose(s) for which the meeting is to be held; and (3) be delivered to the Secretary.

Section 2.3. Notice of Meetings.

(a) Written notice stating the place, day, time and purposes of any meeting of the Association shall be given by the Secretary to each Member entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. No business shall be transacted at any meeting of the

Members except as stated in the notice. The giving of notice in the manner provided in this section and Article 9 hereof shall be considered service of notice.

(b) Notwithstanding the provisions of Subsection (a), notice of a meeting to act on an amendment to the Articles of Incorporation, a plan of merger or consolidation or dissolution shall be given in the manner provided above not less than twenty-five nor more than sixty days before the date of the meeting. Any such notice shall be accompanied by a copy of the proposed amendment, plan of merger or consolidation or dissolution. Any such amendment, plan of merger or consolidation or dissolution shall not be effective unless notice of such matter was provided in accordance with this subsection.

Section 2.4. Waiver of Notice of Meetings.

(a) Whenever any notice is required to be given of any meeting of the Association, a waiver thereof in writing signed by a Member entitled to such notice, whether given before or after the meeting, shall be equivalent to the giving of such notice to that Member and such waiver shall be delivered to the Secretary for inclusion in the minutes or filing with the Association records.

(b) A Member who attends a meeting shall be conclusively presumed to have had timely and proper notice of the meeting or to have duly waived notice thereof, unless such Member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or at or prior to consideration of the matter subject to objection, in the case of a special meeting.

Section 2.5. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association if Members entitled to cast at least twenty-five percent of the total number of votes are present, in person or by proxy, at the beginning of such meeting. Once a Member is present at a meeting such Member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new Record Date is or shall be set for that adjourned meeting.

If at any meeting of the Association a quorum is not present, a majority of the Members who are present at such meeting in person or by proxy may: (1) recess the meeting to such date, time and place as such Members may agree not more

than forty-eight hours after the time the original meeting was called; or (2) adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called at such date and place as such Members may agree, whereupon the Secretary shall announce the date, time and place at the meeting and make other reasonable efforts to notify all Members of such date, time and place.

Section 2.6. Order of Business. Unless otherwise specified in the notice of the meeting, the order of business at all meetings of the Association shall be as follows: (1) roll call (proof of quorum); (2) proof of notice of meeting; (3) reading of minutes of preceding meeting; (4) reports of officers; (5) report of Board of Directors; (6) reports of committees; (7) election of directors (when so required); (8) unfinished business; and (9) new business; provided, however, that balloting for election of directors may commence at any time at the direction of the presiding officer.

Section 2.7. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The President or the Board of Directors may appoint a parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Act or the Association Documents.

Section 2.8. Record Date to Determine Members; List of Members. The date for determining which Persons are Members and entitled to vote ("Record Date") shall be the close of business on the day before the effective date of the notice to the Members of the meeting, unless the Board of Directors shall determine otherwise. The Board shall not fix a Record Date more than seventy days before the date of the meeting or other action requiring a determination of the Members, nor shall the Board set a Record Date retroactively. At least ten days before each meeting, the Secretary shall make a complete list of Members, with the address of each, available for review by the Members before and during the meeting. The list shall be current as of the Record Date.

ARTICLE 3MEMBERSHIP AND VOTING

Section 3.1. Membership and Voting Rights. The voting rights of the Members of the Association shall be as set forth in Article 4 of the Articles of Incorporation.

Section 3.2. Additional Provisions Governing Voting.

(a) Association Votes. If the Association is an Owner, the Association shall cast its votes with the majority with respect to any Lot it owns, and in any event such votes shall be counted for the purpose of establishing a quorum. In the event of a tie, any votes with respect to any Lot owned by the Association shall not be cast.

(b) Multiple-Person Owners. Since a Member may be more than one Person, if only one of such Persons is present at a meeting of the Association, that Person shall be entitled to cast the Member's votes. If more than one of such Persons is present, the vote appertaining to that Member shall be cast only in accordance with unanimous agreement of such Persons, and such agreement shall be conclusively presumed if any of them purports to cast the vote appertaining to that Member without protest being made forthwith to the Person presiding over the meeting by any of the other Persons constituting such Member.

(c) Voting Certificate. If a Member is not a natural person, the vote by such Member may be cast by any natural person authorized by such Member. Such natural person must be named in a certificate signed by an authorized officer, partner or trustee of such Person and filed with the Secretary; provided, however, that any vote cast by a natural person on behalf of such Member shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote was cast. Such certificate shall be valid until revoked by a subsequent certificate similarly executed and filed. Wherever the approval or disapproval of a Member is required by the Association Documents, such approval or disapproval may be made by any Person who would be entitled to cast the vote of such Member at any meeting of the Association.

