

BOOK 598 PAGE 200

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

OF

FERGUSON GLADE

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

FERGUSON GLADE

THIS DECLARATION is made this 9th day of NOV., 1990, by 217 ASSOCIATES, LTD., a Virginia corporation, hereinafter referred to as the "Declarant", the owner and developer of the real property described herein, being hereinafter referred to as the "Property".

WITNESSETH: That Declarant hereby declares that all of the Property shall be held, transferred, sold, conveyed, occupied and used subject to the following easements, restrictions, reservations, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Property. These easements, restrictions, reservations, covenants and conditions shall run with the Property and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE ONE

DEFINITIONS

Section One. Generally. When used in this Declaration, the terms contained herein shall have the following meanings:

A. "Association" shall mean the Virginia non-stock corporation known as Ferguson Glade Owner's Association, Inc., its successors and assigns, comprised of members being owners of Lots in the Project.

B. "Building" shall mean either (i) a single structure comprised of two (2) residential dwellings known as "Carriage Homes", which said dwellings are separated by a party wall and each said dwelling are constructed upon separate Lots located upon the property; or (ii) a single structure comprised of a block of townhouses, constructed upon and appurtenant to Lots located upon the Property.

C. "Common Area" shall mean all portions of the Property and any improvements thereon other than the portions of the Property designated as Lots.

D. "Common Expenses" shall mean those expenses incurred by the Association for the maintenance, repair or improvement of the Lots, the Carriage Homes or Townhouses situate thereon, and the Common Area.

E. "Declarant" shall mean 217 Associates, Ltd., a Virginia corporation, its successors or assigns.

F. "Master Development" shall mean and refer to the development known as "Coventry Planned Unit Development" created by Declaration dated January 1, 1988, and recorded in Deed Book 509, at page 110, in the Office of the Clerk of the Circuit Court of York County, Virginia, and any amendments thereto.

G. "Project" shall mean the carriage home or townhouse development known as "Ferguson Glade" constructed upon the Property by the Declarant and subject to this Declaration.

H. "Lot" shall mean any certain parcel of property created within the Property as designated from time to time on subdivision plats of the Property recorded in the Office of the Clerk of the Circuit Court for the County of York, Virginia, upon which a Carriage Home or Townhouse shall be constructed and conveyed in fee simple absolute by general warranty deed to an Owner.

I. "Overall Plan" shall mean and refer to the "Coventry Overall Community Concept Plan" dated December 6, 1986, and revised June 3, 1987, as defined in the Declaration of Covenants, Conditions and Restrictions of Coventry Planned Unit Development, recorded in Deed Book 509, page 110, in the Office of the Clerk of the Circuit Court of York County, Virginia, and being placed on file in the Department of Planning and Community Development, York County, Virginia.

J. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

K. "Property" shall mean that certain real property described in Article Two, Section One and such additions made thereto from the Additional land described in Article Three, Section One of this Declaration.

L. "Carriage Home" shall mean that certain residential structure constructed upon and being appurtenant to a given Lot.

M. "Townhome" or "Townhouse" shall mean that certain residential structure constructed upon and being appurtenant to a given Lot.

ARTICLE TWO

PROPERTY

Section One. Generally. The Property submitted by this

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Declaration to the covenants, conditions, and restrictions contained herein is as described in EXHIBIT "A" attached hereto.

Section Two. Common Area. Declarant hereby covenants for itself, its successors and assigns, that it shall convey fee simple title to the Common Area free and clear of all liens and encumbrances, except those created by this Declaration, to the Association for its preservation and maintenance in accordance with the terms and conditions of this Declaration. Said conveyance shall be made prior to the conveyance to an Owner by Declaration of the first Lot in a given phase of the Project. Each Owner shall have an undivided interest in the Common Area through his mandatory membership in the Association. An individual Owner's right to use and enjoyment of the Common Area shall be established by this Declaration and amendments thereto and any rules and regulations promulgated by the Association in this regard.

Section Three. Carriage Homes. Each Carriage Home building shall contain two single family attached dwellings, each dwelling located on separate lots and separated by a party wall. One such dwelling shall be designated as a Model "A" Carriage Home and the remaining dwelling shall be designated as a Model "B" Carriage Home. The owners of all Model "A" Carriage Homes shall grant to the owner of the adjoining Model "B" Carriage Home a perpetual easement for use and enjoyment of the garage area immediately appurtenant to such Model "B" and perpetual driveway easements, said easement being described in Exhibit "B" attached hereto.

Section Four. Party Walls. Each wall which is built as a part of the original construction of the Carriage Homes upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

A. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

B. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owner thereafter makes use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

C. Weatherproofing. Notwithstanding any other provision of this Article, an owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the

whole costs of furnishing the necessary protection against such elements.

D. Right to Contribution Runs with Land. The right of an Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

E. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose an additional arbitrator, and the decision shall be by a majority of all the arbitrators and the decision of the majority of the arbitrators shall be binding on the parties.

ARTICLE THREE

EXPANSION OF PROJECT

Section One. Description of Additional Land. The Additional Land, as hereinafter referred to in this Declaration, which may from time to time be added to the Property at the sole option of the Declarant is described in EXHIBIT "C" attached hereto.

Section Two. Reservation of Right to Expand. The Declarant expressly reserves the option to expand the Project in accordance with this Article Three. Except as expressly stated herein, there shall be no limitations on the option of the Declarant to expand the Property. The Declarant shall not be required to obtain the consent of any Owner in order to exercise said option to expand.

Section Three. Time Limitation on Expansion. The option of the Declarant to expand the Project as set forth in this Article Three shall terminate seven (7) years after the date of recordation of this Declaration, or at such other time as all Additional land described herein is added to the Property by amendment of this Declaration, or at such time as the Declarant terminates said option by amendment of this Declaration, whichever shall first occur.

Section Four. Improvements to Additional Land. The Declarant makes no assurances with respect to the exact type or location of improvements that may be made on the Additional land. Any improvements made to any Lots created within the Additional Land Added to the Project by amendment to this Declaration shall be restricted exclusively to residential use, except that the Declarant reserves the right and easement to maintain within the Additional land offices and models pursuant to the terms and conditions of this Declaration. In addition to any Lots created and structures placed upon said Lots within the Additional Land, Declarant reserves the right, but shall not be obligated, to construct improvements thereon for recreational and/or service

purposes such as swimming pools, tennis courts, club house, or other amenities as it desires. Declarant makes no assurance that any such improvements will be made on the Additional Land.

Section Five. No Limitations on Area of Expansion. If this Project is expanded under the provisions of this Article Three, Declarant is not obligated to submit the Additional land in its entirety nor is Declarant obligated to submit a portion thereof prior to submitting any other portion thereof. Further, different portions of the Additional Land may be added at different times within the time limits established for adding Additional land to the Project, as explained in Section Three of this Article Three.

Section Six. Declarant Not Obligated to Expand. Nothing contained herein shall be construed to impose upon the Declarant, its successor or assigns, any obligation to create lots or construct Carriage Homes or Townhouses or amenities or other improvements upon the Additional Land described herein, or to submit all or any portion thereof to the Project.

Section Seven. VA/FHA Approval. Should the Property or any portion thereof be submitted for approval to the Department of Housing and Urban Development (formerly known as and often referred to as the Federal Housing Administration) and/or the Veterans Administration (hereinafter referred to as the "Agencies"), any expansion of the Project onto the Additional Land shall be in accordance with the general plan submitted to and approved by the Agencies. Nothing herein requires the Declarant to submit any portion of the Project to the Agencies, but the Declarant may so submit, at any time, in its sole discretion.

ARTICLE FOUR

EASEMENTS

Section One. Easement of Enjoyment. Every Owner, his immediate family, tenants, guests and invitees, is hereby granted a perpetual non-exclusive easement of use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

A. The right of the Association to charge reasonable admission and other fees and to adopt reasonable regulations for the use of any recreational facility situated within the Common Area.

B. The right of the Association to suspend the voting rights and right to use of the recreational facilities in the Project or the Master Development by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

C. The right of the Association to dedicate or convey in fee simple all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or conveyance shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of the members has been recorded.

D. The transfer of a Lot automatically transfers membership in the Association and all rights of the transferrer with respect to the Common Area and facilities to which ownership of such Lot relate.

Section Two. Easement to Facilitate Sales. The Declarant hereby reserves the right and easement to maintain, anywhere within the Project, management offices, sales offices, settlement offices, rental offices and models, and to relocate the same among, any of the Lots now or hereafter owned by the Declarant. It is hereby specified that any one or more of the Lots may be used for the purposes enumerated in this Section, and the Declarant may relocate to other Lots within the Project in order to carry out any of those functions. The Declarant also reserves the right and easement throughout the Common Area to place and relocate or remove signs and other devices advertising the Project.

Section Three. Utility and Drainage Easements. Utility and drainage easements are reserved, and granted, through the Property as may be required for construction and maintenance of utility services and storm drainage in order to adequately serve the Project, including, but not limited to an easement upon Lots having Model "B" Carriage Homes for Heating, Ventilation and/or Air Conditioning equipment to service the adjoining Model "A" Carriage Home and an easement on the rear wall of Model "B" units for utility meters and line servicing the adjoining Model "A" unit.

Section Four. Easement for Support. Each Lot and Common Area has an easement for support from every other Lot and Common Area, including, but not limited to, both horizontal and vertical support.

Section Five. Garage Easement. Every owner of a Model "B" Carriage Home is hereby granted a perpetual easement of use and enjoyment of the garage area immediately appurtenant to such Model "A" Carriage Home, and a perpetual driveway easement. The area of said easement being described in Exhibit "B" attached hereto. *See opinion letter following p. 28*

Section Six. Easement to Facilitate Expansion. The Declarant shall have a transferable easement over and upon the Common Area for the purpose of making improvements upon the Lots created upon the Additional Land pursuant to the provisions of this Declaration and for the purpose of doing all things reasonably necessary and proper in connection therewith.

