

DECLARATION
FOR
BALMORAL GREENS

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SUBMITTED LAND
ADDITIONAL LAND

EXHIBIT A
EXHIBIT B

DECLARATION

FOR

BALMORAL GREENS

THIS DECLARATION is made as of May 17, 1998, by BALMORAL ASSOCIATES, L.L.C. ("Declarant"), a Virginia limited liability ("Declarant"); and BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC. ("Association"), a Virginia nonstock corporation.

R E C I T A L S:

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

R-2. The Declarant also wishes to reserve the right to add the land designated as Additional Land in the legal description attached as Exhibit B, and may hereafter decide to subject all or any portion of that Additional Land, to the provisions of this Declaration, as may be amended from time to time.

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

R-4. To provide a means for meeting the purposes and intents of the Declarant and the intents and requirements of Fairfax County, Virginia, the Declarant has created under the laws of Virginia, the Balmoral Greens Homeowners Association, Inc. ("Association"), whose members shall consist of all owners of land within the Property.

NOW, THEREFORE, the Declarant and the Association hereby covenant and declare, on behalf of themselves and their respective successors and assigns, that from the date this Declaration is recorded, the land designated as Submitted Land in Exhibit A shall be held, conveyed, acquired and encumbered subject to the terms and provisions hereof, all of which shall run with the land (including all improvements thereon) and bind and inure to the benefit of all Persons (as hereinafter defined) who may now or hereafter own or acquire any right, title, estate

or interest in or to any of such land, or who may now or hereafter occupy or enter upon any portion thereof, subject to the right of the Declarant or the Association to amend this Declaration from time to time in accordance with the provisions for amendment set forth herein. The Association accepts the responsibilities and obligations set forth herein.

P A R T O N E

ARTICLE 1

GENERAL PROVISIONS

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

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

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

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

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

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

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

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

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

(9) "Common Area" means, at any given time, all of the Property then owned by the Association and available to the Association for the benefit, use and enjoyment of the Owners. "Reserved Common Area" means a portion of the Common Area for which the Board of directors has granted a temporary revocable license for exclusive use pursuant to Section 3.8.

(10) "Common Expenses" means all expenses incurred by or on behalf of the Association, together with all funds determined by the Board of Directors to be reasonably necessary for the creation and maintenance of reserves pursuant to the provisions of the Association Documents. Except when the context clearly requires otherwise, any reference to Common Expenses includes Limited Common Expenses. "Limited Common Expenses" means all expenses incurred by or on behalf of the Association and benefiting one or more but less than all of the Owners and assessed against the Lots owned by the Owners benefited pursuant to Section 6.2(a)(2).

(11) "County" means Fairfax County, Virginia. All references to approval by the County shall mean approval by the appropriate agency of the County, as determined by the office of the County Attorney at that time, to the extent any portion of the property is located in Fairfax County at that time.

(12) "Covenants Committee" means one of the committees that may be established pursuant to Article 9 to assure that the Property will be maintained in a manner consistent with the purposes and intents of this Declaration.

(13) "Declarant" means Balmoral Associates, L.L.C., a Virginia limited liability company. Following the recordation of an instrument assigning to another Person all or some of the rights reserved to the Declarant under the Association Documents, pursuant to Section 5.2, the term "Declarant" shall mean or include that assignee.

(14) "Declarant Control Period" means the period of time beginning on the date that the Declaration is recorded among the Land Records and ending on the earliest of: (i) the later of (A) the tenth anniversary of the date of recordation of the Declaration or (B) the fifth anniversary of the date of recordation of the most recent Supplementary Declaration adding Additional Land (provided, however, that once the Declarant Control Period has expired, the recordation of a subsequent Supplementary Declaration shall not reinstate the Declarant Control Period; and provided, further, that if the Declarant is delayed in the improvement and development of the Property due to

a sewer, water or building permit moratorium or other cause or event beyond the Declarant's control, then the aforesaid period shall be extended for the period of the delay or three years, whichever period of time is less); (ii) the date seventy-five percent of the 182 dwellings permitted to be located on the Submitted Land or the Additional Land are initially occupied or owned by Owners other than the Declarant or a Builder (the foregoing number may be increased or reduced in accordance with any amendments to the Development Plan affecting the number of permitted dwellings or if Exhibits A or B are amended to describe land not originally described in Exhibits A or B which would result in an increased number of permitted dwellings or as otherwise provided in Section 4.2(a) of the Articles of Incorporation); (iii) the date specified by the Declarant in a written notice to the Association that the Declarant Control Period is to terminate on that date; or (iv) the end of the Development Period.

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

(16) "Design Guidelines" means the standards or guidelines developed by the Declarant or the Initial Construction Review Committee or the Covenants Committee pursuant to Article 9.

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

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

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

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

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

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

Board of Directors of its status in writing pursuant to Section 13.2 and has requested all rights under the Association Documents. Only for the purposes of the notice and inspection rights in Articles 13, 14 and 15, the term "Mortgagee" shall also include the Federal Housing Administration (FHA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Department of Veterans Affairs (VA), the Government National Mortgage Association (GNMA) and any other public or private secondary mortgage market agency participating in purchasing, guaranteeing or insuring Mortgages which has notified the Board of Directors of such participation in writing ("Secondary Mortgage Market Agency"). Where the approval of Mortgagees or Secondary Mortgage Market Agencies is required, such approval means: (i) written approval; (ii) any written waiver of approval rights; (iii) a letter stating no objection; or (iv) presumptive approval if a Mortgagee or a Secondary Mortgage Market Agency does not respond to a notice by certified or registered United States mail, return receipt requested, within thirty days after the date the request for approval is transmitted in accordance with the notice requirements of Article 10 of the Bylaws and Sections 13.2 and 14.4.

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

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

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

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

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

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

(29) "Trails" means the paths and trails, including the equestrian trails, whether public or privated across Common Area and Lots and available for the use of all Owners.

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

Section 1.2. Construction of Association Documents.

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

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

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

(d) Interpretation. If there is any conflict among the Association Documents, the Declaration, and thereafter the applicable Supplementary Declaration, shall control, except as to matters of compliance with the Act, in which case the Articles of Incorporation shall control. Particular provisions shall control general provisions, except that a construction consistent with the Act shall in all cases control over any construction inconsistent therewith. The provisions of the Bylaws shall control over any conflicting provision of any rule, regulation or other resolution adopted pursuant to any of the Association Documents. The Association Documents shall be construed together and shall be deemed to incorporate one another in full. Any requirements as to the content of one shall be deemed satisfied if the deficiency can be cured by reference to any of the others. The Association Documents shall be liberally construed in favor of the party seeking to enforce its provisions to effectuate the purpose of protecting the common plan for development.

Section 1.3. The Association.

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

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

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

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

The Class B Owner shall be the Declarant. Initially, the Class B Owner shall have 273 votes [One and one-half times the 182 planned dwellings], and during the Declarant Control Period, the number of votes held by the Class B Owner will decrease by one vote for each vote held by Class A Owners other than Builders when a vote is taken. For example, at such time as 100 lots have been conveyed to Class A Owners other than Builders, the Class B Owner will have 173 votes, and at such time as 137 lots are conveyed to Class A Owners other than Builders, the Class B Owner will have 136 votes. This voting scheme is designed to transfer voting control from the Declarant upon conveyance of seventy-five percent of the Lots to Owners other than the Declarant or a Builder. If (i) the land described in Exhibit B is rezoned or receives other governmental approval to permit a greater number of dwellings to be constructed than permitted at the time the Declaration is recorded, then the number of votes of the Class B Owner described above shall be increased by one and one-half times the number of additional dwellings permitted; or (ii) all or any portion of the land that was not originally described in Exhibit B to the Declaration is subjected to the Declaration, then the number of votes of the Class B Owner described above shall be increased by one and one-half times the number of dwellings that would be permitted on any Lots located on the whole of such residential land if such land were fully developed under the then applicable zoning and subdivision ordinances and subjected to the Declaration.

After the Declarant Control Period expires, the Declarant shall have one vote as a Class B Owner and the Declarant shall also become a Class A Owner and have Class A votes with respect

to the Lots owned by the Declarant. The Class B membership shall expire at the end of the Development Period.

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

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

ARTICLE 2

COMMON AREA

Section 2.1. Conveyance: Title. The Declarant shall convey the Common Area in each subdivided section of the Property to the Association in fee simple, released from any encumbrance securing the repayment of monetary obligations incurred by the Declarant, but subject to all easements and other encumbrances then of record (including those created by this Declaration). Any Common Area in each subdivided section of the Property shall be conveyed to the Association before the conveyance of any Lot in such subdivided section to an Owner other than the Declarant or a Builder. The Association shall accept title to any real estate or personal property offered to the Association by the Declarant or as directed by the Declarant.

Section 2.2. Boundary Adjustments. The Association, acting through its Board of Directors without Owner or Mortgagee approval, has the power at any time or times, consistent with the then existing zoning or subdivision ordinances of the applicable governmental authority, to transfer part of the Common Area for the purpose of adjusting Lot lines or otherwise in connection with the orderly subdivision and development of the Property; provided, however, that: (i) such transfer shall not reduce the portion of the Property designated as "open space" below the minimum level of "open space" required in the subdivisions by the applicable Fairfax County ordinances comprising the Property at the time of the transfer; (ii) the Declarant or other Person requesting the adjustment shall transfer or cause to be transferred to the Association such portion of the Property as is

necessary to maintain the total acreage designated as "Common Area" at that level previously existing or the Association shall be otherwise reasonably compensated; (iii) the appropriate governmental authorities approve such Lot line adjustments; and (iv) the boundary line adjustment is approved by all Owners of Lots for which the boundaries are being adjusted.

Section 2.3. Regulation of Common Area. The Board of Directors shall have the right to regulate use of the Common Area pursuant to Section 8.3 and to charge fees for the use of Common Area. The Board may also allow non-owners to use portions of the Common Area, on an annual or user fee basis and may enter into agreements with neighboring property owners to provide for such use. The Association acting through its Board of Directors, without Owner or Mortgagee approval may also lease, mortgage, dedicate or convey Common Area or grant easements over and through the Common Area subject to the restrictions in Section 14.4.

ARTICLE 3

EASEMENTS

Section 3.1. Utility and Development Easements.

(a) General Utility Easement. A non-exclusive, perpetual blanket easement is hereby granted over and through the Common Area, or any Lot (except that no easements may be granted which run or will run under a dwelling except to serve such dwelling) for the purpose of: (i) installing, constructing, operating, maintaining, repairing or replacing equipment used to provide to any portion of the Property or adjacent land any utilities, including without limitation water, sewer, drainage, gas, electricity, telephone and television service, whether public or private; and (ii) ingress and egress to install, construct, operate, maintain, repair and replace such equipment and (iii) storm water management and storm water drainage, as necessary or desirable for the orderly development of the Property or adjacent land. Such easement is hereby granted to any Person providing the aforesaid utilities or installing, constructing, maintaining, repairing or replacing equipment related thereto. Any pipes, conduits, lines, wires, transformers and any other apparatus necessary for the provision or metering of any utility may be installed or relocated only where permitted by the Declarant, where contemplated on any site plan approved by the Declarant or where approved by resolution of the Board of Directors. Equipment used to provide or meter such utilities or services may be installed above ground during periods of construction if approved by the Declarant. The Person providing a service or installing a utility pursuant to this easement shall install, construct, maintain, repair or replace the equipment used to provide or meter the utility as promptly and

expeditiously as possible, and shall restore the surface of the land and the surrounding vegetation and improvements to their original condition (to the extent practical) as soon as possible.

(b) Specific Development Easement Areas. The Declarant hereby reserves to itself and to its successors and assigns, and also grants to the Association, the right to grant and reserve easements, rights-of-way and licenses over and through: (i) the Common Area; (ii) any Lot within ten feet of any boundary line of the Lot abutting a public or private street or ten feet from any other lot boundary line (except that no easements may be granted which run or will run under a dwelling or other building except to serve such dwelling or other building); for the purposes set forth in Section 3.1(a) or for any other purpose necessary or desirable for the orderly development of the Property or the adjacent land. If the Person installing the utility or providing a service requests a specific easement by separate recordable document, then the Declarant or the Association, acting through its Board of Directors without Owner, or Mortgagee approval, shall have the power to record a deed locating such easements.

(c) Easements to Facilitate Development.

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

(2) Easement to Facilitate Sales. The Declarant hereby reserves to itself, its successors and assigns and also grants to each Builder the right to: (i) use any Lots owned or leased by the Declarant or such Builder, any other Lot with written consent of the Owner thereof or any portion of the Common Area as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office parking areas (provided, however, that the Declarant or Builder, as applicable, shall remain responsible for the operating expenses of any portion of any improvements on the Common Area used exclusively for the foregoing purposes); (ii) place and maintain in any location on the Common Area and each Lot within ten feet of any lot boundary line abutting a public right-of-way, trails, paths, street lights, street and directional signs, temporary promotional signs, entrance

features, lighting, stone, wood or masonry walls or fences and other related signs and landscaping features or to grant easements for the Upkeep of any of the foregoing; and (iii) relocate or remove all or any of the above from time to time at the Declarant's or Builder's, as appropriate, sole discretion. The Association is hereby granted an easement to perform the Upkeep of any permanent structure or landscaping installed under (ii) above.

(3) Limitations on a Builder. Any Builder rights hereunder are specifically limited to the portion of the Property being developed by such Builder. Such easement shall be subject to such rules as may be established by the Declarant to maintain reasonable standards of safety, cleanliness and general appearance of the Property. Each Builder shall be required, in connection with the development of the portion of the Property which is owned by such Builder, to comply with the standards to be adopted by the Declarant to ensure an orderly and uniform development scheme for the Property.