(d) Delinquency. No Member may vote at any meeting of the Association or be elected to serve on the Board of Directors if payment by such Member of any financial obligation to the Association is delinquent and the amount necessary to bring the account current has not been paid by the Record Date as the same is described in Section 2.8 hereof.

Section 3.3. Manner of Voting.

(a) At a Meeting. Voting on issues set forth in the agenda of the meeting and for the election of directors shall be by written ballot. All other voting at a meeting shall be by the showing of voting cards issued in accordance with regulations established by the Board of Directors. If any Member present at the meeting so requests and, by majority vote, the Members consent, the vote shall be by written ballot.

(b) By Referendum. In the sole discretion of the Board of Directors, elections and other matters requiring a vote of the Members may be submitted to a referendum of the Members on a ballot, by mail or at polling places. Ballots shall be returned to the Secretary by the date specified on the ballot. The Board of Directors shall determine the method of voting, the form of all ballots, the wording of questions thereon, the deadline for return of ballots and the number and location of polling places, if any. Where a vote on any question is required by law to be taken at a meeting, each referendum ballot on such question shall be considered an instructed proxy which directs the Secretary to cast such votes as are set forth on such ballot. Except in cases where a higher percentage is required by the Association Documents, all decisions, other than elections in which more than two candidates have been nominated, which are submitted to a referendum shall be adopted by a simple majority (more than fifty percent) of the votes actually cast. In case of election of more than two directors which is submitted to a referendum of the Members, directors shall be elected by a plurality of the votes actually cast.

(c) Advisory Referendum. The Board of Directors may include on any ballot questions on which it seeks an advisory vote. Members may suggest questions for an advisory vote which shall be evaluated by the Board for consistency with the exercise of its duties and responsibilities and with the Association Documents. In any advisory vote, each such question on a ballot shall indicate that the vote is for advisory purposes only.

Section 3.4. Proxies. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy how to vote) or uninstructed (leaving how to vote to the proxy's discretion). Only instructed proxies may be granted to officers, directors or employees of the Association and such proxies may be voted only for purposes of establishing a quorum and with respect to the issues on which the proxy is instructed. Proxies shall be in writing, shall be dated and

signed by the Member or, in the event the Member is other than a natural person by a Person authorized by the Member (or in cases where the Member is more than one Person, by or on behalf of all such Persons). Proxies shall be valid for eleven months unless a longer time period is provided in the proxy and shall be filed with the Secretary. A proxy shall be deemed revoked only upon actual receipt by the Person presiding over the meeting of notice of revocation from the Member. In order to be valid, proxies must be filed with the Secretary of the Association by the close of regularly scheduled business on the third business day prior to the meeting.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1. Powers and Duties of the Board of Directors. The business and affairs of the Association shall be managed by the Board of Directors elected in accordance with the procedures and for the terms of office set forth in this Article 4. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required by the Act or the Association Documents to be exercised and done by the Members. In addition to the duties imposed by any other provision of the Association Documents or by any resolution of the Association that may hereafter be adopted, the Board shall perform the following duties and take the following actions on behalf of the Association:

(1) Provide goods and services to the Members in accordance with the Association Documents, and provide for Upkeep of the Common Area and, to the extent provided in the Association Documents, of the Lots.

(2) Designate, hire, dismiss and, compensate a general manager to provide for the upkeep of the Common Area and to administer the affairs of the Association. Subject to the approval of the Board of Directors, the General Manager shall designate hire, dismiss and, where appropriate, compensate personnel necessary to discharge these responsibilities. If so directed by the Board of Directors pursuant to the Association Documents, the general manager shall provide for the upkeep of the Lots and provide goods and services to the Members and Owners, as well as purchase equipment supplies and materials to be used by such personnel in the performance of their duties.

(3) Collect the assessments, deposit the proceeds thereof in depositories designated by the Board of Directors and use the proceeds to carry out the management and Upkeep of the Property to the extent the Association is so authorized by the Association Documents.

(4) Adopt and amend any reasonable Rules and Regulations not inconsistent with the Association Documents.

(5) Open bank and investment accounts on behalf of the Association and designate the signatories thereon.

(6) Enforce by legal means the provisions of the Association Documents.