Section Seven. Easements for Encroachments. If any portion of the Common Area, or improvement thereon, encroaches upon any Lot, or improvement thereon, or if any Lot or improvement thereon encroaches upon any portion of the Common Area or other Lot as the same are defined and described herein, an easement for such encroachment and the maintenance thereof, so long as it continues, shall and does exist. In the event any improvement made upon a Lot shall be partially or totally destroyed and then rebuilt, minor encroachments upon any portion of the Common Area due to reconstruction shall be permitted, and easements for such encroachments and maintenance thereof shall and do exist.

Section Eight. Easement for Association. The Association shall have the right, which right shall be exercised by its Board of Directors and its agents, to enter upon any Lot or have access to the exterior of any Carriage Home and Townhouse situated upon a Lot from time to time during reasonable hours as may be necessary for the operation and maintenance of the Project and the prevention of damage to any Lot or Common Area.

Section Nine. Perpetual Right-of-Way: The County of York is hereby granted a perpetual right-of-way to enter upon any part of the Common Area.

Section Ten. Easements May Be Granted by the Declarant and the Association. Declarant and, subject to any restrictions and limitations specified herein, the Association, shall have the irrevocable power as attorney-in-fact on behalf of all the Owners and their successors in title, to grant easements through the Common Area and accept easements benefiting the Project or a portion thereof.

ARTICLE FIVE

USE AND OCCUPANCY: RESTRICTIONS

Section One. General Restrictions. In order to preserve the quality and integrity of the Project, the following protective covenants are established for the mutual benefit of all Owners:

A. No Owner shall occupy or use his Carriage Home or Townhouse, or permit the same or any part thereof to be occupied or used, for any purpose other than as a private, single-family residence for the owner's immediate family, lessees, servants or guests.

B. Except for parking passenger automobiles in the designated parking spaces, nothing shall be stored by an owner in the Common Area without prior consent of the Association, and no waste shall be committed in or to the Common Area.

C. Any parking garages constructed as part of a Carriage

Home or Townhouse within the Project are to be used for automobile parking only, and may not be converted into living space without the prior consent of the Association. - see opinion letter following pg. 28

(D.) Except as reserved to the Declarant, no Lot may be divided, redivided or subdivided, nor may any portion thereof be sold or otherwise transferred, except in its entirety, except that the Owner of every Model "A" Carriage Home shall grant to the Owner of the Model "B" Carriage Home adjacent to and adjoining the said Model "B" dwelling a perpetual easement for use and enjoyment of garage area adjacent to the Model "B" Carriage Home.

VE. Without the prior consent of the Association, no Owner shall do or keep or permit anything to be done or kept on any Lot or in the Common Area which will increase the rate of insurance on the project, result in cancellation of insurance on any Carriage Home or Townhouse or on any part of the Project, or be in violation of any law.

/F. No sign of any kind shall be displayed to the public view on or upon any Lot or Carriage Home or Townhouse thereon or in the Common Area without the prior consent of the Association, except as provided in paragraph L below.

G. No animals, livestock or poultry of any kind shall be raised, bred or kept upon any Lot or within any Carriage Home or Townhouse thereon or in the Common Area, except such dogs, cats, or other household pets as may be permitted by the rules and regulations adopted by the Association governing the same.

H. No nuisances shall be allowed in or upon any Lot or Carriage Home or Townhouse or the Common Area, nor shall any use or practice be allowed which interferes with the peaceful occupancy and use of any Carriage Home or Townhouse or the Common Area by the Owners.

I. No immoral, improper, offensive or unlawful use shall be made of any Lot or Carriage Home or Townhouse thereon or any part of the Common Area.

(J.) Except as provided in paragraph L below, Carriage Homes or Townhouse may be rented by the Owner only if the Carriage Home or Townhouse is occupied by the Lessee and his immediate family, servants and guests, and only if the minimum term of any such rental and occupancy shall be one (1) month.

V K. Reasonable rules and regulations concerning the use of the Common Area and conduct of the Owners, their families, guests, tenants, agents and invitees within the Project may be made, amended and revoked from time to time by the Board of Directors of the Association. Copies of rules and regulations and all amendments thereto shall be furnished by the Association to all Owners and residents of the Project upon request.

L. No Owner nor the Association shall interfere in any way with the completion of the contemplated improvements and the sale of the Lots by the Declarant. The Declarant may make such use of the unsold Lots as may in its judgment facilitate such completion to the extent otherwise set forth in this Declaration. The Declarant may display such signs as it deems necessary and appropriate in its sales efforts. The Declarant shall have the right to lease any unsold Lot and Carriage Home or Townhouse thereon upon any terms it desires, notwithstanding the provisions of paragraph J above.

M. Except for the right of ingress and egress, the Owner shall use the Common Area only as may be allowed by the Association or expressly provided for herein.

ARTICLE SIX

ADMINISTRATION OF THE PROJECT

Section One. Establishment of Association. The administration of the Project, the maintenance, repair, replacement, operation and general management of the Common Area and Lots appurtenant to the Carriage Homes or Townhouses and those acts required of the Association shall be vested in and be the responsibility of a non-stock corporation made up of Owners, known as Ferguson Glade Owner's Association, Inc. Such administration shall be pursuant to this Declaration and the Articles of Incorporation attached hereto as EXHIBIT "D" and the Bylaws of the Association attached hereto as EXHIBIT "E".

Section Two. Membership. Each Owner, upon acquiring title to his Lot, shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. No person holding any lien, mortgage, or other encumbrance upon any Lot shall be entitled, by virtue thereof, to membership in the Association or to any of the rights and privileges of such membership.

Section Three. Voting Rights. The Association shall have two types of voting Membership as follows:

Type "A": Type "A" Members shall all be Owners of Lots, (with the exception of the Declarant, which shall only become a Type "A" Member with respect to any Lots owned by them upon the termination of the Type "B" Membership as indicated below). Each Lot is assigned one (1) vote which may be cast by the Owner upon any call for a vote at any meeting of the Association. Where the ownership of a Lot is in more than one person, the person who shall be entitled to cast the vote of such Lot shall be the person named in a certificate executed by all of the Owners of such Lot and filed with the Secretary or, in the absence of such named person

from the meeting, the person who shall be entitled to cast the vote of such Lot shall be the person owning such Lot who is present. If more than one person owning such Lot is present then such vote shall be cast only in accordance with the unanimous agreement of said Owners. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Except where a greater percentage is required by this Declaration or the Bylaws, the Owners representing more than two-thirds (2/3) of the votes in the Association, voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. Notwithstanding the above, if the Declarant owns or holds title to one or more Lots, and the Type "B" Membership in the Association has terminated, the Declarant shall become a Type "A" member and shall have the right at any meeting of the Association to cast the votes to which such Lot or Lots are entitled. No Owner may vote at any meeting of the Association or be elected to or serve on the Board of Directors if the Association has perfected a lien against his Lot and the amount necessary to release such lien has not been paid at the time of such meeting or election.

Type "B". The Type "B" Membership shall consist of the Declarant, which shall be entitled to two (2) votes for each Lot in the Project including all Lots which may be added to the Project from time to time by the expansion of the Project onto the Additional land. This Type "B" Membership shall terminate upon the happening of either of the following events, whichever shall first occur:

A. The date upon which the total outstanding votes in the Type "A" Membership equal the total outstanding votes of the Type "B" membership; or

B. The date ten (10) years from the date of settlement of the first Lot conveyed to an Owner. 1991

Section Four. Powers of Association. In the administration of the Project, the Association shall have, and is hereby granted, the authority and power to enforce the provisions of this Declaration, convey and acquire real and personal property, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such Rules and Regulations governing the use of any Lot and any Carriage Home or Townhouse thereon and Common Area as the Board of Directors of the Association may deem to be in the best interest of the Project, and develop yearly budgets for review and adoption by the membership of the Association upon which annual Lot assessments are based. The Association shall have the right, when determined by the Board of Directors to be in the best interest of the Project, to grant exclusive licenses, easements, permits, leases or privileges to any individual or entity, including any non-Owners, which affect the Common Area and to add to, relocate or improve the Common Area,

and further provided that such grants, alterations, additions or improvements, do not, except for temporary inconvenience, interfere with or result in uses contrary to the uses intended for the Common Area as contained in the Overall Plan.

Section Five. Merger of Association. The Association, upon an affirmative majority vote of its Members, may merge or consolidate the Association with another association. Through such merger, the Association's properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration for the existing property and additions thereto together with the covenants and restrictions established upon any other properties as one plan. No such merger or consolidation, however, shall effect the revocation, change or addition to the covenants established by this Declaration within the existing property except as hereinafter provided.

Section Six. Management Agreement. The Association shall be authorized to enter into such management contracts as it may deem necessary or desirable for the administration and operation of the Project, provided that such contracts must comply with the terms and conditions of the Agencies identified in Article Three, Section Seven above. Each Owner agrees to be bound by the terms and conditions of all such management agreements.

ARTICLE SEVEN

MAINTENANCE AND REPAIR OF THE LOTS — CARRIAGE HOMES, TOWNHOUSES, AND COMMON AREA OF THE PROJECT

Section One. Duties of the Association. The Association shall cause the Common Area of the Project to be kept in good order, condition and repair and in clean and sanitary condition and appearance, and shall cause to be performed and furnished, at the expense of the Association, all the labor and materials which may at any time be necessary to accomplish the same. The Association shall not be required to maintain any grass, shrubs, trees, flower beds, and gardens on any Lot or any portion of any Lot surrounded by fencing and such maintenance shall be the sole responsibility of the Owner. No repair or maintenance of the exterior of any Carriage Home, Townhouse, Lot, or any portion of or improvements upon the Common Area, other than those of a minor nature as may be established from time to time by the Association, may be made by an Owner without the prior consent of the Association. The Association shall maintain architectural control over the Project in accordance with Article Eight of this Declaration. In addition,

the Association shall have the overall responsibility over matters relating to promoting the recreation, health and welfare of the residents in the Project, including, but not limited to, maintaining the service for the collection of garbage and trash, snow removal when appropriate, grass cutting and landscaping, and providing street lighting, security devices, and protection of the Owners and the Project where necessary in the opinion of the Association when not provided by a public authority.