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

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

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

(g) Further Assurances. Any and all conveyances made to the Association or any Owner shall be conclusively deemed to incorporate these reservations of rights and easements, whether or not set forth in such grants. The easements granted and reservations made to the Declarant herein shall not terminate or

merge and shall continue to run with the land, notwithstanding the common law doctrine of merger and the common ownership of all the Property at this time by the Declarant. Upon written request of the Declarant, the Association and each Owner shall from time to time sign, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested.

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

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

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

Section 3.4. Easements for Encroachments. If any improvement on any Lot or portion of the Common Area now or hereafter encroaches on any other portion of the Property by reason of: (i) the original construction thereof; (ii) deviations within normal construction tolerances in the Upkeep of any improvement; or (iii) the settling or shifting of any land or improvement, an easement is hereby granted to the extent of any such encroachment not in violation of the Fairfax County, Virginia ordinances 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 Emergency Access. An easement over and through all or any portion of the Property is hereby granted to the Board of Supervisors of Fairfax County, Virginia for police, fire, ambulance and other rescue personnel in the lawful performance of their functions during emergencies.

Section 3.6. Easement for Use of Common Area.

(a) Use and Enjoyment. The Declarant reserves to itself during the Development Period, and grants to each Owner are hereby granted a non-exclusive right and easement of use and enjoyment in common with others of the Common Area and Trails. The Association, acting through its Board of Directors without Owner or Mortgagee approval, may relocate or terminate trail easements, provided, however, that any such relocation which affects the equestrian trails must be approved by the appropriate agency of Fairfax County, Virginia. Each Owner is also hereby granted a non-exclusive easement for egress and ingress and utility services (including lead sidewalks, driveway aprons and utility laterals) over the Common Area to the extent necessary to provide vehicular and pedestrian access to such Lot for such Owner and such Owner's household members, tenants, guests, employees, agents and invitees. Each Owner hereby agrees that the Association, acting through its Board of Directors without further Owner or Mortgagee approval, is authorized on behalf of each Owner to relocate or to modify easements over and across Common Area granted to the benefit of Owners in deeds of subdivision or otherwise, in accordance with Section 2.2 of the Declaration; provided, however, that each Owner retains (in a location determined by the Board of Directors) a right of access to such Owner's Lot for vehicular and pedestrian ingress and egress and for utility services. The foregoing rights and easements of use and enjoyment and access, ingress and egress and utility services shall be appurtenant to each Lot, whether or not mentioned in the deed thereto. Any purported conveyance or other transfer of such rights and easements apart from the Lot to which such rights and easements are appurtenant shall be void.

(b) Delegation. Subject to the Rules and Regulations and such other restrictions as may be adopted by the Association, any Person having the right to use and enjoy the Common Area and Trails may delegate such rights to such Person's household, tenants, guests, employees, agents and invitees and to such other Persons as may be permitted by the Association. The easements and rights granted by this Declaration shall not be enforceable by Persons to whom such easements and rights may be delegated by

Owners, including without limitation the household, tenants, guests, employees, agents and invitees of any Owner. This section does not affect, however, the rights of Mortgagees in possession or court-appointed officers in possession and control of a Lot acting in the name, place and stead of Owners, or any Person's right to enforce any easements or rights granted in any lease or agreement between such Person and an Owner.

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

Section 3.7. Limitations on Exercise of Rights and Easements.

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

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

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

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

Section 3.8 Reserved Common Area. The Board of Directors shall have the power in its discretion from time to time to grant revocable licenses in the Common Area by designating portions of the Common Area as reserved Common Area. Such Reserved Common

Area shall be subject to such restrictions, reasonable charges and conditions on the use thereof as the Board may deem appropriate. Such Reserved Common Area shall be maintained by the Association or, at the Board's option, by the Persons having the exclusive right to use the Reserved Common Area.

Section 3.9. Land Submitted by Owners Other than the Declarant. Any Person other than the Declarant submitting land to this Declaration hereby grants to the Declarant, the Association and to each other Owner all rights, easements and other interests with respect to such land granted or reserved in this Article and shall provide such further assurances as may be required.

Section 3.10. Golf Course Lot Easements. The Declarant hereby reserves for itself, and its successors and assigns during the Development Period the right to grant for the benefit of the owner of the golf course located adjacent to the Property and its successors and assigns easements across the Common Area or Lots for storm water management or other purposes to benefit the owner of the golf course and its successors and assigns and the right to impose such additional restrictions on the Common Area from time to time as may be reasonably required to benefit use of the golf course. After the Development Period ends, the Association shall cooperate with the owner of the adjacent golf course to grant easements across Common Area for the benefit of the adjacent golf course.

ARTICLE 4

EXPANSION OF THE PROPERTY

Section 4.1. Expansion by the Declarant. The Declarant hereby reserves a right until the fifteenth anniversary of the date of recordation of this Declaration to expand the Property from time to time without the approval of the Association or any Owner (except the owner of such land) or Mortgagee by unilaterally submitting all or any portion of the Additional Land to the provisions of this Declaration and the jurisdiction of the Association whether or not such land is owned by the Declarant. The right to expand may be terminated only upon the recordation by the Declarant of an instrument relinquishing such right. The Declarant reserves the unilateral right without the approval of the Association or any Owner (except the owner of such land) or Mortgagee to sign and record a Supplementary Declaration, subjecting any portion of the Property to such additional covenants and restrictions as may be necessary to reflect the different characteristics of such portion of the Property as are not inconsistent with the overall scheme of the Declaration; provided, however, that the Declarant shall not record a Supplementary Declaration affecting a Lot after the conveyance of such Lot to an Owner other than the Declarant without the written

consent of the Owner of such Lot. The Declarant shall add Additional Land in accordance with the procedures set forth in Section 4.3. There are no limitations on the right to expand except as set forth in this Article. If the Declarant does not submit all or any portion of the Additional Land to the Declaration, such land may be developed in any manner allowable under local zoning ordinances without regard to the restrictions in this Declaration.

Section 4.2. Expansion by the Association. Only with the written consent of the fee simple owner of such land (if not the Association), and upon approval by: (i) at least a Sixty-seven Percent vote of Owners or the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes entitled to be cast by Owners; and (ii) the written consent of the Declarant during the Development Period, the Association may submit any additional land to the provisions of this Declaration and the jurisdiction of the Association, in accordance with the procedures set forth in Section 4.3 and subject to the limitations of Section 14.4.

Section 4.3. Procedure for Expansion. The Declarant or the Association, as appropriate, may record one or more amendments to the Declaration submitting the land described therein to this Declaration and to the jurisdiction of the Association ("Supplementary Declarations"). Each Supplementary Declaration shall include a legally sufficient description of the land added and shall designate such land with the term "Section" followed by a unique identifier so as to differentiate between each section of the Property. Any Supplementary Declaration may contain such additional provisions in this Declaration as may be necessary to reflect the different character of the land described therein and as are not inconsistent with the overall scheme of this Declaration; provided, however, that such additions shall not apply to any Lot previously submitted to this Declaration without the written consent of the Owner of the Lot subject to the additional provisions. Upon recording a Supplementary Declaration submitting land to the Declaration, the provisions of the Declaration shall apply to the land thereby added as if such land was originally part of the Submitted Land.

Section 4.4. Withdrawal.

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

and the Declarant may unilaterally, without the approval of the Association or any Owner or Mortgagee, record an instrument confirming such withdrawal.

The Declarant hereby also reserves a unilateral right, without the approval or joinder of the Association or any Owner or Mortgagee to withdraw any portion of the Property until such time as a portion of the Property is owned by an Owner other than the Declarant or a Builder; provided, however, that such withdrawal does not have a materially adverse financial impact on the Association. The Declarant may record one or more amendments to this Declaration and Exhibit A removing the land described therein from the jurisdiction of the Association, and upon the recordation of any such amendment, this Declaration shall thereupon cease to bind, run with or otherwise affect the real estate within that Section. Conveyance of Common Area requires the approvals set forth in Section 14.4.

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

(b) By the Association. In addition, any portion of the Property rezoned for commercial use or dedicated to the public may be withdrawn by the Association upon: (i) the approval of the Board of Directors; (ii) the approval of the Declarant, during the Development Period; (iii) the approval of Owners by a Sixty-seven Percent Vote of the Owners or the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes, in both cases excluding the votes of the Class B Owner during the Declarant Control Period; and (iv) the approval of the owner of the land being withdrawn. Any land dedicated for public street purposes shall be deemed to be automatically withdrawn.

ARTICLE 5

SPECIAL DECLARANT RIGHTS; TRANSFER

Section 5.1. Special Declarant Rights. Special Declarant Rights are those rights reserved for the benefit of the Declarant as provided for in the Association Documents, and shall include without limitation the following rights: (i) to have, use, grant, reserve and terminate easements over and through the Property for the purpose of making improvements within the Property as provided in Article 3; (ii) to maintain models, management offices, construction offices, sales offices, customer service offices or offices for similar purposes and signs advertising the

Property as provided in Article 3; (iii) to exercise the rights and votes of the Class B Owner; (iv) to remove and replace any director elected by the Class B Owner; (v) to make unilateral amendments to the Association Documents as provided in Sections 3.8, 4.1, 4.4 and 14.1; (vi) to add Additional Land pursuant to Section 4.1; (vii) to withdraw Submitted Land pursuant to Section 4.4 and (viii) to exercise any other rights reserved or given to the Declarant by the Association Documents.

Section 5.2. Transfer of Special Declarant Rights.

The Declarant may transfer Special Declarant rights created or reserved under the Association Documents to (i) any Person acquiring Lots or Additional Land owned by the Declarant at the time of transfer or (ii) to any lender holding a mortgage or deed of trust on Lots or Additional Land owned by the Declarant at the time of transfer. Such transfer shall be evidenced by an instrument evidencing the transfer recorded in the Land Records. The instrument is not effective unless signed by the transferor and transferee; provided, however, that a Person may unilaterally sign an instrument to acquire some or all of the Special Declarant Rights with respect to the land acquired if such Person acquires: (i) all the Lots and/or Additional Land owned by a declarant at the time of transfer pursuant to a mortgage or deed of trust by foreclosure or deed in lieu of foreclosure; or (ii) a majority of the remaining undeveloped Lots and/or Additional Land, if there are no other declarants. Such instrument must be recorded within a reasonable time after acquisition of the land.

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

A partial transfer of Special Declarant Rights does not prevent the transferor declarant from continuing to exercise Special Declarant Rights with respect to land retained by such

declarant. The instrument providing for a partial transfer of Special Declarant Rights shall allocate voting rights between the transferor and the transferee as such Persons shall agree among themselves or based on the number of Lots owned by each declarant if not otherwise provided. Each Person having declarant rights under the Association Documents has the right to transfer such rights unilaterally with respect to land owned by such Person except to the extent provided, otherwise in an instrument assigning the Special Declarant Rights to such Person. If at any time the Declarant ceases to exist and has not made an assignment of the Special Declarant Rights, a successor may be appointed by an amendment to the Declaration made pursuant to Section 14.2.

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

P A R T T W O

ARTICLE 6

COMMON EXPENSES AND ASSESSMENTS

Section 6.1. Determination of Common Expenses and Budget.

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

(b) Preparation and Approval of Budget.

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

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

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

(c) Installment Payments and Due Dates. Any and all such Assessments and other charges shall be a lien against each Owner's Lot as provided in Section 12.2. On or before the first day of each fiscal year, and the first day of each succeeding

payment period in such fiscal year, each Owner shall pay to the Association at such place as the Board of Directors may direct that installment of the Annual Assessment which is due during such period. The Board of Directors shall establish one or more payment periods and the due dates for each such payment in each fiscal year; provided, however, that payments shall be due not less than quarterly or more frequently than monthly unless specifically provided otherwise herein. All sums collected by the Board of Directors from Assessments or any other source may be commingled into a single fund.

(d) Initial Assessment.

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

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

(3) Neither Annual Assessments nor Special Assessments may be used for construction of capital improvements during the Development Period if value is to be given for such improvements.

(4) Each initial purchaser of a Lot from the Declarant, (other than a Builder), or from a Builder, shall pay at settlement an "Initial Assessment" equal to One Hundred Dollars (\$100.00) to provide necessary working capital for the Association. The foregoing amount may be increased, in the sole discretion of the Declarant, by five percent each fiscal year.

(e) Effect of Failure to Prepare or Adopt Budget. For the first fiscal year of the Association following the first conveyance of any Lot to an Owner other than the Declarant or a Builder, and for all fiscal years thereafter, the Board of Directors shall establish the Annual Assessment against each Lot for Common Expenses. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay the allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall

continue to pay Assessments at the rate established for the previous fiscal year until notified of the new payment which is due on the first day of the next payment period which begins more than ten days after such new annual or adjusted budget is adopted and the Owner receives such notice.

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

Section 6.2. Assessments.

(a) Purpose and Rate of Assessment.

(1) Subject to the provisions of paragraphs (2), (3) of this Subsection 6.2(a) and of the Section 6.3 hereof, and after determining the total amount of the estimated funds required: (i) for the management and Upkeep of the Property; (ii) for services to the Lots and Owners; (iii) for the maintenance of adequate reserves; or (v) for meeting other obligations of the Association established pursuant to this Declaration, other shared maintenance agreements, subdivision documents or easements, or governmental requirement, the Board of Directors shall establish an Annual Assessment rate for each Lot for Common Expenses, excluding Limited Common Expenses, in an equal amount against all Lots subject to assessment.

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

(A) Any expenses incurred in the Upkeep or maintenance of reserves for the Upkeep of any Limited Common Area may be assessed only against the Lots to which such Limited Common Area is appurtenant.