(7) Act with respect to all matters arising out of any eminent domain proceeding affecting the Common Area.

(8) Notify the Members of any litigation against the Association involving a claim in excess of ten percent of the amount of the annual budget by causing the same to be reported in a newspaper having general circulation in the area of Montclair and by such other means, if any, as the Board of Directors may determine.

(9) Obtain and carry insurance as provided in Article 8 of the Declaration, pay the premiums therefor and adjust and settle any claims thereunder.

(10) Pay the cost of all authorized goods and services rendered to the Association and not billed to Owners of individual Lots or otherwise provided for in Article 4 of the Declaration.

(11) Notify a Mortgagee of any default in paying assessments for Common Expenses by an Owner (which remains uncured for sixty days) or for any other default, simultaneously with the notice sent to the defaulting Owner.

(12) Acquire, hold and dispose of Lots and mortgage the same without the prior approval of the Association if such expenditures and hypothecations are included in the budget.

(13) Charge reasonable fees for the use of the Common Area and for services.

(14) Suspend the right of any Owner or other occupant of a Lot, and the right of such Person's household, guests, tenants, agents and invitees to use the Common Area in accordance with Subsection 10.1(h) of the Declaration.

(15) Prepare an annual budget in accordance with Article 4 of the Declaration.

(16) Make assessments against the Owners to defray the Common Expenses of the Association, establish the means and methods of collecting such assessments from the Owners and cause the annual assessment for common expenses to be paid quarterly or in such other periods as the Board may determine.

(17) Borrow money on behalf of the Association, when required for any valid purpose; provided, however, that either a Majority Vote of Members obtained at a meeting held for such purpose or written approval by Members entitled to cast more than fifty percent of the total number of votes shall be required to borrow any sum in excess of five percent of the total annual assessment for Common Expenses for that fiscal year and, subject to Section 13.3 of the Declaration, mortgage any of the Common Area owned in fee simple by the Association.

(18) Execute deeds, plats of resubdivision and applications for construction permits, for the Common Area owned in fee simple by the Association.

(19) Dedicate or transfer any portion of the Common Area owned in fee simple by the Association or grant easements, rights-of-way or licenses over and through the Common Area owned in fee simple by the Association pursuant to Section 3.2 of the Declaration and subject to the restrictions set forth in Section 13.3 of the Declaration.

(20) Do anything else not inconsistent with the Act or the Association Documents.

Section 4.2. Number, Election and Qualifications of Directors.

(a) Number of Directors. Until the annual meeting in March of 1991, the Board of Directors shall continue to consist of not more than 15 directors. Thereafter, the number of directors shall be reduced in the manner set forth in Section 4.2(b) until the annual meeting in March of 1993, after which time the Board of Directors shall consist of not more than eleven directors.

(b) Election of Directors. Directors shall be elected by a plurality of votes actually cast. At the annual meeting in March, 1990, five (5) directors shall be elected by vote of the Members of MPOA without regard to precinct ("at large"). At the annual meeting in March, 1991, four (4)

directors shall be elected; one shall be elected by votes of Owners of Lots in Precinct 1; one shall be elected by votes of Owners of Lots in Precinct 2; one shall be elected by votes of Owners of Lots in Precinct 3; and, one shall be elected by votes of Owners of Lots in Precinct 4. At the annual meeting in March, 1992, three (3) directors shall be elected at large by vote of the Members of MPOA. At the annual meeting in March, 1993, four (4) directors shall be elected at large by vote of the Members of MPOA.

The office of each director serving at the time of the adoption of these amendments to By-Laws (except those five (5) directors elected at the annual meeting in March, 1990) shall cease and terminate at the end of the full term of the incumbent, whether by resignation, removal or expiration of term.

The term of office of directors elected pursuant to this subsection (b) shall be three (3) years. At the expiration of the term of office of each director elected under this subsection (b), a successor shall be elected by the vote of those Members eligible to vote for his or her predecessor. Except for death, resignation or removal, Directors shall hold office until their respective successors shall have been elected.

(c) Precincts. Each of 4 precincts shall be designated on a map of the Property by the Board of Directors, such Map to be maintained by the Secretary. The Board of Directors shall establish the precinct boundaries so that each precinct contains approximately the same number of Lots and shall adjust the precinct boundaries in June of the year preceding any year in which members of the Board of Directors will be elected by precinct in accordance with Section 4.2(b), if necessary in order that each precinct shall continue to have approximately the same number of Lots as each of the other precincts. All parts of all precincts shall be contiguous. No change in the boundaries of any Precinct shall result in the premature termination of the term of office of any Director.