Section Two. Duties of Owner and Association for Exterior and Roofs. The Association shall cause the exterior and roof of the Carriage Homes and Townhouses to be kept in good order, condition and repair and shall cause to be performed and furnished, at the sole expense of the Owners of such Carriage Home or Townhouse, all the labor and materials which may at any time be necessary to accomplish the same. The Association, through its duly authorized and designated agents, shall have the sole right to determine whether any such repair and/or maintenance is necessary and shall have the sole right to determine the method and manner in which such repairs and/or maintenance is to be performed.

Section Three. Reserve Fund. The Association shall establish a reserve fund for the replacement of the Common Area of Carriage Homes and Townhouses which it maintains. Such a reserve fund shall set aside monies for the replacement of certain items including, but not limited to, roads, driveways, parking lots, recreational facilities, if any, and building exteriors. The reserve fund shall be funded out of monthly installments of the maximum annual assessment in such amounts as may be determined in accordance with Article Nine hereof.

Section Four. Maintenance Standards: York County. Should the Association fail to maintain the Common Area in reasonable order and condition in accordance with the Overall Plan, York County may notify the Association or the Owners of Lots in the Project of deficiencies and demand that such deficiency be cured pursuant to § 24-252(c) of the York County Zoning Ordinance. Any funds expended by York County pursuant to said Section shall be assessed equally by the County against all Lots in the Project pursuant to § 24-252(c)(7) thereof and such assessments shall be a charge on and be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who is the Owner of such property at the time when the assessment falls due. The obligation for delinquent assessments shall be a continuing lien upon the property and shall pass to said Owner's successors in title.

ARTICLE EIGHT

ARCHITECTURAL CONTROL

Section One. Generally. Except as to any construction by the Declarant upon the Property or any Additional land submitted to the Project in accordance with this Declaration, no building, fence, wall or other structure shall be commenced or erected upon the Property, nor shall any exterior addition to or change or alteration therein be made or change in any exterior color be made, until the plans and specifications showing the nature, kind, shape height, materials, location or design or color of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural review committee composed of three (3) or more representatives appointed by the Board. Any such change shall be made at the sole expense of Owner. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it in writing, by certified mail, approval will not be required and this Article will be deemed to have been fully complied with.

Section Two. Conformity of Maintenance, Style and Materials. All repairs, painting, replacements and maintenance, whether made by Owners or the Association, to the doors, windows, fences, gates or the exterior surface of any building, including roofs, or to any generally visible portion of the Common Area, shall be carried out in such a manner so as to conform to the materials, architecture, style, color and quality of construction initially provided by the Declarant.

Section Three. Liability of Owner. Should an Owner (i) undertake unauthorized additions and modifications to his Carriage Home or Townhouse, as specified above, or should an owner cause any damage to the Common Area, or (ii) should an Owner fail to maintain, the lawn, grass, shrubs, trees, flower beds, gardens or fences on the Lot of his Carriage Home or Townhouse in good order, condition and repair, then the Association shall have the right to undertake such repairs, replacements or maintenance as may be necessary under the circumstances, and levy a special assessment for the cost thereof against said Owner. In the event an Owner threatens to or violates the provisions hereof, the Association shall also have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof.

ARTICLE NINE

COVENANT FOR MAINTENANCE ASSESSMENTS

Section One. Creation of the Lien and Personal Obligation of

Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges and (b) special assessments as may be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and attorney's fees shall be a charge on, and be a continuing lien upon the Lot against which each such assessment is made. Each such assessment together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section Two. Preparation and Approval of Budget. Before each annual meeting of the Association, the Board of Directors shall adopt a budget of the Association containing an estimate of the total amount considered necessary for the next fiscal year to pay the Common Expenses for managing and maintaining the Common Area, including (without limitation) reasonable amounts necessary to provide working capital, a general operating reserve, and reserves for contingencies and replacements. The budget shall be presented at the annual meeting of the Association. Within ten (10) days after each annual meeting, the Secretary shall send to each owner a copy of the budget in a reasonable itemized form setting forth the amount of the Common Expenses and the amounts and due dates of the annual assessment (and installments thereof) payable by an Owner for each Lot owned by him. Any budget created by the Board of Directors while the Declarant is a Type B Member of the Association, shall not require presentation at an annual meeting of the Association and may be adjusted during any budget year as deemed appropriate by the Board.

Section Three. Annual Lot Assessments and Payment of Common Expenses. The total amount of the estimated funds required to meet the Common Expenses and reserves needed to operate the Association and the Project as set forth in any budget or adjusted budget adopted by the Board of Directors shall be divided by the number of Lots in the Project and said share shall be assessed annually against each Lot. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each owner shall be obligated to remit to the Association one-twelfth (1/12) of such assessment. Within thirty (30) days after the end of each fiscal year, the person who served as Treasurer on the last day of that fiscal year shall supply to all Owners an itemized accounting of the common expenses for such fiscal year actually paid, together with a tabulation of the amounts collected pursuant to the budget for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited equally

among the Lots against the next monthly installments due with respect to each such Lot. Any net shortage shall be assessed promptly against the Owners equally and shall be due either in full with the next monthly assessment due or, if the Board of Directors so determines, in a number of equal monthly installment sufficient to make up the shortage within a period ending not later than the end of the then current fiscal year.

Section Four. Reallocation of Assessments. Within Ninety (90) days after any change in the number of Lots in the Project, the Board of Directors shall adjust the budget, allocating assessments against all the Lots equally.

Section Five. Reserves and Special Assessments. The Association shall accumulate and maintain reasonable reserves for working capital, operations, contingencies and replacement of the Common Areas. Extraordinary expenditures not originally included in the annual budget which may come necessary during the year shall be charged first against such reserves. - If the reserves are inadequate for any reason, the Board of Directors may by majority vote of those present at a meeting of the Board duly called and having met quorum requirements, at any time levy a special assessment, which shall be assessed against the Lots equally and which shall be payable in a lump sum or in installments as the Board may determine. Maintenance, repairs or replacement of the exterior and roofs of the Carriage Homes and Townhouses performed by the Association at the sole expense of the Owner of the Carriage Home or Townhouse shall be assessed against the Owners of the Carriage Homes or Townhouses upon which such maintenance and repairs or replacement is performed. The Secretary shall give notice of any such special assessments to each owner, giving the reason(s) therefor. All Owners shall be obligated to pay such special assessment either in full with the next monthly installment due or, if the Board of Directors so determines, in a number of equal monthly installments sufficient to make up the shortage within a period ending not later than the end of the then current fiscal year.

Section Six. Commencement of Assessments. Regular assessments shall commence as to each Lot as of the first day of the month following the month in which the lot, as improved with a substantially completed Carriage Home or Townhouse, is conveyed to an Owner.

Section Seven. Effect of Non-Payment of Assessments: Remedies of the Association. No sale or transfer of a Lot shall relieve an Owner from liability for any assessment thereafter coming due or from the lien thereof. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate determined from time to time by the Board. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability

for the assessments provided for herein by the non-use of the Common Area or abandonment of his Lot.

Section Eight. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first deed of trust on a Lot within the Project. Sale or transfer of any Lot shall not effect the assessment lien. However, the sale or transfer of any Lot pursuant to the foreclosure of a first deed of trust or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer.

Section Nine. Commencement of Assessments. Notwithstanding any other provision of this Article Nine to the contrary, the Declarant shall not be required to pay any assessments on any Lots owned by it until such time as the Declarant shall convey any Lot owned by it to another Owner and upon such conveyance, the Declarant shall pay 25 percent of the assessment on all Lots owned by it.

ARTICLE TEN

INSURANCE PROCEEDS; RESTORATION AND REPAIR

Section One. Insurance Trustee; Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, the Owners and Mortgagees, as their interest may appear. Proceeds shall be held in trust for the purpose hereinafter set forth and for the benefit of the Owners and Mortgagees in the following shares, but which shares need not be set forth on the records of the Insurance Trustee:

Proceeds on account of damage to the Common Area shall be held as undivided shares for each Owner and his Mortgagee, such shares being equal to the undivided share of such owner in the Association appurtenant to his Lot ownership provided, however, that to the extent that any Common Area damaged serves less than all of the lots within the Project, any proceeds shall be held as undivided shares for the Owners and mortgagees of the Lots thus affected.

Section Two. Restoration. Except as otherwise provided herein, all insurance proceeds from any damage to improvements upon the Common Area shall be used to repair or replace such Common Area.

Section Three. Conduct of Restoration. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements made to the Common Area, subject to such minor alterations as are approved by the Board of Directors of the Association. Immediately after determination has been made to rebuild or repair damage to the property for which the Association has the responsibility of reconstruction

and repair, the Association shall obtain reliable and detailed estimates of the costs of rebuilding or repairing.

Section Four. Inadequate Insurance.

A. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association under Section Two above, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, the Association may levy assessments against all Owners in the case of damage to the Common Area, in sufficient amounts to provide funds for the payment of such costs. The assessments due to damage to the Common Area, other than buildings, shall be assessed against all Owners at a uniform rate.

B. If any portion of the assessments levied by the Association in accordance with Section four A above shall remain after payment of all costs of reconstruction and repair, the Association shall return such surplus to the Owners who were assessed.

Section Five. Distribution of Insurance Proceeds. If the damage for which the proceeds from insurance policies are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof, upon such invoices, receipts or demands for payment as the Association may require. Any proceeds remaining after defraying such costs shall be the property of the Association. If it is determined as provided in Section Four A above that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the Owners and their Mortgagees jointly as their interest may appear. In making distribution to Owners and their Mortgagees, the Association may rely upon a certificate of the Association as to the names of the Owners and their respective shares of distribution.