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

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

(D) Any expenses proposed by the Board of Directors or a specific group of Owners as Limited Common Expenses against a specific group of Lots and agreed to by such Owners entitled to cast a majority of the total number of votes

with respect to such Lots, shall be assessed against such Lots as such Owners may agree or on the basis set forth in Section 6.2(a)(1), inter se.

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

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

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

(e) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, contingencies and replacements. Such funds shall be a Common Expense of the Association. As to each separate reserve account:

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

(2) If regular annual Upkeep extends the useful life of components so that reserves are excessive, the reserves

shall be adjusted by reallocation to other budget items or by distribution to each Owner (including the Declarant) in proportion to the percentage (if any) of Assessments paid by such Owner.

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

(g) Surplus and Deficit.

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

(2) Unless the budgets for the next two succeeding fiscal years are adjusted to amortize the deficit during such fiscal years, any net shortage in expenses (including reserves) shall be assessed promptly against the Owners as an Additional Assessment in accordance with Section 6.2(b).

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

Section 6.3. Assessment Against Lots Owned by Builders: Exemptions.

(a) Special One-time Assessment for Builders. A Builder shall pay a one-time assessment of One Hundred Fifty Dollars (\$150.00) per Lot.

The above sum shall be due upon conveyance to an Owner other than the Declarant or as otherwise determined by the Declarant but no later than upon the date of conveyance of the Lot to an Owner other than the Declarant or a Builder. At the sole discretion of the Declarant, the above amounts may increase for fiscal year 1997 and each fiscal year thereafter by five percent each fiscal year. Each Lot will be subject to further Assessment only after the earlier of initial occupancy or conveyance to an Owner other than the Declarant or a Builder.

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

Section 6.4. Liability for Common Expenses.

(a) Owner Liability. Each Owner of a Lot shall pay to the Association all Assessments and other charges assessed by the Board of Directors pursuant to the provisions of this Declaration. Each Owner shall also be personally liable for all Assessments against such Owner's Lot. No Owner shall be exempted from liability for Assessment by reason of waiver of the use or enjoyment of any of the Common Area or by abandonment of the Lot or by temporary unavailability of the Common Area. No Owner shall be liable for the payment of any part of the Common Expenses assessed against the Lot subsequent to the date of recordation of a conveyance by such Owner of such Lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and Assessments shall be paid in full and discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid Assessments against the latter for the proportionate share of the Common Expenses up to the time of such recordation not to exceed the greater of (i) one-sixth of the Annual Assessment for Common Expenses, including Limited Common Expenses, or (ii) the amount shown on a Statement of Common Expenses, without prejudice to the purchaser's right to recover from the selling Owner amounts paid by the purchaser therefor. Any such purchaser may rely on a Statement of Common Expenses obtained pursuant to Section 6.6.

(b) Mortgagee Liability. Each holder of a Mortgage who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid Assessments or charges against such Lot which accrued prior to the date such person comes into possession thereof, except as provided below and except for claims for a pro rata

share of such Assessments or charges resulting from a pro rata reallocation of such Assessments or charges to all Lots including the mortgaged Lot assessed after the Mortgagee or purchaser takes title. The lien created by Section 12.2 shall cease to exist with respect to Assessments and charges levied prior to the time title is transferred by foreclosure or by deed or assignment in lieu thereof; provided, however, that if the proceeds of a foreclosure exceed the total amount due to the Mortgagee, the excess shall first be paid to the Association and applied to the satisfaction of the Association's lien.

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

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

ARTICLE 7

OPERATION OF THE PROPERTY

Section 7.1. Upkeep by Association. (a) General. The Association shall be responsible for the management and Upkeep of all of the Common Area and Trails, including without limitation (i) Upkeep of all open areas, including grass cutting, garbage collection, entrance feature landscaping and lawn maintenance;

(ii) Upkeep of the private streets, roadways and parking areas including snow and ice removal and repair and replacement; and (iii) Upkeep of all other improvements located thereon. The cost of the management and Upkeep of Common Area shall be charged to Owners as a Common Expense or Limited Common Expense, depending on the nature of the service provided. Notwithstanding the foregoing, utility laterals shall be maintained by the Owner of the Lot served or, if so determined by the Board of Directors, by the Association at such Owner's expense. The Association shall not have any responsibility for the Upkeep of any Lot except for those responsibilities and duties specifically enumerated within the Association Documents or other areas described in the subdivision documents for the Property or separate easement agreements. Notwithstanding the general provisions for Upkeep of Common Area set forth in this section, other specific responsibilities for Upkeep and allocations of the costs of Upkeep shall be determined by any provisions therefor included in a Supplementary Declaration or as part of a deed of subdivision or deed of easement for a portion of the Property. If the Board of Directors determines that certain Upkeep was necessitated by the negligence, misuse or misconduct of an Owner or for which an Owner is responsible pursuant to Section 12.1, the cost of such Upkeep shall be assessed against such Owner's Lot pursuant to Sections 6.2(c) and 12.1(h). Further, the Board may determine that all or a part of the Upkeep of any portion of the Common Area designated as Reserved Common Area shall be performed by the Person having the exclusive right to use the same. The Board of Directors shall establish the standards for Upkeep of the Common Area in its sole discretion.

(b) Storm Water Management. If required by Fairfax County, the Upkeep of the storm water management facilities and easements on or serving the Property shall be performed by the Association and shall be a Common Expense; provided, however, that the Upkeep obligations identified in this subsection shall cease and terminate at such time as the Fairfax County, Virginia, through a department of public works or some similar agency, elects to maintain the storm drainage and management facilities contained within the easements, or elects to maintain all such easements within the watershed where the easement is located. Otherwise, the Association may, but is not obligated to provide Upkeep for the stormwater management facilities and easements to the extent such Upkeep is not provided by the County. The Owner of any Lot on which there is located an easement for storm water drainage management or control shall be responsible for the following items of maintenance, where applicable: grass mowing with reasonable frequency and the removal of debris and other matter to the best of Owner's ability where such debris or matter has impeded or threatens to impede the free flow of storm water through drainage structures. Such Owner's responsibility shall include notification of the Association of (i) any defects in any fencing surrounding or within the easement; (ii) any debris or other matter which is beyond such Owner's ability to remove; and

(iii) any excessive erosion within the area of the easement. The Association shall have easements pursuant to Sections 3.1, 3.2 and 3.3 to enter upon any Lot to the extent necessary for Upkeep of such facilities.

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

(d) Other Services. To the extent determined to be reasonably necessary or desirable by the Board of Directors, the Association may provide trash collection, water or cable television or similar services to the Owners as a Common Expense or a Limited Common Expense, as appropriate.

(e) Shared Maintenance. The Board of Directors may enter into shared maintenance agreements to maintain areas whether or not located within the Property including but not limited to storm water management or drainage easements and facilities, landscaping, entrance features, signage, trails, sidewalks and areas along streets and roadways (including within public rights-of-way to the extent not maintained by the appropriate governmental authorities but not including street pavement areas).

Section 7.2. Upkeep by Owners.

(a) Individual Upkeep. Each Owner shall keep such Owner's Lot and all improvements located on the Lot in good order, condition and repair and in a clean and sanitary condition including without limitation all necessary grounds maintenance and snow removal, except as provided otherwise in this Declaration or otherwise a Supplementary Declaration. Each Owner shall maintain the utility laterals serving each Owner's Lot, even if located on Common Area. Each Owner shall also provide snow removal for any sidewalks located adjacent to such Owner's Lot, in accordance with local ordinances. Each Owner shall

perform these responsibilities in such manner as shall not unreasonably disturb or interfere with the other Owners. If any Owner shall fail to keep such Owner's Lot in as good repair and condition as when acquired (normal wear and tear excepted) and in a neat and orderly condition, consistent with such Rules and Regulations as the Board of Directors may promulgate, then the Board or the Covenants Committee may, pursuant to resolution, give notice to that Owner of the condition complained of, specifying generally the action to be taken to rectify that condition. If the Owner fails to take the actions specified or to otherwise rectify the condition within thirty days after the date the notice is given, or such other period as may be specified in the notice if the circumstances warrant a different period, the Board of Directors or the Covenants Committee shall have the right, pursuant to Sections 3.3 and 12.1(f) and any resolutions adopted by the Board of Directors or the Covenants Committee, to rectify that condition by taking such action (or by causing such action to be taken) as was specified in the notice. The costs incurred in rectifying the condition shall be assessed against such Owner's Lot in accordance with Sections 6.2(c) and 12.1. The Owner shall reimburse the Association within thirty days after delivery of a statement for such expenses from the Board.

(b) Streetlights. Each Owner shall install upon such Owner's Lot a street light or lamp post of a style approved by the Covenants Committee at each driveway entrance and in such location as designated by the Covenants Committee. Each such light shall operate with a photo electric cell and contain the minimum wattage as determined by the Covenants Committee. Each Owner shall be responsible for the daily operation and ongoing maintenance and replacement of such streetlight. If the Owner fails to operate and to maintain the streetlight in an operating manner, then the Association may do so at the Owner's sole expense, pursuant to Section 3.3, 6.2(c) and 12.1 hereof. The Board of Directors may also determine to maintain all streetlights, whether located on Lots or Common Area, as a Common Expense or as Limited Common Expense.

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

Section 7.4. Additions, Alterations or Improvements by the Board of Directors. Whenever in the judgment of the Board of Directors the Common Area shall require capital additions, alterations or improvements (other than for Upkeep) costing in the aggregate in excess of twenty percent of the total Annual Assessment for Common Expenses for that fiscal year during any

period of twelve consecutive months, the making of such additions, alterations or improvements shall require a Sixty-seven Percent Vote of the Owners pursuant to Section 14.4 hereof, and the Board of Directors shall assess all Owners benefited for the cost thereof as a Common Expense or a Limited Common Expense depending on the nature of the improvement. Any capital additions, alterations or improvements costing in the aggregate twenty percent or less of the total Annual Assessment for Common Expenses for that fiscal year or replacement items or items of Upkeep during any period of twelve consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute a Common Expense, a Limited Common Expense or a Recreational Facilities Expense depending on the nature of the improvements.

Section 7.5. Disclaimer of Liability. The Board of Directors, the Association, any Owner and the Declarant shall not be considered a bailee of any personal property stored or placed on the Common Area (including property located in vehicles parked on the Common Area), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible. The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for personal injury or property damage caused by the elements or 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. No diminution, offset or abatement of any Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Property by the Association or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any governmental authority. This section is not intended nor shall it be construed to relieve any insurer of its contractual obligations under any policy benefiting the Association or an Owner.

Section 7.6. Parking. All parking spaces located on the Common Area, if any, shall be used by the Owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine or as may be otherwise stated with respect to Additional Land in a Supplementary Declaration adding such Additional Land and in accordance with such reasonable Rules and Regulations regulating the same as the Board of Directors may adopt. The Association will not unreasonably interfere with the right of any Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, employees, agents or invitees to use the private streets

and roadways on the Common Area for both vehicular and pedestrian ingress and egress to and from such Owner's Lot; provided, however, the Board of Directors may limit the number of parking spaces used by one Owner, assign parking spaces as Reserved Common Area or designate guest parking. Unless otherwise specifically designated in this Declaration or any other agreement, the parking areas and driveways on each Owner's Lot are to be used and maintained solely by such Owner and such Owner's designees. The Declarant reserves the right to use a reasonable number of spaces during the Development period for sales and development purposes.

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

ARTICLE 8

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

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

Section 8.2. Restrictions on Use.

(a) No Waste. Nothing shall be done or kept on the Property which will increase the rate of insurance for the Common Area or any part thereof applicable for permitted uses without the prior written approval of the Board of Directors; including without limitation any activities which are unsafe or hazardous

with respect to any person or property. No Person shall permit anything to be done or kept on the Property which will result in the cancellation of any insurance on the Common Area or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the Property.

(b) Compliance with Laws. No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning and other ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Owner, the Association or the Declarant, whichever shall have the obligation for the Upkeep of such portion of the Property, and if the Association, then the cost of such compliance shall be a Common Expense or Limited Common Expense, as appropriate.

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

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

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

(f) Association Property. The Common Area shall be used only for the furnishing of the services and facilities for which the same is reasonably suited and which are incident to the use and occupancy of the Lots. The improvements located on the Common Area, if any, shall be used only for their intended

purposes. Except as otherwise expressly provided in the Association Documents, no Owner shall make any private, exclusive or proprietary use of any of the Common Area (except those areas, if any, designated as Reserved Common Area) without the prior written approval of the Board of Directors, and then only on a temporary basis. No Person shall engage or direct any employee of the Association on any private business of the Owner or otherwise direct, supervise or in any manner attempt to assert control over such employee during the hours such employee is employed by the Association.

(g) Signs. Except for such signs as may be posted by the Declarant or a Builder (as permitted by the Declarant) for promotional or marketing purposes or by the Association, no signs of any character shall be erected, posted or displayed in a location that is visible from the neighboring property that does not comply with Design Guidelines without the prior written approval of the Covenants Committee.

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

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

prior to the recordation of this Declaration or as approved by the Declarant, during the Development Period, or the Board of Directors thereafter.

(j) Temporary Structures. No structure of a temporary character, and no temporary trailer, tent, shack, barn, pen, kennel, run, stable or other temporary accessory building shall be erected, used or maintained on any Lot except in connection with construction or marketing activities by the Declarant or a Builder (as permitted by the Declarant) without the prior written approval of the Covenants Committee. All accessory structures must be approved in writing by the covenants committee.