(d) Qualifications. No person shall be eligible for election as a Member of the Board of Directors unless such Person is a "natural person" and a Member in good standing of MPOA. A candidate for a seat representing a precinct, must be an owner of a Lot within the precinct. No person may hold more than one seat on the Board of Directors at any time. No Owner shall be elected as a director if such Owner is delinquent in meeting financial obligations to the Association nor continue to serve as a director if such Owner is more than thirty days delinquent in meeting financial obligations to the Association.

Section 4.3. Election Procedures.

(a) Election Committee. At least ninety days prior to each meeting of the Association at which a director or directors are to be elected by the Members, the Board of Directors shall appoint an Election Committee consisting of not less than three (3) Members at least two of whom are not Members of the Board of Directors. The Election Committee shall develop procedures and administer such procedures as are approved by the Board, including procedures providing for election of director(s) by ballot of the Members at annual meetings and, where appropriate, special meetings.

(b) Nominations. Persons qualified to be directors may be nominated for election by a nominating petition submitted to the chairman of the Election Committee at least sixty days before the meeting at which the election is to be held. The nominee shall sign the petition and indicate the willingness to serve as a director. Additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve.

Section 4.4. Meetings of Directors.

(a) Types of Meetings. The first (organizational) meeting of the Board of Directors following an annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be determined by a majority of the directors to elect Officers and establish the manner of operation of the Board for the ensuing year. Meetings of the Board of Directors may be held at such time and place as shall be determined from time to time; provided however, that a regular meeting shall be held monthly during each fiscal year. Special meetings of the Board of Directors may be called by the President, and shall be called by the President or Secretary upon the written request of at least four directors. All meetings of the Board of Directors shall be open to Owners as observers, except that the President or presiding officer may call the Board into executive session on sensitive matters such as personnel, litigation strategy or hearings with respect to violations of the Association Documents. Any action taken by the Board in executive session shall be voted on in open session at the conclusion of the executive session.

(b) Notice. Notice of meetings of the Board of Directors shall be given to each director by mail, telegraph or

in writing, at least three days prior to the day named for such meeting. Such notice shall state the place, day and time and, in the case of special meetings, the purpose thereof. No notice of the organizational meeting shall be necessary if such meeting is held immediately following the annual meeting.

(c) Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by such director of the time, place and purpose of such meeting, unless such director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or at or prior to consideration of the matter subject to objection, in the case of a special meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

(d) Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the total number of directors shall constitute a quorum for the transaction of business. A Majority Vote of the directors while a quorum is present shall constitute the decision of the Board of Directors, unless provided otherwise in the Act, the Articles of Incorporation or the Bylaws. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by any means of communication by which all directors may simultaneously hear each other during the meeting shall be deemed present at the meeting for all purposes.

(e) Conduct of Meetings. The President shall preside over meetings of the Board of Directors and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at the meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Act or the Association Documents.

Section 4.5. Removal and Vacancies. Directors may be removed by the Members in accordance with the provisions of the

Act. In addition, a director shall be deemed to have resigned if not in attendance at three consecutive monthly meetings of the Board.

Vacancies of the Board of Directors caused by any reason other than the removal of a Director by the Members may be filled by a majority vote of the remaining Directors at a meeting of the Board held for such purpose promptly after the occurrence of such vacancy or, if the Directors remaining in office constitute fewer than a quorum, an affirmative vote of the majority of the Directors remaining in office even though the Directors present at such a meeting constitute less than a quorum. A vacancy in a Board seat which has been filled by a vote of Members who own lots in a particular Precinct shall be filled by a Member who owns a lot within that Precinct unless no such Member is willing to serve on the Board of Directors in which case such vacancy may be filled by any qualified Owner. Each Person so elected shall be a Director until the expiration of the regular term of office or until a successor shall be elected at the next annual meeting at which an owner of a lot within the Precinct is willing to serve, whichever shall first occur. Such successor shall serve for the balance of the original term. Vacancies caused by the removal of a Director by the Members shall be filled by a vote of the Members and shall serve for the remainder of the term of the Director being replaced. The term of the replacement Director shall expire so that the staggered term shall remain unaffected.