ARTICLE ELEVEN

AMENDMENT OF DECLARATION

Section One. General Provisions. Except as provided herein, the provisions of this Declaration may be amended by an instrument in writing signed and acknowledged by the Owners of record of two-thirds (2/3) of the Lots in the Project, which amendment shall be effective upon recordation thereof in the Clerk's Office of the Circuit Court for the County of York, Virginia.

Section Two. Rights of Declarant May Not Be Eliminated by Amendment. The rights of the Declarant as set forth herein may not be changed or altered unless the Declarant is a party to the written instruments described hereinabove; provided that if the

Declarant is a party to the aforesaid writing, the number of Lots owned by the Declarant may be included in the computation to determine whether or not the instrument contains the required number of signatures by Owners. No amendment shall be made to this Declaration or the Articles of Incorporation or Bylaws of the Association while the Declarant is a Type "B" Member of the Association without the written consent of the Declarant.

Section Three. County Approval of Amendments. With the exception of adding additional land to the Project pursuant to Article Three hereof, no amendments to be made pursuant to Section One of this Article shall be enacted without first obtaining the written authorization and approval for such amendment by the County Board of Supervisors of the County of York, Virginia, by Ordinance of said Board.

ARTICLE TWELVE

MORTGAGEE RIGHTS

Section One. Generally.

A. The Association shall provide, upon request, written notification of any default by an Owner of any Lot of such Owner's obligation to the Association which is not cured within thirty (30) days to any first mortgagee or first deed of trust holder.

B. Any first mortgagee who comes into possession of any Lot pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

C. Any first mortgagee who comes into possession of a Lot pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Carriage Home and Townhouse, which accrue prior to the time such holder comes into possession of the Lot (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 Carriage Homes and Townhouses, including the mortgaged Carriage Homes and Townhouses).

D. Unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each first mortgage) of individual Lots have given their prior written approval, the Association shall not be entitled to:

1. By act or omission seek to abandon, petition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned,, directly or indirectly, by such Associa-

tion, for the benefit of the Owner. The granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Association shall not be deemed a transfer within the meaning of this clause;

2. Change the method of determining the obligation, assessments, dues or other charges which may be levied against an Owner;

3. By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Carriage Home or Townhouse, the exterior maintenance of Carriage Home or Townhouse, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings;

4. Fail to maintain fire and extended insurance coverage on the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurance value (based on current replacement cost);

5. Use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement and reconstruction of such improvements.

E. First mortgagees of Lots shall have the right to examine the books and records of the Association.

F. First mortgagees of Lots may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property and first mortgagees making such payments shall be owed immediate reimbursement therefore from the Association. Entitlement to such reimbursement is hereby agreed to and this instrument shall constitute an agreement between the first mortgagees of Lots and the Association.

G. No provision of the Article of Incorporation and Bylaws of the Association, or the Declaration of Covenants, Conditions and Restrictions, or any similar instrument pertaining to Lots or Common Area shall give an Owner or any other party priority over any rights of first mortgagees of Lots pursuant to their mortgages in the case of a distribution to the Owners of insurance proceeds or condemnation awards for losses to or taking of Common Area or Properties.

500,000

ARTICLE THIRTEEN

COMPLIANCE AND DEFAULT

Section One. Relief. Each Unit Owner shall comply with all provisions of the Articles of Incorporation and Bylaws of the Association and this Declaration, and the Rules and Regulations, as any of the same may be amended from time to time. The Association, acting through any of its Officers or through the Managing Agent, shall be entitled to the following relief:

(A) Additional Liability. Each Owner shall be liable for the expense of all maintenance by the Association rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any of his family, employees, agents, licensees, or invitees, but only to the extent that such expense is not covered by the proceeds of insurance maintained by or on behalf of the Association. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot, Carriage Home or Townhouse, or its appurtenances. Nothing contained herein, however, shall be construed or modifying any waiver by any insurance company of its rights of subrogations.

(B) Costs and Attorney's Fees. In any proceeding arising out of any alleged default by an Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such actual attorneys' fees incurred by such prevailing party.

(C) No Waiver of Rights. The failure of the Association, any Officer(s), or any Owner(s) to enforce any provision of the Declaration, Articles of Incorporation or Bylaws shall not constitute a waiver of the right of the Association, any Officer, or any owner to enforce such provisions in the future. All rights, remedies and privileges, granted to the Association, and Officer(s), or any Owner(s) pursuant to any provision of the Declaration, Articles of Incorporation or Bylaws 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(s) exercising the same from exercising such other rights, remedies and privileges as may be granted to such person(s) by the Declaration, Articles of Incorporation, Bylaws or by law.

(D) Interest and Late Charges. If an Owner fails to pay in full any assessment for a period in excess of thirty (30) days from the due date, the principal amount unpaid shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum or at such other lawful rate as may be fixed from time to time by resolutions of the Board of Directors. Except as otherwise determined by resolution of the Board, any assessment or installment thereof not paid within five (5) days after becoming

due shall accrue a late charge in the amount of Fifteen Dollars (\$15.00) or such other amount as may be established from time to time by resolution of the Board of Directors.

(E) Abating Violation. Any violation under the Declaration, Articles of Incorporation or Bylaws or any Rules and Regulations adopted by the Association shall give the Board of Directors, the Managing Agent, any person(s) authorized by the Board or the Managing Agent, and any group of the foregoing, the right to enter the Lot in which, or as to which, such violation exists and summarily to abate and remove, at the expense of the Owner thereof, any condition that may exist therein constituting such a violation.

(F) Legal Proceedings. Violation of any provision of the Declaration, Articles of Incorporation or Bylaws, or the Rules and Regulations shall be grounds for relief, including (without limitation) an action or suit: (i) to recover any sums due, (ii) for damages, (iii) for injunctive relief, (iv) to foreclose the lien for assessments, (v) any other relief provided for by the Declaration, Articles of Incorporation or Bylaws, (vi) for any other remedy available at law or in equity, and (vii) for any combination of any of the foregoing, all of which relief may be sought by the Association, any Officer(s), the Managing Agent and in any appropriate case, by an aggrieved owner(s), and shall not constitute an election of remedies.

(G) Assessment for Fines and Charges. The Board is hereby granted the authority to assess fines or charges against Owners for violations of the Declaration, Articles of incorporation, and Bylaws, and any rules and regulations adopted from time to time by the Board for which such Unit Owner or his family members, tenants, guests, employees, or invitees are responsible. Before any such charges may be assessed, the Owner shall be given an opportunity to be heard and to be represented by counsel before the Board or any such committee established by the Board to hear such matters. Notice for such hearings shall, at least fourteen (14) days in advance thereof, be hand delivered or mailed by registered or certified United States mail, return receipt requested, to such Owner at the address on record with the Association. The amount of charges so assessed shall not exceed Fifty Dollars (\$50.00) per day for a single offense or Ten Dollars (\$10.00) per day for any offense of a continuing nature, unless such amounts shall be adopted from time to time by the Board. Any charges assessed pursuant hereto shall be treated as an assessment against the Lot pursuant to this Declaration.

ARTICLE FOURTEEN

MISCELLANEOUS PROVISIONS

Section One. Duration. The covenants and restrictions of

this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant and any Owner subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of twenty-five (25) years from the date this Declaration is recorded. Upon the expiration of said twenty-five (25) year period, this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten year renewal periods hereunder shall be unlimited and this Declaration shall be automatically renewed and extended upon the expiration of each ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial twenty-five (25) year period, or during the last year of any subsequent ten year renewal period, three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal to terminate this Declaration will be considered, shall be given each member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of terminating adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be recorded in the Office of the Clerk of Circuit Court of York County, Virginia, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section Two. Termination of Association. In the event that this Declaration be declared to be void, invalid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, all the Common Area owned by the Association at such time shall be transferred to a trustee appointed by the circuit Court of York County, Virginia, which trustee shall own and operate said Common area for the use and benefit of the Owners within the Project as set forth below:

A. Each Lot located within the Project shall be subject to an annual assessment which shall be paid by the Owner to the Trustee. The amount of such annual assessment and its due date

shall be determined solely by the Trustee, as the case may be, but the amount of such annual assessment on any particular Lot shall not exceed the amount actually assessed against that Lot in the last year that assessments are levied by the Association, subject to the adjustments set forth in Subparagraph B immediately below.

B. The annual assessment which may be charged by the Trustee hereunder on any particular Lot may be automatically increased each year by ten percent (10%).

C. The Trustee shall be required to use the funds collected as annual assessments for the operation, maintenance, repair and upkeep of the Common Area. The Declaration or the trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. The trustee shall not have the obligation to provide for operation, maintenance, repair and upkeep of the Common Area once the funds provided by the annual assessment have been exhausted, but is hereby granted the exclusive authority to charge special assessments for purposes of operation, repair, replacement and upkeep of the Common Area only upon the exhaustion of funds collected by the Trustee for such purposes from the annual assessments.

D. Any past due assessment together with interest thereon at the maximum rate of interest permitted by law from the due date and all costs of collection, including attorney's fees, shall be a personal obligation of the Owner at the time the annual assessment became past due, and it shall also constitute and become a charge and continuing lien on the Lot against which the assessment has been made, in the hands of then Owner, his heirs, devisees, personal representatives and assigns.

E. The Trustee shall have the power to dispose of the Common Area free and clear of the limitations imposed hereby, subject to the provision of § 24-252(b) of the Zoning Ordinance of York County, Virginia as amended; provided, however, that such disposition shall be first approved in writing by fifty-one percent (51%) of the Owners of property within the Project or in the alternative shall be found to be in the best interest of the owners of the property within the Project by the circuit Court of York County, Virginia. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Common Area, then for the payment of any obligations incurred by the Trustees in the operation, maintenance, repair and upkeep of such Common Area, then for the payment of any obligations distributed among the Owners of property within the Project, exclusive of the Trustee, in a proportion equal to the proportion that the maximum annual assessment on property owned by a particular Owner bears to the total maximum annual assessments for all property located within the Project.

Section Three. Severability. The provisions hereof shall be deemed individual and severable and the invalidity or partial invalidity or unenforceability of any one provision or any portion thereof shall not affect the validity or enforceability of any other provision hereof.