(k) Cutting Trees. No live trees designated to be preserved in accordance with the tree preservation plan approved by the Fairfax County Urban Forestry Branch and incorporated into the subdivision plan and forms a part of the Proffers, as the same may be amended from time to time, ("Tree Plan"), may be removed, relocated, cut or destroyed without the prior written approval of the Covenants Committee and the Urban Forestry Branch or any successor agency. In addition to trees which must be preserved in accordance with the Tree Plan, no live trees with a diameter in excess of four inches, measured twelve inches above ground, nor trees in excess of two inches in diameter, similarly measured, which are generally known as flowering trees (such as dogwood or redbud) or as broad leaf evergreens (such as holly, laurel, or rhododendron), no live vegetation on slopes of greater than twenty percent gradient or marked "no cut" areas on approved site plans may be cut without the prior approval of the Covenants Committee unless necessary to construct improvements based on plans previously approved by the Covenants Committee. The Board of Directors shall adopt Rules and Regulations for cutting of trees to allow for selective clearing or cutting. Clearing upon any Lot shall not exceed 2,000 square feet, after issuance of the initial residential use permit for such Lot, without the prior approval of the Covenants Committee.

(l) Antenna. No exterior antenna shall be maintained upon the Property without the written approval of the Covenants Committee. Exterior satellite antenna dishes no larger than 24 inches in diameter are generally permitted, provided that such a satellite dish is affixed to the rear of the dwelling. Exterior satellite antenna dishes greater than 24 inches in diameter and amateur radio equipment generally will not be allowed upon the Property; provided, however, that the Covenants Committee may establish additional guidelines for antennas and such equipment as technology changes. Notwithstanding the foregoing, the Board of Directors may install and maintain an antenna, satellite dish or similar equipment on the Common Area to serve the Property. Any permitted exterior antenna, satellite dish, radio equipment or similar technological device must comply with applicable provisions of local government ordinances.

(m) Fences. Except for any fence installed by the Declarant or a Builder (if permitted by the Declarant) or by the Association, no fence shall be installed except with the prior written approval of the Covenants Committee.

(n) Vehicles. Except in connection with construction activities, no commercial vehicles (vehicles on which commercial lettering or equipment is visible or which are larger than normally used for noncommercial purposes) or trailers, campers, recreational vehicles, boats or other large vehicles, including grounds maintenance equipment, or ATVs, dune buggies, or trail bikes may be used on any portion of the Common Area or any portion of a Lot visible from the Common Area or another Lot or on any public right-of-way within or adjacent to the Property, unless expressly permitted by the Board of Directors and then only in such parking areas or for such time periods (if any) as may be designated for such purposes. Parking of all such vehicles and related equipment, other than on a temporary and non-recurring basis, shall be in garages or otherwise on the Owner's Lot to whom such vehicle belongs; provided, however, the Board of Directors may designate areas in which such vehicles shall be parked. The Board has no obligation to designate any such area. No junk or derelict vehicle or other vehicle on which current registration plates and current county and state inspection permits are not displayed shall be kept upon any portion of the Common Area or any portion of a Lot visible from the Common Area or another Lot or on any public right-of-way within or adjacent to the Property. Vehicle repairs are not permitted, except in accordance with the Rules and Regulations; provided, however, that noncommercial repair of vehicles is permitted as provided in the Rules and Regulations. All motor vehicles shall be driven only upon paved streets and parking lots. No motor vehicles shall be driven on Trails or unpaved portions of Common Area, except vehicles which are authorized by the Board of Directors as needed to maintain, repair or improve the Common Area. This prohibition shall not apply to normal vehicular use of designated streets and lanes constructed on Common Area.

(o) Animals. The maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited on any Lot or upon the Common Area, except for (i) the keeping of guide animals and reasonable number of orderly domestic pets (e.g., fish, dogs, cats or caged birds) is permitted subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding. Notwithstanding the foregoing, the Declarant may provide in Supplementary Declaration submitting large Lots to the Declaration for the maintenance of horses within the Property on such large Lots. Any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten days written notice from the Board of

Directors. Pets shall not be permitted upon the Common Area except for orderly domestic pets accompanied by someone who can control the pet and unless carried or leashed. Pet droppings shall be cleaned up by the Owner responsible for the pet being on the Property. Any Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Property. All pets shall be registered and inoculated as required by law. The appropriate governmental authorities shall have an easement across the Property to enforce local animal control laws and ordinances.

(q) Hunting. No hunting or trapping of any kind or discharge of any weapon or device shall be permitted.

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

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

(t) Lighting. No exterior lighting on a Lot shall be directed outside the boundaries of such Lot except for required driveway entrance lighting as provided in paragraph 7.2(b) above; typical residential flood lights directed toward the dwelling shall be permitted.

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

(v) Firearms. No firearms may be discharged within the Property except within areas designated by the Board of Directors, if any.

(w) Home Businesses. No Lot shall be used for any business, commercial, manufacturing, mercantile, storing, vending or other non-residential purpose; provided, however, that an Owner may maintain an office or home business in the dwelling constructed on such Owner's Lot if: (i) such office or business generates no significant number of visits or unreasonable parking usage (as determined by the Board of Directors) by clients, customers or other persons related to the business; (ii) no equipment or other items related to the business are stored, parked or otherwise kept on such Owner's Lot or the Property outside of an approved enclosure; (iii) such Owner has obtained

approvals for such use as may be required by the appropriate local governmental agency; and (iv) the Owner has obtained prior written approval of the Board of Directors. As a condition to such use, the Board may require the Owner to pay any increase in the rate of insurance or other costs for the Association which may result from such use.

(x) Minimum House Size. Unless otherwise provided in a Supplementary Declaration subjecting the Lot to the Declaration. Each primary dwelling constructed on a Lot must contain a minimum of 2,500 square feet of heated living space, above grade, exclusive of attics, basements, garages, patios, porches and decks. No dwelling shall be more than three stories above ground, unless a written variance has been granted by the Declarant, during the Development Period, or the Board of Directors thereafter.

(y) Ponds. Ponds or other bodies of water (generally referred to as "ponds") must be kept clean and free of debris and shall not be allowed to become a nuisance. To the extent such a pond is located on more than one Lot, the Owners of such Lots shall be jointly and severally responsible for the maintenance of such pond. If the Owner or Owners fail to maintain a pond in a satisfactory manner the Association may, but is not obligated to, enter the Lot in order to provide the necessary maintenance in accordance with the procedures of Section 7.2 of the Declaration. Any cost incurred by the Association shall become an Individual Assessment pursuant to the Subsections 6.2(c) and 12.1 of the Declaration upon the Lot or Lots so maintained.

(z) Swimming Pools. Above ground swimming pools are prohibited. All other swimming pools must be screened, fenced and approved in writing by the Declarant, during the Development Period, or the Covenants Committee thereafter.

(aa) Tennis Courts. All tennis courts must be screened, fenced, and dark green in color and must be approved in writing by the Declarant during the Development Period or the Covenants Committee thereafter.

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

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

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

Section 8.5. Leasing and Resale of Lots.

(a) Leasing. No dwelling or any portion thereof shall be used or occupied for revolving use, transient or hotel purposes or in any event leased for an initial period of less than six months. No portion of any dwelling (other than the entire dwelling) shall be leased for any period; provided, however, that a reasonable number of roommates is permitted. No Owner shall lease a Lot other than on a written form of lease: (i) requiring the lessee to comply with the Association Documents; and (ii) providing that failure to comply constitutes a default under the lease. The Board of Directors may suggest or require a standard form provision for use by Owners. The foregoing provisions of this subsection, except the restriction against use or occupancy for hotel or transient or revolving use purposes, shall not apply to Lots owned by the Association, by the Declarant or by a Mortgagee in possession of a Lot as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(b) Resale.

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

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

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

Section 8.6. Resubdivision. A Lot may be subdivided or altered so as to relocate the boundaries between such Lot and any adjoining Lot, only with the prior written approval of the Declarant, during the Development Period, or the Board of Directors thereafter, and with any required approvals by the Mortgagees of the affected Lots and the appropriate governmental authorities. This section is not intended to require the approval of the Declarant or the Board of Directors to deeds of correction, deeds to resolve boundary line disputes or similar corrective instruments, or deeds granting any easement, right-of-way or license to any governmental or public entity, utility, the Association or the Declarant for any purpose.

ARTICLE 9

ARCHITECTURAL REVIEW

Section 9.1. Covenants Committee.

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

invitees. If the Board of Directors fails to appoint a Covenants Committee, then the Board of Directors shall perform the duties of the Covenants Committee.

(b) Powers.

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

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

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

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

(5) The Covenants Committee shall propose Design Guidelines for approval by the Board of Directors. Such Design Guidelines approved by the Board of Directors (as the same may be amended by the Board of Directors from time to time) are hereby

incorporated by this reference and shall be enforceable as if set forth herein in full.

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

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

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

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

(a) Initial Construction. The Declarant shall have the right to adopt all initial Design Guidelines for the Property and review and approve or disapprove the plans for the initial construction of any structure to be located on the Property, including without limitation the site development plan, architectural design, architectural materials, landscaping plans, minimum square footage, floor 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. Such Design Guidelines, as the same may be amended from time to time, are hereby incorporated herein by this reference and shall be enforceable as if set forth herein in full. All additions and modifications to the Design Guidelines during the Development Period must be approved by the Declarant. In the alternative, the Declarant has the right to appoint an Initial Construction Committee, consisting of at least three persons to perform such tasks or at the Declarant's sole option the Declarant may delegate such tasks to the Covenants Committee. The Initial Construction Committee may establish its own applications and procedures and may charge a fee for its review. Decisions of the Initial Construction Committee are not appealable to the Board of Directors. The Declarant or the Initial Construction Committee has the right or power to waive enforcement or grant variances or exceptions from written Design Guideline in a written instrument stating the variance which shall be part of the records of the Association. Upon such written approval of any specific variance or exception from the requirements of the Design Guidelines, all development conforming to such variance or exception shall be deemed to comply. The Declarant may appoint the Initial Construction Committee during the Development Period. After the Development Period ends, the Initial Construction Committee shall cease to exist. If the Declarant does not delegate its powers hereunder to an Initial Construction Committee or the Modification and Rules Enforcement Committee, then the Declarant may perform the functions of the Initial Construction Committee. All costs and expenses of the Initial Construction Committee not covered by application fees shall be deemed a Common Expense.

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

Section 9.3. Compensation of the Covenants Committee. One or more members of the Covenants Committee, other than an Owner or an occupant of the Property may be compensated by the Association for their service on the Covenants Committee and for their technical or professional expertise as may be determined by the Board of Directors.

Section 9.4. Additions, Alterations or Improvements by the Owners.

(a) Approval.

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

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

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

(b) Limitations.

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

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

(c) Certificate of Compliance. Upon the completion of any construction or alteration in accordance with plans and specifications approved by the Covenants Committee, the Committee, at the request of the Owner thereof, shall issue a certificate of compliance which shall be prima facie evidence that such construction or alteration referenced in such certificate has been approved by the Committee. The certificate shall not be used and may not be relied upon for any other purpose, and shall not constitute a representation either as to the accuracy or sufficiency of the plans and specifications reviewed by the Committee or the quality or soundness of the construction, alterations or improvements as a substitute for governmental approvals or permits. The Committee may impose a reasonable charge to cover the costs of inspection and preparation of such a certificate.

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

ARTICLE 10

INSURANCE

Section 10.1. Authority to Purchase; Notice.

(a) The Board of Directors shall have the power and responsibility on behalf of the Association to: (i) purchase insurance policies relating to the Common Area or the Association; (ii) adjust all claims arising under such policies; and (iii) sign and deliver releases upon payment of claims. The cost of all insurance policies purchased by the Board relating to the Common Area shall be a Common Expense, Limited Common Expense, as appropriate. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverage required by this Article or for any loss or damage resulting from such failure: (i) if such failure is due to the unavailability of such coverage from reputable insurance companies; (ii) if such coverage are so available only at demonstrably unreasonable cost; or (iii) if the Association's insurance professionals advise that the coverage required by Section 10.2(b)(2) are unnecessary. Exclusive authority to negotiate losses under policies purchased by or on behalf of the Association shall be vested in the Board of Directors or its authorized representative. The Board of Directors shall promptly notify the Owners and Mortgagees of material adverse modifications, lapses or termination of, insurance coverage obtained on behalf of the Association.

(b) Each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Declarant, the Association, the Board of Directors, the managing agent, any Owner or any member of an Owner's household;

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

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

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

(d) The deductible or retained limit (if any) on any insurance policy purchased by the Board of Directors shall be a Common Expense (or a Limited Common Expense or a Recreational Facility Expense, as appropriate); provided, however, that the Association may, pursuant to Sections 6.2(c) and 12.1(a), assess any deductible amount necessitated by the misuse or neglect of an Owner against the Lot owned by such Owner.

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

Section 10.2. Physical Damage Insurance.

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

(b) Each such policy shall also provide:

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

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

replacement cost"; and F) "agreed amount" or "elimination of co-insurance" clause;

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

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

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

Section 10.3. Liability Insurance. The Board of Directors shall obtain and maintain commercial general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring the Association, each director, the managing agent, the members and the employees of the Association against any liability to the public or to any Owner or such Owner's tenant and such Owner's (or tenant's) household, guests, employees, agents and invitees arising out of, or incident to the ownership or care, custody, control and use of the Common Area or legal liability arising out of employment contracts of the Association. Such insurance shall be issued on a comprehensive liability basis and shall contain: (1) a cross-liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (2) hired and non-owned vehicle coverage; (3) host liquor liability coverage with respect to events sponsored by the Association; (4) deletion of the normal products exclusion with respect to events sponsored by the Association; and (5) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to an Owner because of negligent acts of the Association or of another Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than one million dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than two million dollars.