Section 3

ARTICLE 5

OFFICERS

Section 5.1. Designation and Duties of Officers. The principal Officers of the Association shall be the President (who shall also serve as Chairman of the Board of Directors), the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also elect a second vice president, assistant treasurer and assistant secretary and such other officers as in its judgment may be necessary. The President, Vice President and second Vice President, if any, shall be Owners and Members of the Board of Directors. Any other Officers may, but need not, be Owners or directors. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent (if any) inconsistent with the Act or the Association Documents, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office,

the President (or the Board of Directors if the President fails to do so) may appoint another qualified Person to act in such Officer's stead on an interim basis.

Section 5.2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any Officer may hold more than one position; provided, however, that the offices of President, Vice President and Secretary shall be held by three different individuals. Except for death, resignation or removal, the Officers shall hold office until their respective successors shall have been elected by the Board.

Section 5.3. Resignation or Removal of Officers. Any Officer may resign by delivering written notice to the Board of Directors. Unless otherwise specified, such resignation shall take effect upon the receipt thereof, and acceptance of such resignation shall not be necessary to make it effective. Upon the affirmative vote of a majority of all Members of the Board of Directors any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 5.4. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The Person appointed to fill a vacancy shall serve for the remainder of the term of the Officer such Person replaces.

Section 5.5. President. The President shall be the chief executive officer of the Association; preside at all meetings of the Association and of the Board of Directors; have general and active direction of the business of the Association subject to the control of the Board; see to the execution of the resolutions of the Association and the Board of Directors; see that all orders and resolutions of the Board are carried into effect; and, in general, perform all the duties incident to the office of President.

Section 5.6. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President.

Section 5.7. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board may direct and as may be required by Section 13.1-932 of the Act; give or cause to be given all notices required to be given by the Association; give each Owner notice of each assessment against such Owner's Lot as soon as practicable after assessment is made; give each Member and Owner notice and a copy of the Rules and Regulations or amendment thereof; maintain a register setting forth the place to which all notices to Members, Owners and Mortgagees hereunder shall be delivered; file or cause to be filed the annual report required by Section 13.1-936 of the Act; make it possible for any Member to inspect and copy at reasonable times and by appointment the records of the Association; and, in general, perform all the duties incident to the office of Secretary.

Section 5.8. Treasurer. The Treasurer shall be responsible for Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of the Board of Directors or the Association, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of Treasurer.

ARTICLE 6

COMMITTEES

Section 6.1. Covenants Committee. The Board of Directors shall establish a Covenants Committee as set forth in Article 7 of the Declaration.

Section 6.2. Other Committees. The Board of Directors may create and abolish from time to time such other committees consisting of two or more Persons as the Board may deem appropriate to aid in the administration of the affairs of the Association. Such committees shall have the powers and duties fixed by resolution of the Board from time to time. The President shall appoint the chair of each committee and other Members thereof shall be appointed in such manner as the guidelines of the Board of Directors may from time to time provide.

Section 6.3. Action by Committee Without Meeting. Except for a meeting of the Covenants Committee, action required or permitted to be taken at a meeting of a committee may be taken without a meeting if consent in writing, setting forth the

action taken, shall be signed before such action by all of the members of the committee. Any such written consent shall have the same force and effect as a unanimous vote and shall be filed with the minutes of the committee.

ARTICLE 7

FIDUCIARY DUTIES

Section 7.1. Execution of Documents. Unless otherwise provided in the resolution of the Board of Directors: (1) all agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of 2/10 percent of the total annual assessment for Common Expenses for that fiscal year, and all checks drawn upon reserve accounts, shall be executed by any two Persons designated by the Board of Directors; and (2) all such instruments for expenditures or obligations of 2/10 percent or less of the total annual assessment for Common Expenses for that fiscal year, except from reserve accounts, may be executed by any one Person designated by the Board of Directors. Any Officer of the Association may be designated by Board resolution to sign a Statement of Common Expenses on behalf of the Association.

Section 7.2. Conflicts of Interest.

(a) Rule and Exceptions. Each director or Officer shall exercise his or her powers and duties in good faith and in the best interests of the Association. No transaction between the Association and any of its directors or Officers (or any entity in which he or she is interested) is void or voidable if the following conditions exist:

(1) the material facts of the transaction and the interest is disclosed or known to the Board of Directors or a majority thereof, and the Board authorizes such transaction in good faith by a majority of directors entitled to vote on the transaction, but in no event may such a transaction be authorized by a single director; or

(2) the material facts of the transaction and the interest is disclosed or known to the Members entitled to vote on the matter, and the Members who are entitled to vote on the transaction approve or ratify the transaction by a majority vote.