Section Four. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section Five. Form of Ownership. Each Lot shall for all purposes constitute a separate parcel of real estate which, subject to the terms of this Declaration, may be owned in fee simple.

Section Six. Headings. All headings in this document are inserted solely for convenience of reference, and none of them constitutes a part of this document or affects its meaning, construction or effect.

Section Seven. Effective Date. This Declaration shall take effect upon recordation.

Section Eight. Provisions of Declaration for Benefit of Owner and Mortgagees. The provisions of the Declaration, and all exhibits thereto, requiring the Association to maintain the Common Area or portions of the Carriage Homes, Townhouses, or Lots, collect assessments, maintain insurance, and make any repairs, and all restrictions of the Declaration and exhibits thereto, are intended to be for the benefit of and may be enforced by either an Owner or any Mortgagee.

Section Nine. Leases Must Contain Covenant to Abide. If an Owner should lease a Carriage Home or Townhouse appurtenant to a Lot in the Project, the lease must be in writing and contain a covenant on the part of the lessees to abide by all provisions of this Declaration and its exhibits and any rules and regulations and any amendments thereto which may subsequently be promulgated by the Association.

IN WITNESS WHEREOF, 217 ASSOCIATES, LTD. has caused its corporate name to be signed thereto by its President, said officer being thereunto duly authorized.

217 ASSOCIATES, LTD.

BY: W. R. Oke
Its President

STATE OF VIRGINIA
CITY/COUNTY OF York, TO-WIT:

I, Delwyn M. Kennedy, a Notary Public in and for
the city/county and State aforesaid, do hereby certify that
H. R. Ashe, as President
of 217 ASSOCIATES, LTD., whose name is signed to the foregoing
instrument or writing dated the 9 day of November,
1990, has acknowledged the same before me in my City and State
aforesaid.

Given under my hand this 9 day of November, 1990.

Delwyn M. Kennedy
Notary Public

My Commission Expires:

December 31, 1994

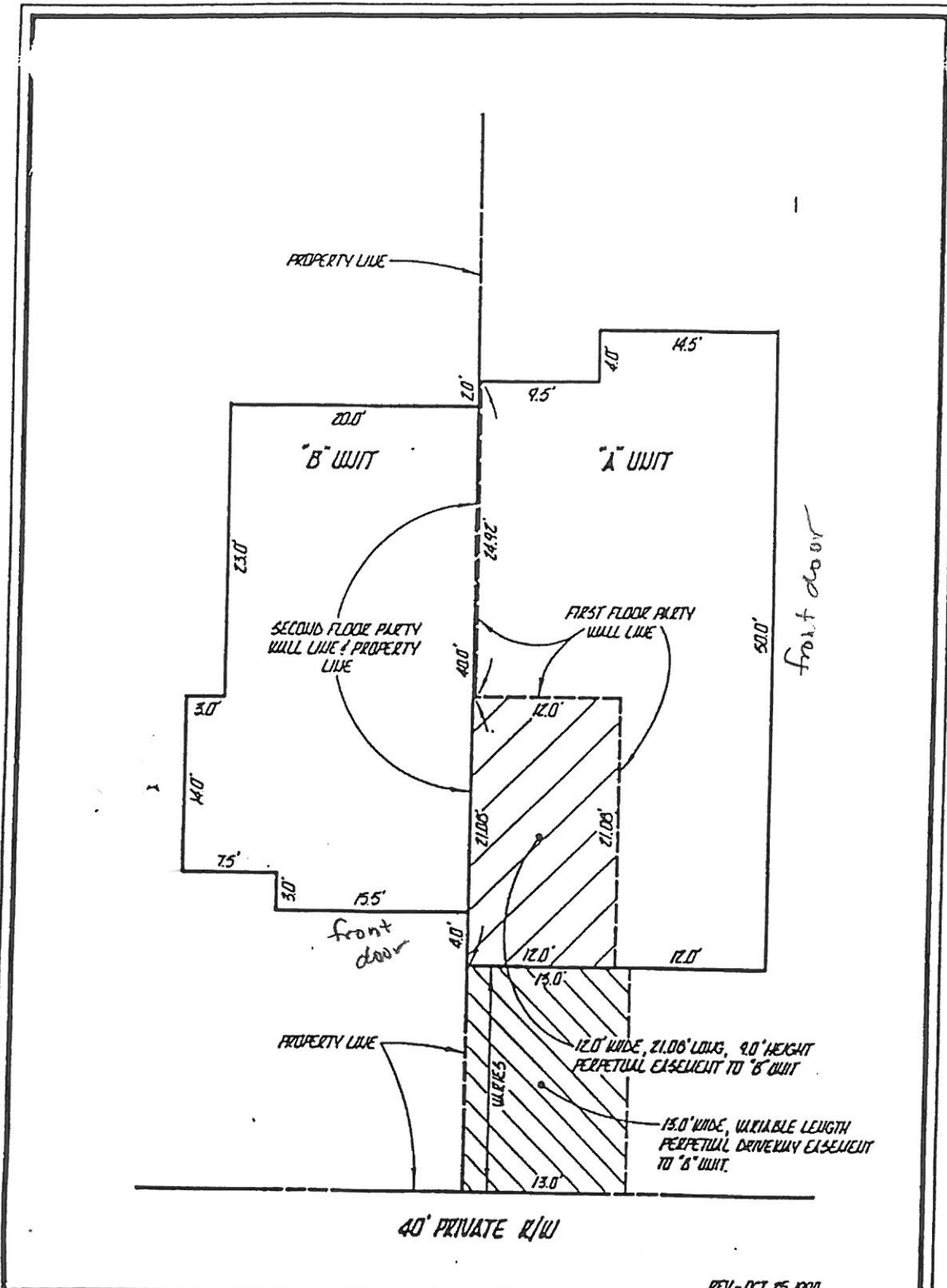
BLS:jms\Ferguson.dec
Revised 11/07/90:Coventry.1

EXHIBIT "A"

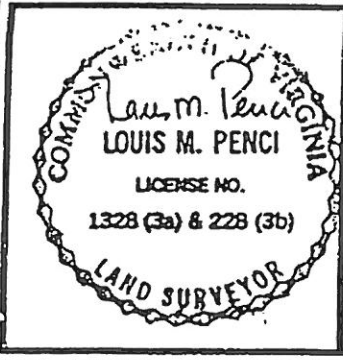
All that certain lot, piece or parcel of land situate, lying and being in the County of York, Virginia, containing 6.60 acres, as shown on that certain plat entitled "RECORD PLAT FOR COVENTRY PLANNED DEVELOPMENT FERGUSON GLADE SECTION 2A - 1 COUNTY OF YORK, VIRGINIA", dated August 12, 1990 and made by The DeYoung Johnson Group, Inc., Surveyors, and to be recorded in the Clerk's Office of the Circuit Court for the County of York, Virginia contemporaneously herewith.

EXHIBIT "B"

All that certain lot, piece or parcel of land, situate, lying and being in the County of York, Virginia, as shown on that certain Plat entitled "PLAT SHOWING PERPETUAL GARAGE EASEMENT TO OWNERS OF "B" UNIT COVENTRY AREA 2 - FERGUSON GLADE, dated October 17, 1990, made by The DeYoung Johnson Group, Inc., Surveyors, and to be recorded in the Clerk's Office of the Circuit Court for the County of York, Virginia contemporaneously herewith.



REV - OCT. 25, 1990



REF:

**PLAT SHOWING
PERPETUAL GARAGE EASEMENT
TO OWNERS OF "B" UNIT
CONVENTRY AREA 2 - FERGUSON GLADE**

YORK COUNTY VIRGINIA

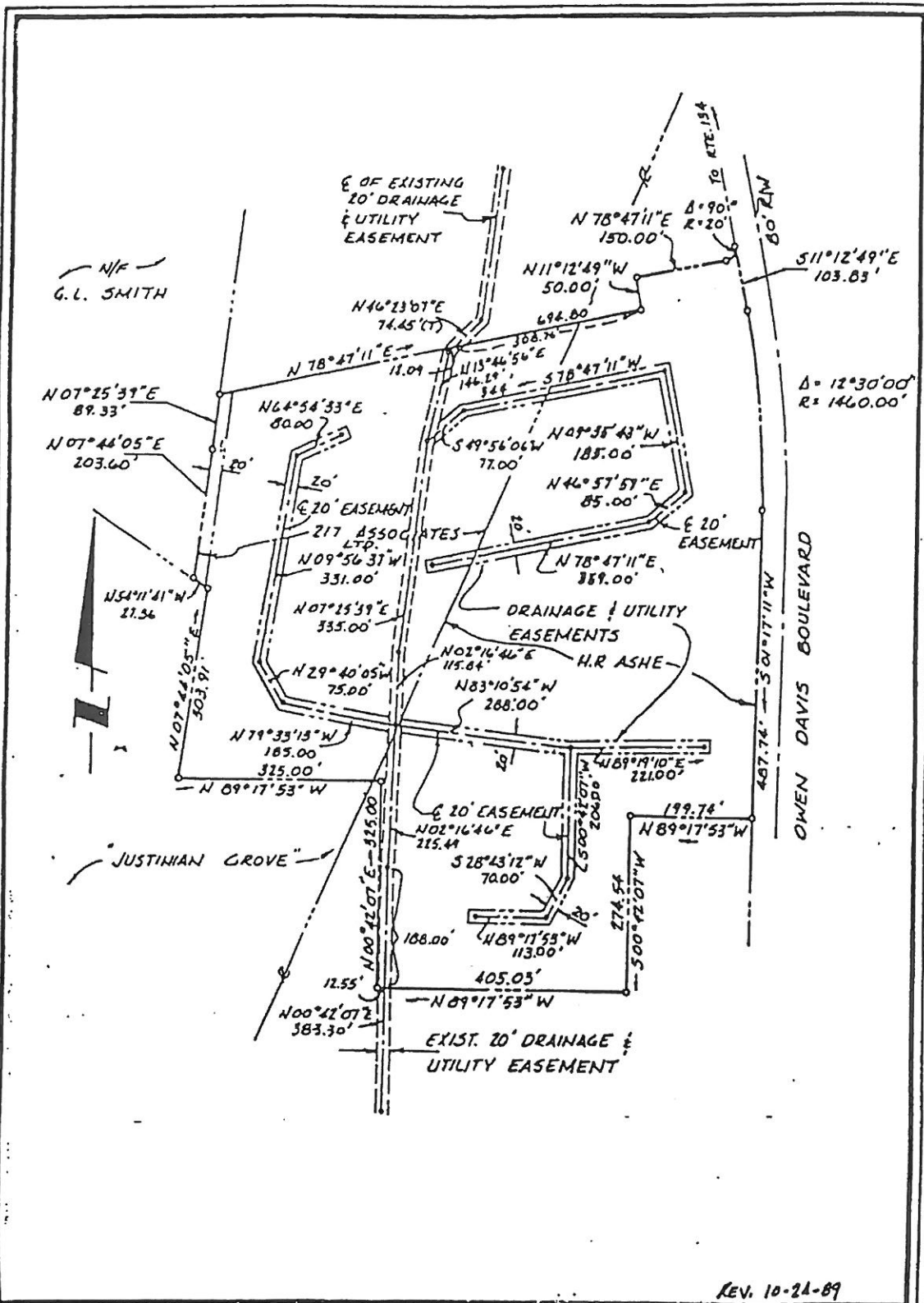
DATE: OCTOBER 17, 1990 SCALE:

DD ENGINEERS ARCHITECTS SURVEYORS
INTERIOR DESIGNERS PLANNERS

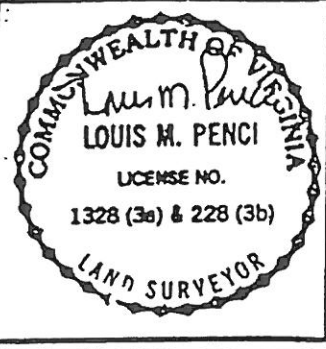
JOB NO. 1871341

P.O. BOX 308 WELLSBORO, VIRGINIA 22187 (804)253-8473

EXHIBIT "B"



REV. 10-21-89



REF. 1

PLAT SHOWING EASEMENT TO BE GRANTED TO : COUNTY OF YORK BY: H.R. ASHE & 217 ASSOCIATES LTD. YORK COUNTY, VIRGINIA

DATE: AUGUST 30, 1989 SCALE

DJG THE DYOUNG-JOHNSON GROUP, INC. ENGINEERS ARCHITECTS SURVEYORS JOB NO. 1871541

101 EX 107 WILMINGTON, VIRGINIA 22801 (804) 733-2077

AMENDMENT TO DECLARATION OF COVENANTS,

CONDITIONS AND RESTRICTIONS

FOR

FERGUSON GLADE

THIS AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR FERGUSON GLADE is made this 9th day of May, 1991, by 217 Associates, Ltd., a Virginia corporation, (hereinafter referred to as the "Declarant").

WHEREAS, by Declaration of Covenants, Conditions and Restrictions dated November 9, 1990 and recorded in the office of the Clerk of the Circuit Court of the County of York, Virginia, in Deed Book 598, at Page 200, hereinafter referred to as the "Declaration", the Declarant did declare that certain real property shall be held, transferred, sold, conveyed, occupied and used subject to certain easements, restrictions, reservations, covenants and conditions, all of which were set forth in said Declaration; and

WHEREAS, in said Declaration the Declarant did reserve the option to add additional property to the property subject to the Declaration and did reserve the option to expand the carriage home or townhouse development known as Ferguson Glade; and

WHEREAS, the Declarant hereby exercises its option to add additional property subject to this Declaration.

NOW THEREFORE, the Declarant does hereby amend the Declaration as follows:

1. Additional Land: The Declarant does hereby submit the additional real property described on Exhibit "A", attached hereto, to be subject to and governed by the Declaration Of Covenants, Conditions And Restrictions For Ferguson Glade.

2. Confirmation of Declaration: All other terms and provisions of the Declaration are expressly ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has caused this Amendment To Declaration Of Covenants, Conditions And Restrictions For Ferguson Glade to be executed in its name and on its behalf by its President, thereunto duly authorized.

217 ASSOCIATES, LTD.,

By, H.R. Ashe
H.R. ASHE, Its President

STATE OF VIRGINIA

City of NEWPORT NEWS, to-wit:

I, Joanne L. Johnson, a Notary Public in and for the City and State aforesaid, do certify that H. R. Ashe, President, 217 Associates, Ltd., whose name is signed to the above writing, bearing date on the 9th day of May, 1991, has acknowledged the same before me in my said City and State.

Given under my hand this 9th day of May, 1991.

Joanne L. Johnson
Notary Public



My commission expires:

11/16/91

EXHIBIT "A"

All that certain lot, piece or parcel of land situate, lying and being in the County of York, Virginia, containing 2.848 acres, as shown on that certain plat entitled "RECORD PLAT FOR COVENTRY PLANNED DEVELOPMENT FERGUSON GLADE SECTION 2-B COUNTY OF YORK, VIRGINIA", dated March 8, 1991 and made by the DeYoung Johnson Group, Inc., Surveyors, and recorded on April 30, 1991 in the Clerk's Office of the Circuit Court for the County of York, Virginia in Plat Book 11, at Page 318.

Original County of York to-wit:
Clerk's Office of the Circuit Court for the
County of York, Virginia
This plat was presented with a copy of the approved
and admitted to record at 3:19 PM
Teste: Nancy B. Kane, Clerk
By: Mona West Deputy Clerk

THIS DOCUMENT IS EXHIBIT "D" TO THE DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF FERGUSON GLADE

ARTICLES OF INCORPORATION
OF
FERGUSON GLADE OWNER'S ASSOCIATION, INC.

ARTICLES OF INCORPORATION

OF

FERGUSON GLADE OWNER'S ASSOCIATION, INC.

The undersigned hereby associate to form a non-stock corporation under the provisions of Chapter Ten of Title 13.1 of the Code of Virginia of 1950, as amended (hereinafter referred to as the "Virginia Non-Stock Corporation Act"), and to that end set forth the following:

1. Name of Corporation. The name of the corporation is FERGUSON GLADE OWNER'S ASSOCIATION, INC.

2. Purpose of Corporation. The purpose for which the Corporation is organized is to govern FERGUSON GLADE CARRIAGE HOMES AND TOWNHOUSES (hereinafter called the "Project") being a residential development governed by the Declaration of Covenants, Conditions and Restrictions for the Project, dated November 9, 1990, and recorded in the office of the Clerk of the Circuit Court for the County of York, Virginia.

3. Members of Corporation. Every person or entity who is a record owner of any Lot in Ferguson Glade, as established by the Declaration referred to in paragraph 2 above, shall be a member of the Corporation. The foregoing does not include any person or entity who holds an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to the aforementioned Declaration.

4. Voting rights. The Association shall have two types of voting Membership as follows:

Type "A": Type "A" Members shall all be Owners of Lots, (with the exception of the developer of the Project, hereinafter referred to as the "Declarant", which shall only become a Type "A" Member with respect to any Lots owned by them upon the termination of the Type "B" Membership as indicated below). Each Lot is assigned one (1) vote which may be cast by the Owner upon any call for a vote at any meeting of the Association. Where the ownership of a Lot is in more than one person, the person who shall be entitled to cast the vote of such Lot shall be the person named in a certificate executed by all of the Owners of such Lot and filed with the Secretary or, in the absence of such person from the meeting, the person who shall be entitled to cast the vote of such Lot shall be the person owning such Lot who is present. If more than one person owning such Lot is present then such vote shall be cast only in accordance with the unanimous agreement of said

Owners. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Except where a greater percentage is required by the Declaration or the By-Laws, the Owners representing more than fifty percent (50%) of the votes in the Association, voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. Notwithstanding the above, if the Declarant owns or holds title to one or more Lots, and the Type "B" Membership in the Association has terminated, the Declarant shall become a Type "A" Member and shall have the right at any meeting of the Association to cast the votes to which such Lot or Lots are entitled. No Owner may vote at any meeting of the Association or be elected to or serve on the Board of Directors if the Association has perfected a lien against his Lot and the amount necessary to release such lien has not been paid at the time of such meeting or election.

Type "B": The Type "B" Membership shall consist of the Declarant, which shall be entitled to two (2) votes for each Lot in the Project, including all Lots which may be added to the Project from time to time by the expansion of the Project onto the additional land. This Type "B" Membership shall terminate upon the happening of either of the following events, whichever shall first occur:

A. The date upon which the total outstanding votes in the Type "A" Membership equal the total outstanding votes of the Type "B" Membership; or

B. The date ten (10) years from the date of settlement of the first Lot conveyed to an Owner.

5. Board of Directors. The members shall meet at least annually and shall appoint a Board of Directors which shall manage the activities of the Corporation. The initial Board shall consist of three (3) Directors, who need not be members of the Corporation. The number of Directors may be changed by amendment to the Bylaws of the Corporation. The names and addresses of the persons constituting the initial Board of Directors are as follows:

<u>Name</u>	<u>Address</u>
H. R. Ashe	632 Hampton Highway Yorktown, VA 23693
Tabb Smith	632 Hampton Highway Yorktown, VA 23693
Terri Fuller	632 Hampton Highway Yorktown, VA 23693

6. Registered Office and Agent. The initial registered office of the corporation is 740 F Thimble Shoals Boulevard, Newport News, Virginia 23606. The name of the city in which the initial registered office is located is the City of Newport News, Virginia. The name of the initial registered agent of the Corporation is Bennett L. Stein, a member of the Virginia State Bar and a resident of the State of Virginia whose business office is the same as the registered office of the Corporation.

7. Amendments. Amendment of these Articles shall require the assent of two-thirds (2/3) of the entire membership of the Corporation.