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

(a) adequate fidelity coverage to protect against dishonest acts on the part of directors, Officers, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association, including the managing agent. If the Association has delegated some or all of the responsibility for handling funds to a managing agent, such managing agent shall be covered by its own fidelity insurance; however the Board may determine to purchase additional fidelity coverage for the managing agent as well. Such fidelity insurance (except for fidelity insurance obtained by the managing agent for its own personnel) shall: (i) name the Association as an obligee; (ii) be written in an amount not less than one-fourth the total Annual Assessment for Common Expenses or the amount required by the Mortgagees, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression;

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

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

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

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

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

Section 10.5. Separate Insurance on Lots. Each Owner shall have the right to obtain insurance for such Owner's benefit, at such Owner's expense, covering the improvements located on such Owner's Lot and Owner's personal liability. No Owner shall acquire or maintain insurance coverage on the Common Area insured by the Association so as to: (i) decrease the amount which the Board of Directors may realize under any insurance policy maintained by the Board; or (ii) cause any insurance coverage

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

ARTICLE 11

RECONSTRUCTION AND REPAIR

Section 11.1. When Required.

(a) Common Area. Except as otherwise provided herein and if all or any part of any improvement located on the Common Area is damaged or destroyed by fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including without limitation any floor coverings, fixtures and appliances). If destruction of the improvements located on the Common Area is insubstantial, the Board of Directors may elect not to repair such insubstantial damage. Otherwise, any decision not to repair or restore improvements on the Common Area shall be made in accordance with Section 14.4. If damaged improvements are not repaired, then the Board of Directors shall remove all remnants of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Common Area and the balance of any insurance proceeds received on account of such damage shall be placed in the appropriate reserve account. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of improvements located on the Common Area for purposes other than the repair, replacement or reconstruction of such improvements except in accordance with this section and Section 14.4.

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

ARTICLE 12

COMPLIANCE AND DEFAULT

Section 12.1. Enforcement Provisions.

(a) Compliance. Each Owner and such Owner's household members, tenants, agents, guests, employees or invitees shall be governed by, and shall comply with, all of the terms of the

Association Documents and Rules and Regulations, as amended from time to time. A default by an Owner in complying with the Association Documents or the Rules and Regulations shall entitle the Association, acting through its Board of Directors or through the managing agent, to the following relief.

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

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

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

(e) Interest. If a default by any Owner in paying any sum assessed against such Owner's Lot continues for a period in excess of thirty days, interest from the due date at a rate not to exceed the lesser of the maximum permissible interest rate which may be charged by a Mortgagee under a Mortgage at such time or twelve percent per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid. The imposition of interest shall not

preclude collection of a late charge nor shall a late charge levied pursuant to Section 6.5 be considered interest subject to the limitations of this subsection.

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

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

(h) Charges and Suspension of Rights. The Board of Directors or the Covenants Committee, as appropriate, shall have the power to impose charges and to suspend the right to vote in the Association (pursuant to Section 3.2 of the Bylaws) and the right to use Common Area (other than for access or utilities) or other rights in the case of an Owner found to be responsible for a violation of the Association Documents or Rules and Regulations; provided, however, that the Board or Committee may not deny an Owner use of the Common Area for ingress or egress to such Owner's Lot or for utility services. The Board or Committee may suspend the right of an Owner or other occupant, and the right of such Person's household members, tenants, guests, employees or invitees to use the Common Area (other than for access or utilities) for a reasonable period not to exceed sixty

days, for any violation of any provision of any of the Association Documents or the Rules and Regulations or for any period during which any Assessment against an Owner's Lot remains unpaid. No such power shall be exercised until the Person charged with such a violation has been given notice and an opportunity for a hearing as set forth in Section 12.1(i); provided, however, that voting rights and the right to use the Common Area (other than for access or utilities) may be suspended due to non-payment of Assessments without giving the Person charged with the violation notice and an opportunity for a hearing. Charges may not exceed Fifty Dollars for each violation or Ten Dollars per day for each violation of a continuing nature or such greater amount as may be permitted by law. No charge may be imposed for failure to pay an Assessment except as otherwise provided in the Declaration. Charges are Individual Assessments and shall be collectible as such and shall also constitute a lien against a Lot in accordance with Section 12.2. The Board of Directors or Covenants Committee may determine to take certain other actions, including, without limitation, towing vehicles or performing Upkeep on a Lot pursuant to Sections 6.2 and 7.2 without providing a hearing. The Board or Committee may deliberate privately, but shall either announce its decision in the presence of the respondent or give the respondent notice thereof.

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

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

(2) Hearing. If the respondent is entitled to a hearing pursuant to Section 12.1(h) and requests in writing a hearing before any charge is imposed or action taken, then the imposition of the charge or the taking of the action shall be suspended until the respondent has an opportunity to be heard at a hearing at which the Board or Committee, as appropriate, discusses such charge or action. Each Person so appearing shall have the right to be represented by such Person's counsel, at such Person's own expense.

(3) Appeal. Upon receipt of a written request therefor made within ten days after the date of an action by the

Covenants Committee, the Board of Directors may afford any Person deemed by the Board to have standing as an aggrieved party the right to appeal to the Board, and the Board may reconsider, review, modify or reverse any action taken by the Committee.

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

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

Section 12.2. Lien for Assessments.

(a) Lien. In addition to any lien established by the POA ACT, the total Annual Assessment of each Owner for Common Expenses, including Limited Common Expenses, any Additional Assessment, any Individual Assessment or any other sum duly levied (including without limitation charges, interest, late charges, contractual charges, etc.), made pursuant to the Association Documents, is hereby declared to be a lien against any Lot owned by such Owner in accordance with this Declaration. Until fully paid and satisfied, the lien shall apply to and encumber all of the Lots that were owned, as of the date when payment was due, by the Owner from whom payment was due, and shall also apply to and encumber any and all Lots thereafter acquired by that Owner from the time such Owner becomes the Owner thereof. With respect to Annual Assessments, the lien is effective on the first day of each fiscal year of the Association and, as to Additional Assessments, Individual Assessments and other sums duly levied, the lien is effective ten days after the date of notice to the Owner of such Assessment or levy. The Board of Directors or the managing agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien by Section 55-516 of the POA Act. The lien created by this section shall be prior to all liens and encumbrances hereafter recorded except Mortgages, real estate taxes and other charges levied by governmental authority and made superior by law. The personal obligation of the Owner to pay such Assessment shall, in addition, remain such Owner's personal obligation and a suit to recover a money judgment for non-payment of any Assessment or installment thereof, levied pursuant hereto, may be maintained without foreclosing or waiving the lien herein created to secure the same.

(b) Acceleration. In any case where an Assessment against an Owner is payable in installments, upon a default by such Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such Assessment may be accelerated, at the option of the Board of Directors, and the entire balance of the Assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner.

(c) Enforcement. The lien for Assessments may be enforced and foreclosed in any manner permitted by the laws of Virginia or by an action in the name of the Board of Directors, or the managing agent, acting on behalf of the Association. Any such sale provided for herein is to be conducted in accordance with the provisions of Title 55, Sections 55-59.1 through 55-59.4 of the Code of Virginia (1950), as amended, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted or provided by law. During the pendency of any such action to enforce the Association lien, the Owner shall be required to pay a reasonable rental for the Lot for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the law. The Association shall have the power to bid on the Lot at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with such Lot.

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

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

would have become due (based on the budget adopted by the Association) in the absence of acceleration during the six months immediately preceding perfection of the lien.

ARTICLE 13

MORTGAGEES

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

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

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

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

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

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

ARTICLE 14

AMENDMENT: EXTRAORDINARY ACTIONS

Section 14.1. Amendment by the Declarant. During the Development Period, the Declarant may unilaterally, without the approval of the Association, or any Owner or Mortgagee or Secondary Mortgage Market Agency, amend any provision of this Declaration or any Supplementary Declaration to: (i) make non-material clarifying or corrective changes; (ii) satisfy the requirements the Proffers or other governmental approvals or of any government, governmental agency, Secondary Mortgage Market Agency or Mortgagee; (iii) reflect the relocation of boundary lines between the Common Area and any Lots or among any Lots; provided, however, that such relocation is reflected in an approved resubdivision of all or any part of the Property; (iv) add all or any portion of the Additional Land in accordance with Section 4.1; and (v) withdraw Submitted Land in accordance with Section 4.4.

Section 14.2. Amendment by the Association.

(a) Owner Approval. Subject to Sections 14.3, 14.4 and 14.5 the Association may amend this Declaration only with at least a Sixty-seven Percent Vote of the Owners or with the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes.

(b) Certification. An amendment by the Association shall not be effective until certified by the President as to compliance with the procedures set forth in this Article, signed

and acknowledged by the President and Secretary of the Association, and recorded among the Land Records. Any procedural challenge to an amendment must be made within one year after recordation.

(c) Supplementary Declarations. Amendment of a Supplementary Declaration is governed by the provisions for amendment contained therein and the requirements of Section 14.4. A Supplementary Declaration may not include provisions in conflict with the Declaration. Although the Declaration and Supplementary Declaration should be construed to give effect to both, in the case of conflicting provisions, the Declaration shall control.

Section 14.3. Prerequisites to Amendment. Written notice of any proposed amendment to this Declaration by the Association shall be sent to every Owner at least fifteen days before any action is taken. No amendment shall increase the financial obligations of an Owner in a discriminatory manner or further restrict development on existing Lots in a discriminatory manner. No amendment to the Declaration shall diminish or impair the rights of the Declarant during the Development Period under the Declaration without the prior written consent of the Declarant. No amendment to the Declaration shall diminish or impair the express rights of the Mortgagees under the Declaration without the prior written approval of at least Fifty-one Percent of the Mortgagees. No amendment may modify this Article or the rights of any Person hereunder without obtaining the approvals required by Subsections 14.4 (c) and (f). Except as specifically provided in the Declaration, no provision of the Declaration shall be construed to grant to any Owner or to any other Person any priority over any rights of Mortgagees.

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

(a) Material amendments to the Association Documents include any amendment adding, deleting or amending any provisions regarding:

- (1) Assessment obligations or Assessment liens;

(2) any method of imposing or determining any charges to be levied against Owners;

(3) reserves for maintenance, repair or replacement of the Common Area;

(4) Owners' maintenance obligations;

(5) allocation of rights to use the Common Area;

(6) reduction of insurance requirements;

(7) restoration or repair of the Common Area or Lots;

(8) the addition, annexation or withdrawal of land to or from the Property;

(9) voting rights (except to reduce Class B voting rights with the consent of the Class B Owner);

(10) restrictions affecting leasing of a Lot; or

(11) any provision which is for the express benefit of Mortgagees.

(b) Extraordinary actions of the Association include:

(1) determining not to require professional management after the Declarant Control Period, if professional management has been required by a Secondary Mortgage Market Agency;

(2) expanding the Association or amending Exhibit B to include land not previously described as Additional Land which increases the overall land area of the Property or described in Exhibit A and B by greater than ten percent in land area or increases the number of planned dwellings by greater than ten percent; and

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

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

(ii) dedicating a portion of the Common Area to a public authority;

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

(iv) leasing portions of the Common Area; and

(v) conveyances to an entity formed for similar purposes pursuant to a consolidation or merger.

(4) using insurance proceeds for purposes other than repair and reconstruction;

(5) making capital improvements (other than for Upkeep) costing in excess of ten percent in the aggregate of the total Annual Assessment for Common Expenses for the fiscal year, during any period of twelve consecutive months; or

(6) withdrawing land from the provisions of the Declaration, except as provided in Sections 4.4 and 15.1.

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

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

(e) The following additional material amendments and extraordinary actions must be approved by Owners entitled to cast at least seventy-five percent of the total number of votes in the Association, other than the Class B Owner during the Declarant Control Period, and the Class B Owner during the Development Period:

(1) amendment or addition of any provisions of the Association Documents regarding rights of first refusal or

similar restrictions on the right of Owners to sell, transfer or otherwise convey a unit;

(2) termination of the Declaration;

(3) dissolving, merging or consolidating the Association, except pursuant to a merger or consolidation with another nonprofit entity formed for purposes similar to the purposes for which the Association was formed; or

(4) conveyance of all the Common Area, except to an entity formed for similar purposes pursuant to a consolidation or a merger.

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

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

Section 14.5. County Approval. A number of provisions are contained within this Declaration to comply with the Proffers or conditions of subdivision approval applicable to the Property or the Additional Land. No amendment including an amendment withdrawing land as provided in Section 4.4 or otherwise, shall impair the right and authority of Fairfax County, Virginia to require compliance with the Proffers and subdivision approval conditions applicable to the Property without the prior written approval of the appropriate agency of the County. In addition, the Association shall not be dissolved except pursuant to merger or consolidation with an entity formed for similar purposes without the prior written approval of the appropriate agency of the County.

ARTICLE 15

TERMINATION

Section 15.1. Duration; Termination by the Association. The covenants and restrictions of this Declaration shall run with the land and bind the Property and be in full force and effect in perpetuity unless amended as provided above or terminated as hereinafter provided. Subject to Section 14.4, the Association may terminate this Declaration only with the approval of Owners entitled to cast at least seventy-five percent of the total number of votes. The termination shall not be effective until certified by the President as to compliance with the procedures set forth in this Article, signed and acknowledged by the President and Secretary of the Association and recorded among the Land Records. However, this Declaration may not be terminated without the approval of the appropriate agency of Fairfax County, Virginia. Also see Article 4 for provisions on withdrawing land.

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

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

ARTICLE 16

CONDEMNATION

Section 16.1. Definition. For the purposes of this Article, "Taking" means an acquisition of all or any part of the Common Area or of any interest therein or right accruing thereto as a result of in lieu of or in anticipation of the exercise of the right of condemnation or eminent domain, or a change of grade caused by the action of a governmental entity affecting the value of the Common Area or any part thereof so severely as to amount to condemnation.