Section 3

(b) Vote Not Counted. Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors, a committee thereof, or the Members which authorizes, approves or ratifies any contract or transaction, but such director's vote shall not be counted with respect to any matter as to which such director would have a conflict of interest; such director may vote, however, at the meeting to authorize any other contract or transaction.

Section 7.3. Liability and Indemnification.

(a) No Personal Liability. The directors, Officers and Members of the Covenants Committee shall not be liable to the Association or any Member for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. Directors and Officers shall have no personal liability with respect to any contract made by them on behalf of the Association. No Member shall be liable for the contract or tort liability of the Association by reason of ownership or Membership therein. Every agreement made by the Board of Directors, the Officers or the managing agent on behalf of the Association shall, if obtainable, provide that the directors, the Officers or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder.

(b) Indemnification. The Association shall indemnify the directors, Officers and all Committee Members to the extent that it is contemplated a non-stock corporation may indemnify its directors, officers and employees pursuant to Sections 13.1-875 through 13.1-883 of the Act.

(c) Directors and Officers Liability Insurance. The Association shall have the power, pursuant to Article 8 of the Declaration, to purchase and maintain insurance on behalf of any Person who is or was a director, Officer or Committee Member against any liability asserted against such Person and incurred by such Person in any such capacity or arising out of such Person's status as such, whether or not the Association would have the power to indemnify such Person against such liability under the provisions of this section. Further, the availability of the Association's indemnity shall not relieve any insurer of any liability under an insurance policy held by the Association.

Section 7.4. Compensation of Directors and Officers. No salary or other compensation shall be paid by the Association to any director of the Association for serving or acting as such, but this shall not preclude the payment of salary or

other compensation for the performance by such director of other services to the Association nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or Officer.

ARTICLE 8

BOOKS AND RECORDS

Section 8.1. Maintenance. The Association shall keep books and records as required by Section 13.1-932 of the Act. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once a year by an auditor retained by the Board of Directors who shall not be an Owner or an occupant of a Lot. The cost of such audit shall be a Common Expense. The Association shall also file and maintain the annual reports required to be filed with the Virginia State Corporation Commission by Section 13.1-936 of the Act.

Section 8.2. Availability. The books and records of the Association shall be available for examination by the Members, the Owners, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days at the times and in the manner established by the Board of Directors for the general knowledge of the Owners in accordance with Section 13.1-933 of the Act. The list of Members required by Section 2.8 hereof shall be available for inspection for a period of ten days prior to the meeting and at the meeting. Pursuant to Section 11.3 of the Declaration, all Mortgagees or their representatives shall have the right to examine the books and records of the Association on the same terms and conditions as the Members and Owners. The Board of Directors may fix from time to time a reasonable charge to cover the direct and indirect costs of providing any documents to a Member, Owner or Mortgagee.

Section 8.3. Accounting Report. Within one hundred twenty days after the end of each fiscal year, the Board of Directors shall make available to all Members and Owners, and to each Mortgagee requesting the same, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves.

Section 8.4 Fiscal Year. The first fiscal year of the Association shall begin on the first (1st) of May of each year and end on the thirtieth (30th) day of April of each succeeding calendar year.

ARTICLE 9

NOTICES

Except as specifically provided otherwise in the Act or the Association Documents, all notices, demands, bills, statements or other communications under the Association Documents shall be in writing and shall be deemed to have been duly given if delivered personally or deposited in the United States mail, postage prepaid pursuant to Section 13.1-810 of the Act, or if notification is of a default or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid: (1) if to an Owner, at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Owner; (2) if to the Association, the Board of Directors, at the principal offices of the Association, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the Owners pursuant to this section; or (3) if to a Mortgagee, at the address indicated by the Mortgagee in a written notice to the Association. If a Lot is owned by more than one Person, each such Person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder, otherwise, the Person receiving the notice shall have the responsibility for notifying the other Persons comprising the Owner.

ARTICLE 10

AMENDMENTS

These Bylaws may be amended by a Majority Vote of the Members if the proposed amendment has been inserted in the notice of meeting. Amendments may be proposed (and shall thereafter be inserted in the notice of the meeting) by the Board of Directors or by petition signed by at least 10% of the Members of the Association. Such petition shall be filed no later than seventy (70) days before the meeting at which the proposed amendments are to be considered. The Board of Directors shall send any amendment to the Owners within thirty business days after adoption.

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RECORDED WITH CERTIFICATE ANNEXED

30 APR 18 AM 10:04

PRINCE WILLIAM CO., VA.

TESTE: *Chilton Elliott*