8. Duration of Corporation. The Corporation shall exist perpetually unless the Board and members of the Corporation vote, in accordance with the laws of the Commonwealth of Virginia, to dissolve the Corporation.

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the State of Virginia, the undersigned, being the incorporator of this Corporation, hereby executes these Articles of Incorporation, this 9th day of November, 1990.

Janet M. Schmid
Incorporator

STATE OF VIRGINIA

CITY OF NEWPORT NEWS, to-wit:

I, WANDA G. PHILLIPS, a Notary Public in and for the City and State aforesaid whose commission expires on the 13th day of MAY, 1991, do hereby certify that Janet M. Schmid, whose name is signed to the foregoing writing, has acknowledged the same before me in my City and State aforesaid.

Given under my hand this 9th day of NOVEMBER, 1990.

Wanda G. Phillips
Notary Public

ferguson.inc
cov#1/BLS
revised 11/D2/90

BOOK 598 PAGE 235

THIS DOCUMENT IS EXHIBIT "E" TO THE DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF FERGUSON GLADE

BYLAWS
OF
FERGUSON GLADE OWNER'S ASSOCIATION, INC.

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BYLAWS OF
FERGUSON GLADE OWNER'S ASSOCIATION, INC.

ARTICLE ONE

GENERAL PROVISIONS

Section One. Applicability. These Bylaws provide for the governance of FERGUSON GLADE CARRIAGE HOMES AND TOWNHOUSES located in the County of York, Virginia (hereinafter the "Project") pursuant to the requirements of the Declaration of Covenants, Conditions, and Restrictions for Ferguson Glade (hereinafter referred to as the "Declaration").

Section Two Association. The Project shall be governed by Ferguson Glade Owner's Association, Inc., a non-stock, non-profit Virginia corporation (hereinafter the "Association"). The Association shall consist of all of the Owners acting as a group in accordance with the Declaration and these Bylaws. For all purposes the Association shall act merely as an agent for the Owners as a group. The Association shall have the responsibility of administering the Project, establishing the means and methods of collecting assessments and charges, arranging for the management of the Project and performing all of the other acts that may be required or permitted to be performed by the Association by the Declaration. The foregoing responsibilities shall be performed by the Board of Directors or Managing Agent as more particularly set forth in Article Three of these Bylaws.

Section Three. Compliance. All Owners, tenants and occupants, their agents, servants, invitees, licensees and employees and others that use the Project Property, or any part hereof, are subject to, and shall comply with these Bylaws.

Section Four. Office. The office of the Association shall be located anywhere on the Project Property or such other place as may be designated from time to time by the board of Directors of the Association.

Section Five. Definitions. The terms defined in Article One, Section One of the Declaration shall be deemed to have the meanings therein specified and ascribed to them wherever they appear in these Bylaws, unless the context otherwise requires.

ARTICLE TWO

MEMBERSHIP

Section One. Generally. Every person or entity who is a record owner of a Lot in the Project, including contract sellers,

shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

Section Two. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, but no later than one year after the conveyance of the first Lot improved with a Carriage Home or Townhouse, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held on the first day following which is not a legal holiday.

Section Three. Special Meetings.

(a) Special meetings of the Members may be called at any time by the President or by the Board of Directors or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the entire membership.

(b) On the earlier of (i) a day within thirty (30) days after the conveyance of sixty-six and two-thirds percent or more of the Lots to Owners by the Declarant, or (ii) ten (10) years from the date of settlement of the first Lot conveyed to an Owner, a special meeting of the Association shall be held at which all of the members of the Board of Directors designated by the Declarant shall resign, and the Owners, including the Declarant if the Declarant owns one or more Lots, shall thereupon elect successor members of the Board of Directors to act in the place and stead of those resigning.

Section Four. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least twenty-one (21) days in advance of any annual or regularly scheduled meeting and at least seven (7) days in advance of any other meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section Five. Voting Rights. The Association shall have two types of voting Membership as follows:

Type "A": Type "A" Members shall all be Owners of Lots, (with the exception of the Declarant, which shall only become a

Type "A" Member with respect to any Lots owned by them upon the termination of the Type "B" Membership as indicated below). Each Lot is assigned one (1) vote which may be cast by the Owner upon any call for a vote at any meeting of the Association. Where the ownership of a Lot is in more than one person, the person who shall be entitled to cast the vote of such Lot shall be the person named in a certificate executed by all of the Owners of such Lot and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Lot shall be the person owning such Lot who is present. If more than one person owning such Lot is present then such vote shall be cast only in accordance with the unanimous agreement of said Owners. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Except where a greater percentage is required by this Declaration or the Bylaws, the Owners representing more than two thirds (2/3) of the votes in the Association, voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. Notwithstanding the above, if the Declarant owns or holds title to one or more Lots, and the Type "B" Membership in the Association has terminated, the Declarant shall become a Type "A" member and shall have the right at any meeting of the Association to cast the votes to which such Lot or Lots are entitled. No Owner may vote at any meeting of the Association or be elected to or serve on the Board of Directors if the Association has perfected a lien against his Lot and the amount necessary to release such lien has not been paid at the time of such meeting or election.

Type "B". The Type "B" Membership shall consist of the Declarant, which shall be entitled to two (2) votes for each Lot in the Project including all Lots which may be added to the Project from time to time by the expansion of the Project onto the Additional land. This Type "B" Membership shall terminate upon the happening of either of the following events, whichever shall first occur:

A. The date upon which the total outstanding votes in the Type "A" Membership equal the total outstanding votes of the Type "B" membership; or

B. The date ten (10) years from the date of settlement of the first Lot conveyed to an Owner.

Section Six. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Owner in favor of only another Owner, a Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Lot.

Any proxy shall be void if it is not dated, if it purports to be revocable without notice as aforesaid, or if the signatures of any of those executing the same has not been witnessed by a person who also shall sign his full name and address. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution of thereof, to execute deeds on behalf of that person. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred and eighty (180) days after the execution thereof.

Section Seven. Quorum. Except as otherwise provided in these Bylaws or the Declaration, Members having twenty-five percent (25%) of the total votes of the Association either in person or by proxy shall constitute a quorum at all meetings of the membership of the Association.

Section Eight. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, members who are present at such meeting in person or by proxy, may adjourn the meeting from time to time, without notice other than announcement at said meeting, until a quorum shall be present or be represented.

Section Nine. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all transactions occurring thereat. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration and these Bylaws.

ARTICLE THREE

BOARD OF DIRECTORS

Section One. Management of Association. The affairs of the Association shall be managed by a Board of Directors (hereinafter referred to as the "Board").

Section Two. First Board. The Board shall, during the period of Declarant control, consist of three persons, none of whom need be Members of the Association. The first Board shall consist of persons designated by the Declarant and they shall serve until replaced by Declarant or until their successors are elected.

(a) The Declarant shall have the absolute right, at any time, in its sole discretion, to remove any member of the Board designated by Declarant and replace any such person with another person to serve on the Board. Notice of such action shall be given to the Association.

(b) "The period of Declarant's control" means the period

ending on the earliest of (i) the date when the Declarant has conveyed to Owners two-thirds (2/3) of the Lots in the Project, specifically including in said calculation any and all Lots which have been or may be created within the additional land established and identified in Article Three of the Declaration, or (ii) ten (10) years from the date of settlement of the first Lot conveyed to an Owner.

Section Three. Subsequent Boards. Upon the termination of the period of Declarant Control referred to in Section Two above, there will be held a special meeting of the members of the Association pursuant to Article Two, Section Three of these Bylaws for the purpose of electing members to the Board, which shall hereafter consist of five (5) persons, all of whom shall be Owners, or spouses of Owners, Mortgagees or designees of the Declarant. The term of office for two (2) members of the Board shall be fixed for three (3) years, the term of office for two (2) members of the Board shall be fixed for two (2) years, and the term of office for one (1) member of the Board shall be fixed for one (1) year. At the expiration of the initial term of office of each member of this Board, a successor shall be elected to serve for a term of three (3) years. The members of the Board shall hold office until their respective successors shall have been elected by the Members of the Association.

Section Four. Election of Directors. Except for designating of Directors by Declarant, as hereinbefore provided, election of Directors shall be conducted in the following manner:

(a) Election of Directors shall be held at the annual meeting.

(b) Nomination for election to the Board shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The nominating committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

(c) The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. There shall be no cumulative voting.

(d) Except as to vacancies created by removal of Directors by members, vacancies in the Board occurring between annual meetings of members shall be filled by the remaining

Directors.

Section Five. Regular Meetings. Regular meetings of the Board shall be held monthly without notice at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section Six. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any Director, after not less than three (3) days notice to each Director.

Section Seven. Action Without Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board.

Section Eight. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section Nine. Compensation. No member of the Board shall receive any compensation from the Association for acting as such.

Section Ten. Powers and Duties. The powers and duties of the Association may, subject to the limitations set forth herein, be exercised by the Board, in the Board's sole discretion. Notwithstanding the above, the Board shall have the following powers:

(a) To prepare an annual budget, in which there shall be established the annual assessments of each Owner.

(b) To make, levy and collect assessments against Owners to defray the costs and expenses of the Project and Common Expenses of the Project, and accumulation of reserves for the replacement of the Common Area.

(c) To provide for the maintenance, repair, replacement, operation, improvement and management of the roofs and exterior of the Carriage Homes and Townhouses, Lots and the Common Area, wherever the same are required to be done and accomplished by the Association for the benefit of its Members. The expenses of the Association are not the expenses of the Owners.

(d) To open bank accounts on behalf of the Association

and designate the signatories thereof.

(e) To make, or contract for the making of, repairs, additions and improvements to or alterations of the Property and repairs and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(f) To keep books with detailed accounts in chronological order of the receipts and expenditure affecting the Property, and the administration of the Project, specifying the expenses of maintenance and repair of the Property and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on workings days at the times and in the manner set and announced by the Board for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting principals.