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

ARTICLE 17

DISCLOSURE REGARDING GOLF COURSE

A golf course may be developed on adjacent property as a privately-owned commercial activity which will not be located within the Property and which may or may not be operated as a golf course. The owner of the golf course at any particular time shall have the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom the facilities on the golf course may be used. Ownership of a Lot or membership in the Association confers no special rights or membership in the golf course.

ARTICLE 18

COMMON DRIVEWAYS

Section 18.1. Definitions.

(a) "Common Driveways" shall be the areas within the Ingress and Egress Easements as shown on the plats of the Property attached to the Deeds of Dedication, Subdivision, and Easement for Lots.

(b) "Affected Lots" shall be the Lots that use the Common Driveways for access to the dwellings constructed on such Lots. Lots which are subject to the Ingress and Egress Easements but which do not use the Common Driveways for access to the dwelling constructed on such Lot are not Affected Lots and are not subject to the maintenance provisions of Section 18.4 of this Article, unless the Owners of such Lots, or their respective households, guests, tenants or agents make regular use of the Common Driveway.

Section 18.2. Restrictions.

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

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

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

Section 18.3. Maintenance, Damage or Destruction. In the event that any Common Driveway needs maintenance or is damaged or destroyed (including deterioration from ordinary wear and tear and lapse of time or preventative maintenance):

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

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

Section 18.4. Cost of Maintenance.

(a) Association Maintenance. If the Owners of Affected Lots do not perform all necessary maintenance, rebuilding and repairs to any Common Driveway, at the discretion of the Board of Directors or upon the request of a majority of the Owners of the Affected Lots, the Association may do so as their agent, using any funds escrowed for that Common Driveway and for levying Individual Assessments pursuant to this section and Section 6.2(c) against the Affected Lots served by such Common Driveway as may be needed to cover the cost of the work. The Individual Assessment may be levied prior to performing the work, based on a good faith estimate of the cost as determined by the Board of Directors. If the Board of Directors so determines, the Board may establish an escrow fund and levy an assessment against the Owners of Affected Lots not to exceed a maximum annual charge computed as follows: \$.25 multiplied by the number of square feet of paved area within the pertinent Common Driveway divided by the number of Affected Lots for that Common Driveway. This maximum charge shall be increased by ten percent each fiscal year.

(b) Lien. If established, the annual charge shall be paid with and be a part of the first payment of the regular assessment in each fiscal year, and shall be subject to the same penalty, interest, lien, and other provisions as the regular assessment. The failure of any Owner to pay the annual charge within thirty days from the start of each fiscal year shall result in an assessment lien against such Owner's Lot.

(c) Escrow. The Association shall hold any annual charge in escrow and shall maintain a separate accounting for the escrowed funds for each Common Driveway.

(d) Right to Contribution. Rights and duties of contribution set forth in this Article and any such rights and duties arising under the laws of Virginia shall run with the land and bind successors in interest. This Article shall not prejudice any right of a successor in interest to recover any amount from a predecessor in title for which such predecessor was liable. Any rights of contribution set forth in this Article shall constitute a lien in favor of any Owner entitled to contribution against any Owner obligated to pay such contribution. Until fully paid and satisfied, the lien shall apply to and encumber all of the Lots that were owned, as of the date when payment was due, by the Owner from whom payment was due, and shall also apply to and encumber any and all Lots

thereafter acquired by that Owner from the time such Owner becomes the Owner thereof. The lien created by this section shall be prior to all liens and encumbrances except Mortgages, real estate taxes and other charges levied by governmental authority made superior by law and the Association's lien established pursuant to Section 12.2.

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

BALMORAL ASSOCIATES, L.L.C., a Virginia limited liability company

By: [Signature]
Name: Ahmad Abdul Baki
Title: Co. Manager

BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC. a Virginia nonstock corporation

By: [Signature]
Name: Gerald L. Henson, Jr.
Title: President

County OF Fairfax
State OF Virginia .ss:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Ahmad Abdul Baki, as Co-Manager of BALMORAL ASSOCIATES, L.L.C., whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized agent of the company.

GIVEN under my hand and seal on May 17, 1996

[Signature] [SEAL]
Notary Public

My commission expires: 4/30/98

County OF Fairfax
State OF Virginia

SS:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Gerald Benson Jr., as President of BALMORAL GREENS HOMEOWNERS 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 Association.

GIVEN under my hand and seal on 17 of May, 1996

Tracy C. Weston (SEAL)
Notary Public

My commission expires: 4/30/98

EXHIBIT A

DESCRIPTION OF SUBMITTED LAND

Lots One Hundred Six (106) through One Hundred Thirty-Seven (137), both inclusive, and Parcels A, B, C, D and E, Section One (1), Balmoral Greens, as the same appear duly platted, subdivided and recorded in Deed Book 9782 at Page 1215 among the land records of Fairfax County, Virginia.

EXHIBIT B

DESCRIPTION OF ADDITIONAL LAND

January 16, 1996

DESCRIPTION OF
REMAINDER OF PARCEL "A",
BALMORAL
SPRINGFIELD DISTRICT
FAIRFAX COUNTY, VIRGINIA

Beginning at a point on the southerly line of Compton Road (Route 658) marking the Northwesterly corner of Lot 5-A, Ivakota; thence departing Compton Road and running with the Westerly and Southerly lines of the said Ivakota, the following courses: South 20 degrees 25 minutes 06 seconds West for a distance of 635.40 feet; South 55 degrees 17 minutes 55 seconds West for a distance of 327.56 feet; South 00 degrees 32 minutes 40 seconds West for a distance of 120.00 feet; South 86 degrees 00 minutes 33 seconds East for a distance of 81.55 feet; South 26 degrees 57 minutes 47 seconds West for a distance of 114.69 feet and South 63 degrees 02 minutes 13 seconds East for a distance of 450.00 feet to a point on the Westerly line of Lot 8, Whippoorwill; thence running with the Westerly lines of the said Whippoorwill and continuing with Clifton Ridge Lot 10 South 26 degrees 57 minutes 47 seconds West for a distance of 2246.47 feet and South 19 degrees 51 minutes 19 seconds East for a distance of 452.27 feet to a point marking the northernmost corner of Lot 1, Ivakota Ridge; thence running with the lines of the said Ivakota Ridge South 17 degrees 09 minutes 31 seconds West for a distance of 1597.04 feet and South 85 degrees 53 minutes 38 seconds East for a distance of 1036.84 feet to a point on the Westerly Line of Virginia Electric and Power Company (VEPCO); thence with the Westerly line of VEPCO South 19 degrees 20 minutes 26 seconds East for a distance of 744.39 feet to a point on the Northerly line of Southern Railroad; thence running with the northerly lines of Southern Railroad the following courses: South 79 degrees 30 minutes 47 seconds West for a distance of 549.14 feet; along a curve to the left having a radius of 1482.69 feet and an arc length of 525.81 feet, being subtended by a chord of South 68 degrees 40 minutes 51 seconds West for a distance of 523.06 feet; South 57 degrees 33 minutes 57 seconds West for a distance of 408.28 feet; along a curve to the right having a radius of 2814.93 feet and an arc length of 430.61 feet, being

subtended by a chord of South 62 degrees 54 minutes 14 seconds West for a distance of 430.19 feet; South 81 degrees 07 minutes 13 seconds West for a distance of 308.16 feet; along a curve to the left having a radius of 1108.01 feet and an arc length of 378.93 feet, being subtended by a chord of South 71 degrees 19 minutes 23 seconds West for a distance of 377.09 feet; South 61 degrees 31 minutes 32 seconds West for a distance of 256.90 feet; along a curve to the right having a radius of 1106.28 feet and an arc length of 51.88 feet, being subtended by a chord of South 62 degrees 52 minutes 09 seconds West for a distance of 51.88 feet; South 71 degrees 55 minutes 20 seconds West for a distance of 148.41 feet; North 18 degrees 04 minutes 40 seconds West for a distance of 20.00 feet; along a curve to the right having a radius of 2794.93 feet and an arc length of 578.68 feet, being subtended by a chord of South 77 degrees 51 minutes 13 seconds West for a distance of 577.65 feet; along a curve to the right having a radius of 971.20 feet and an arc length of 7.39 feet, being subtended by a chord of South 83 degrees 51 minutes 39 seconds West for a distance of 7.39 feet to a point marking the Southeasterly corner of the Northern Virginia Regional Park Authority; thence departing the Southern Railroad and running with the Easterly lines of the said Park Authority the following courses: North 00 degrees 06 minutes 19 seconds West for a distance of 493.93 feet; North 83 degrees 23 minutes 10 seconds East for a distance of 758.88 feet; North 29 degrees 06 minutes 05 seconds West for a distance of 1467.26 feet; North 63 degrees 36 minutes 49 seconds West for a distance of 88.95 feet; South 79 degrees 09 minutes 15 seconds West for a distance of 128.35 feet; North 60 degrees 44 minutes 39 seconds West for a distance of 46.32 feet; South 64 degrees 20 minutes 00 seconds West for a distance of 53.15 feet; North 74 degrees 13 minutes 53 seconds West for a distance of 230.00 feet; North 40 degrees 20 minutes 29 seconds West for a distance of 247.68 feet; North 84 degrees 24 minutes 24 seconds West for a distance of 81.22 feet; North 48 degrees 32 minutes 18 seconds West for a distance of 205.73 feet; South 68 degrees 38 minutes 57 seconds West for a distance of 75.00 feet; South 43 degrees 46 minutes 39

seconds West for a distance of 90.82 feet; South 79 degrees 35 minutes 40 seconds West for a distance of 80.06 feet; South 33 degrees 49 minutes 19 seconds West for a distance of 136.93 feet; South 06 degrees 30 minutes 14 seconds East for a distance of 323.80 feet; North 59 degrees 35 minutes 06 seconds West for a distance of 1170.26 feet; North 61 degrees 51 minutes 11 seconds West for a distance of 2768.72 feet; North 05 degrees 43 minutes 56 seconds West for a distance of 5197.29 feet to a point; thence running with the lines of the said Park Authority and continuing with the lines of David L. Hunter the following courses: North 87 degrees 43 minutes 03 seconds East for a distance of 1661.47 feet; North 10 degrees 02 minutes 46 seconds West for a distance of 889.81 feet; North 35 degrees 54 minutes 08 seconds West for a distance of 1191.14 feet and North 53 degrees 04 minutes 41 seconds East for a distance of 477.32 feet to a point; thence running with the lines of Hunter and Blackwell South 75 degrees 18 minutes 49 seconds East for a distance of 1210.45 feet to a point on the Southwesterly line of the aforementioned Compton Road; thence with the Southwesterly lines of Compton Road the following courses: along a curve to the right having a radius of 2178.12 feet and an arc length of 83.33 feet, being subtended by a chord of South 46 degrees 25 minutes 30 seconds East for a distance of 83.32 feet; South 45 degrees 19 minutes 44 seconds East for a distance of 176.79 feet; along a curve to the left having a radius of 1377.40 feet and an arc length of 92.86 feet, being subtended by a chord of South 47 degrees 15 minutes 40 seconds East for a distance of 92.84 feet; South 49 degrees 11 minutes 30 seconds East for a distance of 198.80 feet; South 42 degrees 23 minutes 47 seconds East for a distance of 101.42 feet; along a curve to the left having a radius of 4159.00 feet and an arc length of 203.32 feet, being subtended by a chord of South 50 degrees 36 minutes 34 seconds East for a distance of 203.30 feet and South 10 degrees 19 minutes 04 seconds East for a distance of 41.38 feet to a point on the Westerly right-of-way line of Balmoral Greens Avenue as recorded in Deed Book 9494 at Page 983 among the Land Records of Fairfax County, Virginia; thence running with the Westerly lines of Balmoral Greens

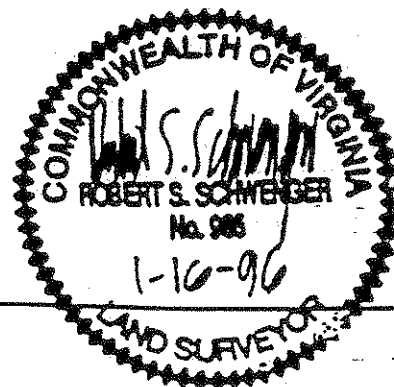
Avenue the following courses: along a curve to the right having a radius of 1030.77 feet and an arc length of 351.29 feet, being subtended by a chord of South 52 degrees 25 minutes 04 seconds West for a distance of 349.59 feet; along a curve to the right having a radius of 1543.18 feet and an arc length of 166.47 feet, being subtended by a chord of South 65 degrees 16 minutes 18 seconds West for a distance of 166.39 feet; along a curve to the right having a radius of 733.17 feet and an arc length of 133.09 feet, being subtended by a chord of South 73 degrees 33 minutes 45 seconds West for a distance of 132.91 feet; along a curve to the left having a radius of 720.00 feet and an arc length of 859.03 feet, being subtended by a chord of South 44 degrees 35 minutes 00 seconds West for a distance of 808.98 feet; along a curve to the right having a radius of 1000.00 feet and an arc length of 680.07 feet, being subtended by a chord of South 29 degrees 53 minutes 10 seconds West for a distance of 667.04 feet; along a curve to the left having a radius of 1120.00 feet and an arc length of 776.82 feet, being subtended by a chord of South 29 degrees 29 minutes 56 seconds West for a distance of 761.34 feet; South 09 degrees 37 minutes 45 seconds West for a distance of 786.84 feet; along a curve to the left having a radius of 2201.54 feet and an arc length of 550.78 feet, being subtended by a chord of South 02 degrees 27 minutes 43 seconds West for a distance of 549.35 feet; along a curve to the left having a radius of 666.62 feet and an arc length of 159.75 feet, being subtended by a chord of South 11 degrees 34 minutes 13 seconds East for a distance of 159.36 feet; along a curve to the right having a radius of 690.00 feet and an arc length of 159.72 feet, being subtended by a chord of South 11 degrees 48 minutes 15 seconds East for a distance of 159.36 feet; South 05 degrees 10 minutes 22 seconds East for a distance of 398.78 feet; along a curve to the right having a radius of 920.00 feet and an arc length of 123.37 feet, being subtended by a chord of South 01 degrees 19 minutes 53 seconds East for a distance of 123.28 feet; South 87 degrees 29 minutes 23 seconds East for a distance of 60.00 feet to a point marking the Southwesterly corner of Balmoral Golf Association L.C.; thence running with the Southerly lines of Balmoral Golf Association

L.C. the following courses: North 79 degrees 24 minutes 20 seconds East for a distance of 697.77 feet; South 17 degrees 16 minutes 53 seconds East for a distance of 504.37 feet; South 47 degrees 11 minutes 22 seconds East for a distance of 459.08 feet; North 83 degrees 25 minutes 51 seconds East for a distance of 69.22 feet; North 21 degrees 03 minutes 01 seconds East for a distance of 333.95 feet; North 88 degrees 47 minutes 06 seconds East for a distance of 147.99 feet; South 66 degrees 18 minutes 50 seconds East for a distance of 357.49 feet; North 87 degrees 27 minutes 35 seconds East for a distance of 425.55 feet; North 39 degrees 22 minutes 31 seconds East for a distance of 169.55 feet; North 45 degrees 33 minutes 44 seconds East for a distance of 265.04 feet; North 53 degrees 11 minutes 53 seconds East for a distance of 319.07 feet; North 85 degrees 22 minutes 04 seconds East for a distance of 162.85 feet; North 18 degrees 27 minutes 37 seconds East for a distance of 88.49 feet; North 16 degrees 38 minutes 11 seconds West for a distance of 57.62 feet; North 50 degrees 56 minutes 31 seconds West for a distance of 71.59 feet; North 31 degrees 45 minutes 27 seconds West for a distance of 56.99 feet; North 09 degrees 43 minutes 28 seconds East for a distance of 37.77 feet; North 65 degrees 34 minutes 02 seconds East for a distance of 19.35 feet; North 50 degrees 06 minutes 20 seconds West for a distance of 512.93 feet; North 00 degrees 48 minutes 36 seconds West for a distance of 328.40 feet; North 73 degrees 28 minutes 11 seconds East for a distance of 269.77 feet; North 89 degrees 27 minutes 42 seconds East for a distance of 289.25 feet to a point on the Westerly line of Parcel "F", Southern Knoll Farms; thence running with the lines of the said Parcel "F", Southern Knoll Farms the following courses: South 16 degrees 06 minutes 04 seconds West for a distance of 179.15 feet and South 66 degrees 17 minutes 10 seconds East for a distance of 175.50 feet to a point on the centerline of Union Mill Road (Route 659); thence running with the centerline of Union Mill Road the following courses: South 13 degrees 44 minutes 19 seconds West for a distance of 43.32 feet; South 13 degrees 31 minutes 37 seconds West for a distance of 208.04 feet; South 02 degrees 16 minutes 33 seconds West for a distance of 86.95 feet and South 07

degrees 01 minutes 11 seconds East for a distance of 69.47 feet to a point; thence running through Union Mill Road South 65 degrees 32 minutes 42 seconds West for a distance of 14.25 feet to a point on the westerly line of Union Mill Road; thence with the Westerly line and the terminus of Union Mill Road South 08 degrees 10 minutes 38 seconds East for a distance of 116.70 feet and North 86 degrees 09 minutes 34 seconds East for a distance of 27.25 feet to a point marking the Southwesterly corner of Parcel "E", Southern Knoll Farms; thence with the Southerly line of Southern Knoll Farms also being with the meanders of Johnny Moore Creek the following courses: North 84 degrees 57 minutes 02 seconds East for a distance of 34.99 feet; North 43 degrees 06 minutes 31 seconds East for a distance of 127.90 feet; North 69 degrees 41 minutes 30 seconds East for a distance of 131.32 feet; South 05 degrees 31 minutes 43 seconds West for a distance of 66.33 feet; South 70 degrees 53 minutes 43 seconds East for a distance of 67.04 feet; North 62 degrees 20 minutes 27 seconds East for a distance of 50.50 feet; North 23 degrees 34 minutes 56 seconds East for a distance of 186.75 feet; South 89 degrees 03 minutes 51 seconds East for a distance of 90.82 feet; South 19 degrees 41 minutes 03 seconds East for a distance of 35.00 feet; South 84 degrees 04 minutes 56 seconds East for a distance of 125.66 feet; North 49 degrees 15 minutes 24 seconds East for a distance of 109.01 feet; North 54 degrees 27 minutes 42 seconds East for a distance of 78.94 feet; North 09 degrees 39 minutes 55 seconds East for a distance of 41.04 feet; North 49 degrees 44 minutes 12 seconds East for a distance of 66.49 feet; North 19 degrees 12 minutes 01 seconds East for a distance of 80.61 feet; North 65 degrees 50 minutes 50 seconds East for a distance of 37.48 feet; South 62 degrees 36 minutes 49 seconds East for a distance of 94.43 feet; South 87 degrees 06 minutes 11 seconds East for a distance of 93.97 feet; South 50 degrees 03 minutes 56 seconds East for a distance of 83.68 feet; South 80 degrees 57 minutes 43 seconds East for a distance of 138.34 feet; North 68 degrees 38 minutes 32 seconds East for a distance of 40.00 feet; North 66 degrees 49 minutes 39 seconds East for a distance of 32.02 feet; North 34 degrees 47 minutes 01 seconds East

for a distance of 91.54 feet; North 59 degrees 36 minutes 05 seconds East for a distance of 83.04 feet; South 76 degrees 14 minutes 02 seconds East for a distance of 57.44 feet; North 25 degrees 10 minutes 46 seconds East for a distance of 57.38 feet; North 68 degrees 38 minutes 32 seconds East for a distance of 47.00 feet; South 35 degrees 22 minutes 16 seconds East for a distance of 46.40 feet; North 67 degrees 14 minutes 06 seconds East for a distance of 98.40 feet; South 40 degrees 22 minutes 16 seconds East for a distance of 63.64 feet; North 88 degrees 30 minutes 23 seconds East for a distance of 359.00 feet; North 31 degrees 27 minutes 15 seconds East for a distance of 68.96 feet; North 50 degrees 54 minutes 39 seconds East for a distance of 75.29 feet; North 66 degrees 56 minutes 56 seconds West for a distance of 251.83 feet to a point marking the Southeast corner of Marie Y. Ma, et al.; thence running with the Easterly lines of Ma the following courses: North 00 degrees 23 minutes 14 seconds East for a distance of 588.59 feet; North 72 degrees 50 minutes 03 seconds East for a distance of 264.90 feet and North 01 degrees 03 minutes 32 seconds West for a distance of 108.11 feet to a point on the Southerly line of the aforementioned Compton Road; thence running with the Southerly lines of Compton Road the following courses: along a curve to the left having a radius of 134.27 feet and an arc length of 182.91 feet, being subtended by a chord of South 41 degrees 05 minutes 32 seconds East for a distance of 169.09 feet; South 80 degrees 07 minutes 08 seconds East for a distance of 1496.01 feet; South 78 degrees 32 minutes 52 seconds East for a distance of 434.83 feet and South 81 degrees 15 minutes 32 seconds East for a distance of 25.34 feet to the point of beginning containing 884.17928 acres of land.

Given under my hand this 16th day of January, 1996.



FIRST AMENDED DECLARATION
FOR BALMORAL GREENS

THIS FIRST AMENDED DECLARATION FOR BALMORAL GREENS is made as of December 17, 1996 by BALMORAL ASSOCIATES, L.L.C ("Declarant"), a Virginia limited liability company, and BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC. ("Association"), a Virginia nonstock corporation.

RECITALS

R-1 WHEREAS, the Declarant and the Association executed and recorded the Declaration for Balmoral Greens ("Initial Declaration") dated May 17, 1996 and recorded August 16, 1996 in Deed Book 9783 at Page 637 among the land records for Fairfax County, Virginia ("Land Records"), submitting certain real estate further described in the Initial Declaration to the covenants, charges, restrictions, easements and liens contained in the Initial Declaration;

R-2 WHEREAS, the Declarant and the Association desire to amend the Initial Declaration;

R-3 WHEREAS, the Declarant is a Member of the Association and is currently entitled to cast more than sixty-seven percent (67%) of the total number of votes of the Owners;

R-4 WHEREAS, Section 14.2(a) of the Initial Declaration allows the Association to amend the Initial Declaration with the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes and members entitled to cast sixty-seven percent of the total number of votes have consented to this amendment;

R-5 WHEREAS, pursuant to Section 14.2(b) of the Initial Declaration, the President of the Association has certified that the amendment is in compliance with the procedures set forth in the Initial Declaration;

R-6 WHEREAS, there are presently no Mortgagees as such term is defined in the Initial Declaration;

NOW THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Declarant and the Association hereby amend the Initial Declaration as set forth below.

1. Article 8, Section 8.2(o) of the Initial Declaration shall be replaced with the following language:

(o) Animals. The maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind,

RETURN TO: Balmoral Associates, L.L.C
8614 Westwood Center Drive
Suite 900
Vienna, VA 22182
ATTN: M.B. HANLEY

C O C C I D O C C

regardless of number, is prohibited on any Lot or upon the Common Area, except for the keeping of guide animals and a reasonable number of orderly domestic pets (e.g. fish, dogs, cats or caged birds) is permitted subject to the Rules and Regulations adopted by the Board of Directors; provided however, that such animals are not kept or maintained for commercial purposes or for breeding.

Notwithstanding the foregoing, Owners of Lots which are two acres or greater in Sections 1 and 3, may keep trained, domesticated horses for private recreational use on their Lot, provided that an application for approval therefor is approved by the Board of Directors or other appropriate committee as determined by the Board of Directors. In no event shall any Owner be permitted to keep or maintain more than two (2) horses on such Lot at any one time. Such horses shall not be kept, maintained, used or trained for any commercial purposes whatsoever, including without limitation, the boarding of horses owned by other parties, the training of horses for commercial purposes, the breeding of horses, the riding of horses by the general public, or any other use, purpose or activity which is not private and recreational in nature on the part of the Owner of the subject Lot or of such Owner's family members and social guests. All horses must be kept within an enclosed fence area, approved in accordance with this Declaration and the applicable Rules and Regulations adopted by the Board of Directors. Any droppings or other debris left by any horse on any portion of the Property must be promptly removed and cleaned up by the Owner of the Lot upon which such horse is kept. Horses under the control of an Owner or an Owner's guest are permitted upon the Common Areas designated as Equestrian Trails and an owner may hand-walk a horse upon such other Common Areas as are reasonably necessary to access such Equestrian Trails.

Any animal causing or creating a nuisance or unreasonable disturbance or noise must be permanently removed from the Property by the Owner upon ten days written notice from the Board of Directors. Animals shall not be permitted upon the Common Area except orderly domestic animals accompanied by someone who can control the animal and unless carried or leashed. Animal droppings shall be cleaned up by the Owner responsible for the animal being on the Property. Any Owner who keeps or maintains any animal upon any portion of the Property shall be deemed to have agreed to indemnify and to hold the Association, each Owner and the Declarant free and harmless from any loss, claim, liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Property. All animals shall be registered and inoculated as required by law. The appropriate governmental authorities shall have an easement across the Property to enforce local animal control laws and ordinances.

2. Article 18 of the Initial Declaration shall be replaced in its entirety with the following language:

COMMON DRIVEWAYS

Section 18.1. Definitions.

(a) "Common Driveways" shall be the areas within the Ingress and Egress Easements as shown on the plats of the Property attached to the Deeds of Dedication, Subdivision, and Easement for Lots.

(b) "Affected Lots" shall be the Lots that use the Common Driveways for access to the dwellings constructed on such Lots. Lots which are subject to the Ingress and Egress Easements but which do not use the Common Driveways for access to the dwelling constructed on such Lot are not Affected Lots.

Section 18.2. Restrictions.

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

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

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

(d) Easements and Right of Access. The Association shall have a perpetual easement and right of access over the Common Driveways for any reasonable purpose related to the performance of any of its maintenance or service responsibilities set forth herein.

Section 18.3. Maintenance, Damage or Destruction; Responsibilities and Powers of Association.

(a) In the event that any Common Driveway needs maintenance or is damaged or destroyed, the Association shall have the obligation to maintain, repair, and rebuild such Common Driveway at the expense of the Association, unless the act or omission which causes the damage or destruction is through the act or omission of an Owner, such Owner's household or any of such Owner's guests, employees, tenants, agents or invitees (whether

or not such act or omission is negligent or otherwise culpable); in such a case, the Board reserves the power to (a) require the Owner to maintain, rebuild and repair the Common Driveway without cost to the Association or the other Owners of Affected Lots served by that Common Driveway or (b) cause the remedial work to be performed by the Association and to levy an Individual Assessment against the Owner for all costs therefor, including administrative and legal fees.

(b) The Association shall be responsible for the provision of trash and snow removal services for the benefit of the Owners of the Affected Lots at the expense of the Association. The Board reserves the power to determine the nature and manner in which those services shall be delivered.

3. Except as expressly amended herein, all of the terms of the Initial Declaration are hereby confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant and the Association have executed this First Amended Declaration for Balmoral Greens.

BALMORAL ASSOCIATES, L.L.C, a Virginia limited liability company

By: _____

Name:

Title:

Jeffrey Sneider
Jeffrey Sneider
Owner

BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC., a Virginia nonstock corporation

By: _____

Name:

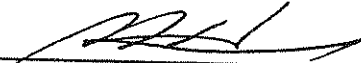
Title:

Brian D. Pressman
BRIAN D. PRESSMAN,
PRESIDENT

STATE OF Virginia :
COUNTY OF Fairfax :

I, the undersigned Notary Public in and for the county and state aforesaid, do hereby certify that Jeffrey Sneider, on behalf of BALMORAL ASSOCIATES, L.L.C, whose name is signed to the foregoing First Amended Declaration bearing the date of the 17th day of December, 1996, has acknowledged the same before me in my county aforesaid.

Given under my hand this 17th day of December, 1996.



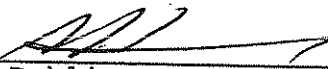
Notary Public

My Commission Expires:
3-31-2000

STATE OF Virginia :
COUNTY OF Fairfax :

I, the undersigned Notary Public in and for the county and state aforesaid, do hereby certify that Brian D. Pressman, on behalf of BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC., whose name is signed to the foregoing First Amended Declaration bearing the date of the 17th day of December, 1996, has acknowledged the same before me in my county aforesaid.

Given under my hand this 17th day of December, 1996.



Notary Public

My Commission Expires:
3-31-2000

CONSENT OF MORTGAGEE TO
FIRST AMENDED DECLARATION
FOR BALMORAL GREENS

THIS CONSENT OF MORTGAGEE is made as of December 17, 1996, by CHEVY CHASE BANK, F.S.B. ("Mortgagee"); and David PETERSON and Dennis COOMBE, TRUSTEES, either of whom may act ("Trustees").

WITNESSETH THAT:

The undersigned ("Mortgagee") as beneficiary under a certain Deed of Trust dated March 28, 1996, and recorded in Deed Book 9663 at Page 261 among the land records of Fairfax County, Virginia ("Land Records") as the foregoing may be amended or supplemented from time to time, ("Mortgage") hereby consents to: the execution and recordation of the foregoing First Amended Declaration ("First Amended Declaration") for Balmoral Greens, dated December 17, 1996, and recorded in Deed Book _____, at Page _____ among the Land Records and for such purposes hereby directs the Trustees under the Mortgage to join in the execution and delivery hereof.

IN WITNESS WHEREOF, the undersigned, CHEVY CHASE BANK, F.S.B., has caused this Consent of Mortgagee to be executed pursuant to due and proper authority as of the date first set forth above.

MORTGAGEE:

CHEVY CHASE BANK, F.S.B.

By: Benjamin L. Boole
Name: Benjamin L. Boole
Title: Vice President

STATE OF Maryland
COUNTY OF Montgomery

I, the undersigned Notary Public in and for the county and state aforesaid, do hereby certify that Benjamin L. Poole, on behalf of CHEVY CHASE BANK, F.S.B., whose name is signed to the foregoing Consent of Mortgagee bearing the date of the 17th day of December, 1996, has acknowledged the same before me in my county aforesaid.

Given under my hand this 17th day of December, 1996.

Richard S. Moskowitz
Notary Public

My Commission Expires:
January 20, 1997

The undersigned Trustees, either of whom may act, join in at the request of the Mortgagee as evidenced above, without liability or obligation, for the sole purpose of consenting to the terms of the First Amended Declaration.

TRUSTEES:
David Peterson
DAVID PETERSON

Dennis Coombe
DENNIS COOMBE

STATE OF Maryland :
COUNTY OF Montgomery :

I, the undersigned Notary Public in and for the county and state aforesaid, do hereby certify that DAVID PETERSON, Trustee, whose name is signed to the foregoing Consent of Mortgagee bearing the date of the 17th day of December, 1996, has acknowledged the same before me in my county aforesaid.

Given under my hand this 17th day of December, 1996.

Deborah S. Heston
Notary Public

My Commission Expires:

January 20, 1997

STATE OF _____ :
COUNTY OF _____ :

I, the undersigned Notary Public in and for the county and state aforesaid, do hereby certify that DENNIS COOMBE, Trustee, whose name is signed to the foregoing Consent of Mortgagee bearing the date of the _____ day of _____, 1996, has acknowledged the same before me in my county aforesaid.

Given under my hand this _____ day of _____, 199 .

Notary Public

My Commission Expires:

PRESIDENT'S CERTIFICATION
OF COMPLIANCE WITH PROCEDURES
FOR BALMORAL GREENS

WHEREAS, the BALMORAL ASSOCIATES, L.L.C. ("Declarant") and BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC. (the "Association") executed and recorded the Declaration for Balmoral Greens ("Initial Declaration") dated May 17, 1996 and recorded August 16, 1996 in Deed Book 9783 at Page 637 among the land records for Fairfax County, Virginia ("Land Records"), submitting certain real estate further described in the Initial Declaration to the covenants, charges, restrictions, easements and liens contained in the Initial Declaration;

WHEREAS, the Declarant and the Association desire to amend the Initial Declaration;

WHEREAS, pursuant to Section 14.2(b) of the Initial Declaration, the President of the Association is required to certify that the amendment is in compliance with the procedures set forth in the Initial Declaration;

NOW THEREFORE, Brian D. Pressman, as president of Balmoral Greens Homeowners Association, hereby certifies that the First Amended Declaration for Balmoral Greens is in compliance with the procedures set forth in Section 14.2(b) of the Declaration for Balmoral Greens, dated May 17, 1996, and recorded in Deed Book 9783 at Page 637 of the Fairfax County Land Records.

WITNESS the following signatures and seals.

Brian D. Pressman
President

President, Balmoral Greens Homeowners Association

STATE OF Virginia :
COUNTY OF Fairfax :

I, the undersigned Notary Public in and for the county and state aforesaid, do hereby certify that Brian D. Pressman, president of Balmoral Greens Homeowners Association, whose name is signed to the foregoing President's Certification bearing the date of the 17th day of December, 1996, has acknowledged the same before me in my county aforesaid.

Given under my hand this 17th day of December, 1996.

[Signature]
Notary Public

DEC 26 96

My Commission Expires:

3-31-2000

RECORDED FAIRFAX CO VA
TESTE: [Signature]
CLERK

SECOND AMENDED DECLARATION
FOR BALMORAL GREENS

THIS SECOND AMENDED DECLARATION FOR BALMORAL GREENS is made as of April 4, 1997 by BALMORAL ASSOCIATES, L.L.C ("Declarant"), a Virginia limited liability company, and BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC. ("Association"), a Virginia nonstock corporation.

RECITALS

R-1 WHEREAS, the Declarant and the Association executed and recorded the Declaration for Balmoral Greens ("Initial Declaration") dated May 17, 1996 and recorded August 16, 1996 in Deed Book 9783 at Page 637 among the land records for Fairfax County, Virginia ("Land Records"), submitting certain real estate further described in the Initial Declaration to the covenants, charges, restrictions, easements and liens contained in the Initial Declaration;

R-2 WHEREAS, the Declarant and the Association amended the Initial Declaration on December 17, 1996, by recording a First Amendment to Article 8, Section 8.2 of the Initial Declaration at Deed Book 9868 at Page 1000 among the land records of Fairfax County;

R-3 Whereas, the Declarant and the Association desire to amend the Initial Declaration and First Amendment;

R-4 WHEREAS, the Declarant is currently entitled to cast more than sixty-seven percent (67%) of the total number of votes of the Owners;

R-5 WHEREAS, Section 14.2(a) of the Initial Declaration allows the Association to amend the Initial Declaration with the written approval of Owners entitled to cast at least sixty-seven percent of the total number of votes;

R-6 Whereas, the Declarant has cast more than sixty-seven percent of the total number of votes of the Association in favor of a Second Amendment;

R-7 WHEREAS, pursuant to Section 14.2(b) of the Initial Declaration, the President of the Association has certified that the amendment is in compliance with the procedures set forth in the Initial Declaration;

R-8 WHEREAS, there are presently no Mortgagees as such term is defined in the Initial Declaration;

NOW THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Declarant and

Rees, Broome & Diaz, P.C.
8133 Leesb Pike, 9th Floor
Vienna, Virginia 22182

the Association hereby amend the Initial Declaration and First Amendment as set forth below.

1. Article 8, Section 8.2(o) of the Initial Declaration and First Amendment shall be replaced with the following language:

(o) Animals. The maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited on any Lot or upon the Common Area, except for the keeping of guide animals. Owners may keep a reasonable number of orderly domestic pets (e.g. fish, dogs, cats or caged birds) on a Lot, subject to the Rules and Regulations adopted by the Board of Directors; provided however, that such animals are not kept or maintained for commercial purposes or for breeding.

Notwithstanding the foregoing, Owners of Lots which are two acres or greater in Sections 1 and 3, or Owners of Lots 1, 180, 181 and 182 in Section 2, may keep trained, domesticated horses for private recreational use on their Lot, provided that an application for approval therefor is approved by the Board of Directors or other appropriate committee as determined by the Board of Directors. In no event shall any Owner be permitted to keep or maintain more than two (2) horses on such Lot at any one time. Such horses shall not be kept, maintained, used or trained for any commercial purposes whatsoever, including without limitation, the boarding of horses owned by other parties, the training of horses for commercial purposes, the breeding of horses, the riding of horses by the general public, or any other use, purpose or activity which is not private and recreational in nature on the part of the Owner of the subject Lot or of such Owner's family members and social guests. All horses must be kept within an enclosed fence area, approved in accordance with this Declaration and the applicable Rules and Regulations adopted by the Board of Directors. Any droppings or other debris left by any horse on any portion of the Property must be promptly removed and cleaned up by the Owner of the Lot upon which such horse is kept. Horses under the control of an Owner or an Owner's guest are permitted upon the Common Areas designated as Equestrian Trails and an owner may hand-walk a horse upon such other Common Areas as are reasonably necessary to gain access such Equestrian Trails.

Any animal causing or creating a nuisance or unreasonable disturbance or noise must be permanently removed from the Property by the Owner upon ten days written notice from the Board of Directors. Owners shall not be permitted to bring animals upon the Common Area unless the animal is a) completely subject to the control of the Owner either by leash or by carry, and b) a domestic, orderly pet. Animal droppings shall be cleaned up by the Owner responsible for the animal being on the Property. Any

Owner who keeps or maintains any animal upon any portion of the Property shall be deemed to have agreed to indemnify and to hold the Association, each Owner and the Declarant free and harmless from any loss, claim, liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Property. All animals shall be registered and inoculated as required by law. The appropriate governmental authorities shall have an easement across the Property to enforce local animal control laws and ordinances.

Except as expressly amended herein, all of the terms of the initial Declaration and Supplemental Declaration for Section 2 are hereby confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant and the Association have executed this Second Amended Declaration for Balmoral Greens.

BALMORAL ASSOCIATES, L.L.C, a Virginia limited liability company

By: _____

Name: _____

Title: _____

BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC., a Virginia nonstock corporation

By: _____

Name: _____

Title: _____

STATE OF Virginia :
COUNTY OF Fairfax :

I, the undersigned Notary Public in and for the county and state aforesaid, do hereby certify that Jeffrey Snider, on behalf of BALMORAL ASSOCIATES, L.L.C, whose name is signed to the foregoing Second Amended Declaration bearing the date of the 4th day of April, 1997, has acknowledged the same before me in my county aforesaid.

Given under my hand this 4th day of April, 1997.

Christina Sanders
Notary Public

My Commission Expires:
3/31/00

STATE OF Virginia :
COUNTY OF Fairfax :

I, the undersigned Notary Public in and for the county and state aforesaid, do hereby certify that Brian Pressman, on behalf of BALMORAL GREENS HOMEOWNERS ASSOCIATION, INC., whose name is signed to the foregoing Second Amended Declaration bearing the date of the 4th day of April, 1997, has acknowledged the same before me in my county aforesaid.

Given under my hand this 4th day of April, 1997.

Christina Sanders
Notary Public

My Commission Expires:
03/31/00

CIRCUIT COURT OF FAIRFAX COUNTY

COMMONWEALTH OF VIRGINIA

RECEIPT NBR: LR-97505712 ***** COPY A ***** PAGE: 1
RECORDED TIME: 02:23 DATE RECEIPTED: 04/10/97 DATE RECORDED: 04/10/97
RECEIPT FOR: MODF DECLARATION

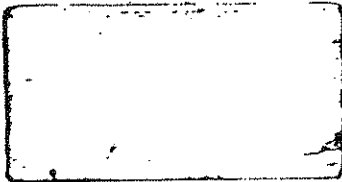
STRUMENT NBR:
044392-

REVENUE DESCRIPTION	REVENUE CODE	REVENUE AMOUNT
RECORDATION-CLERK	0301	\$12.00
STATE LIBRARY FEE	0145	\$1.00
INFO TECH FUND FEE	0106	\$3.00

CHECK NBR(S) 2913 / 0 TOTAL AMOUNT PAID: \$16.00
 CASHIER ID: WALKER, WILLIS CASH () CHECK AMOUNT RECEIVED: \$16.00
 CHANGE: \$0.00

John T. Frey
Clerk of Circuit Court

Official Receipt



From: Kimberley M. O'Halloran (KMO)
To: JRC
Date: Friday, April 11, 1997 8:52 am
Subject: Balmoral Greens -Reply -Reply

The second amendment to the declaration was recorded 4/10/97 in Deed Book 9969 at Page 867. The instrument number is 44392-1997. FYI -- the first amendment to the declaration was recorded in Deed Book 9888 at Page 1060 on December 26, 1996.