(g) To adopt and amend administrative rules and regulations governing the details of the operation and use of the Common Area, real and personal, in the Project, so long as such rules and regulations or amendments thereto do not conflict with the rights, privileges, restrictions and limitations which may be placed upon the use of such property under the terms of the Declaration and Exhibits attached thereto.

(h) To acquire, operate, convey, lease, manage and otherwise trade and deal with Lots in the Project on behalf of the Association, as may be necessary or convenient in the operation and management of the Project and in accomplishing the purposes set forth in the Declaration.

(i) To contract on behalf of the Association for the management of the Project and to delegate to such Managing Agent such powers and duties of the Association as the Directors deem fit (see Section Fourteen below), to lease or concession such portions thereof and to ratify and confirm any existing leases or concessions of any part of the Common Area.

(j) To enforce, by legal means, the provisions of the Declaration and any Exhibits attached thereto and the rules and regulations promulgated governing the use of the Property.

(k) To cause the Association to pay all taxes and assessments of any type which affect any part of the Property, other than Lots (unless owned by the Association) and the appurtenances thereto, and to assess the same against the Members and their respective Lots.

(l) To cause the Association to pay all costs of power,

water, sewer and other utility services rendered to the Project which are not the specific responsibility of the Owners of the separate Lots.

(m) To cause the Association to employ personnel, for reasonable compensation, to perform services required for property administration of the purposes of the Association, including accountants, attorneys, contracts and other professionals.

(n) The Association shall have the right, when determined by the Board to be in the best interests of the Project, to grant exclusive licenses, easements, permits, leases, or privileges to any individual or entity, including Non-Owners, which affect the Common Area and to alter, add to, relocate or improve the Common Area. However, no such grants which would act to alter or conflict with the Overall Plan shall be made without first obtaining the written authorization for such grant by the Administrator of York County, Virginia.

(o) To do such other things and acts not inconsistent with the Declaration or these Bylaws which the Board may be authorized to do by a resolution of the Association.

Section Eleven. Authority of First Board. The undertakings and contracts authorized by the first Board, including the first budget, shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by a Board duly elected by the Members of the Association.

Section Twelve. Removal of Directors. Should the members of the Association at any duly convened regular or special meeting convened desire, they may remove any Director except Directors designated by Declarant with or without cause by the vote or agreement in writing by a majority of all Members and a successor may be immediately be elected to fill the vacancy thus created. Should the Members fail to elect a successor, the Board may fill the vacancy.

Section Thirteen. Proviso. Notwithstanding anything herein contained to the contrary, the Directors shall not have the right or authority to do any act or take any action wherein the same would limit, modify or abridge the rights, privileges and immunities of the Declarant as set forth in the Declaration, the Articles of Incorporation and these Bylaws.

Section Fourteen. Managing Agent. The Board of Directors may employ for the Project a "Managing Agent".

(a) The Managing Agent shall perform duties and services as the Board shall authorize. The Managing Agent shall perform the obligations, duties and services relating to management of the Project, the rights of Mortgagees and the maintenance of reserve

funds in compliance with the provisions of the Bylaws and the Declaration.

(b) The Board shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board:

(1) The accrual method of accounting shall be employed;

(2) Cash accounts of the Association shall not be commingled with any other accounts;

(3) No remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;

(4) Any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board; and

(5) A monthly financial report shall be prepared for the Association disclosing:

(i) All income and disbursement activity for the preceding month;

(ii) The status of all accounts in an "actual" versus "projected" (budget) format; and

(iii) Any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent (10%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

(c) During the period when persons designated by the Declarant constitute a majority of the Board, the Board may employ a Managing Agent for a term not to exceed two (2) years during said period. Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty (30) day's written notice.

ARTICLE FOUR

COMMITTEES

Section One. Committees to be Appointed. The Association shall appoint a nominating committee as provided in Article Three, Section Four(b) of these Bylaws. In addition, the Board may

appoint other committees as deemed appropriate in carrying out its purposes such as:

(a) A Recreation Committee which shall advise the Board on all matters pertaining to the recreational facilities, programs and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

(b) A Maintenance and Architectural Control Committee which shall advise the Board on all matters pertaining to the maintenance, repair or improvement of the Property, and shall perform such other functions as the Board in its discretion determines;

(c) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex officio member of the Committee.

Section Two. Duty of Committees. It shall be the duty of each Committee to receive complaints from Members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director or Officer of the Association as is further concerned with the matter presented.

ARTICLE FIVE

OFFICERS

Section One. Enumeration of Officers. The officers of this Association shall be a president, who shall at all times be a member of the Board, a vice president, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section Two. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section Three. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section Four. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section Five. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section Six. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section Seven. Multiple Offices. The office of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section Four of this Article.

Section Eight. Duties. The duties of the officers are as follows:

(a) President. The President shall be the chief executive officer of the Association. he shall have all the powers and duties which are usually vested in the office of President of an association, including, but not limited to, the power to appoint committees from among the members from time to time as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association. The President shall be a member of the Board.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, in ability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; service notice of meetings to the Board and to the Members; keep appropriate current records showing the Members of the Association together with their addresses; provide written notification to the first mortgagee of a Lot of any default by the mortgagor/Member of such Lot in the performance of such mortgagor's obligations under the Declaration governing the Property, the Articles of Incorporation of the Association or these Bylaws which is not cured within thirty (30) days upon receipt of a request for such information by such first mortgagee.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and

shall disburse such finds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year if such an audit is required by the Board of Directors; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE SIX

FISCAL MANAGEMENT

Section One. Manner and Notification. The Board shall fix and determine the sums necessary to pay all the Common Expenses, and other fees of the Project, including maintenance of property reserves, pursuant to the provisions of the Declaration, Articles of Incorporation and these Bylaws. The same shall be assessed against the Owners as provided in the Declaration and all the Exhibits attached thereto.

Section Two. Payments of Assessments. Except as specified to the contrary, funds for the payment of Common Expenses shall be assessed against the Owners in the proportions provided in the Declaration. Said assessments shall be payable monthly, without notice, unless otherwise required by the Board, shall be levied in the same manner as hereinbefore provided for regular assessments except notice thereof shall be given, and shall be payable in the manner determined by the Board.

Section Three. Date of Commencement of Annual Assessments; Due Dates. The annual assessment provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area to the Association; provided, however, that if additional sections are added to the Property, as set forth in the Declaration, then the annual assessment provided for herein shall commence as to all the Lots in such added section on the first day of the month following the conveyance of the Common Area to the Association in that section, notwithstanding that assessments may have already commenced on other Lots already a part of the Property. The first annual assessment shall be adjusted according to the number of months remaining in the Calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board.

Section Four. Depository, Withdrawals. The depository of the Association shall be such bank or banks as shall be designated, from time to time, by the Directors and in which the monies of the

Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors. Should the Association employ a Managing Agent, and should in the course of such employment said Managing Agent be charged with any responsibilities concerning control of any of the funds of the Association, then, in such event, any agreement with such Managing Agent pertaining to the deposit and withdrawal of monies shall supersede the provisions hereof during the term of any such agreement.

Section Five. Records. The Association shall maintain those records and make available written summaries thereof as required by the Declaration. In addition, a financial statement shall be prepared annually and supplied to the Members prior to the adoption of the next insuing year's budget.

Section Six. Fiscal Year. The fiscal year of the Association shall begin on the first day of January of each year; provided, however, that the Board is expressly authorized to adopt a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the Unites States of America. The budget year shall begin on January 1st of each year.

Section Seven. Acquisition of Lots. At any foreclosure sale of a Lot, the Association or its designee may acquire the Lot being foreclosed. The term "foreclosure" as used in this Article shall mean and include any foreclosure of any lien, including a lien for assessments. The power of the Association to acquire a Lot at any foreclosure sale shall never be interpreted as a requirement or obligation on the part of the Association to do so at any foreclosure sale; the provisions hereof being permissive in nature and for the purpose of setting forth the power of the Association. The Association may also acquire Lots in the event damaged Lots are not restored pursuant to the provision of Article Ten, Section Two of the Declaration.

Section Eight. Default of any Assessment Lien. In the event of a default by an Owner in the payment of any assessment, the Association shall have all rights and remedies provided by the Declaration, and the liability of the Owner of the Lot shall include liability for a reasonable attorney's fees and for court costs incurred by the Association incident to the collection of such assessment or enforcement of its lien. If the Association elected to enforce its lien by foreclosure, the Owner shall be required to pay a reasonable rental for the Lot, to be fixed by the Board, and the Association shall be entitled to the appointment of a receiver to collect same. Nothing herein contained shall bar a suit to recover a money judgment for unpaid assessments without waiving the lien securing the same.

ARTICLE SEVEN

AMENDMENTS TO BYLAWS

Amendments to Bylaws as hereinafter defined and provided for, shall be proposed and adopted in the following manner:

Section One. Proposal. Amendments to these Bylaws may be proposed by the Board acting upon vote of the majority of the Directors or by Members of the Association having twenty-five percent (25%) of the votes in the Association, whether meeting as Members or by an instrument in writing signed by them.

Section Two. Call for Meeting. Upon any amendment or amendments to these Bylaws being proposed by said Board or Members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special joint meeting of the members of the Board and the Members of the Association for a date not sooner than fourteen (14) days or later than sixty (60) days from receipt by such officer of the proposed amendment of amendments. It shall be the duty of the Secretary to give to each Member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the Members is required as herein set forth. Notice shall be posted at a conspicuous location on the Property.

Section Three. Vote Necessary; Recording. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of sixty-six and two-thirds percent (66-2/3%) of the entire membership of the Board and by an affirmative vote of the Members having sixty-six and two-thirds percent (66-2/3%) of the votes in the Association. Thereupon, such amendment or amendments to these Bylaws shall be transcribed, certified by (i) the President or a Vice President and (ii) the Secretary or Assistant Secretary of the Association, and a copy thereof shall be recorded in the Clerk's Office of the Circuit Court for the County of York, Virginia, within ten (10) days from the date on which any amendment has been affirmatively approved by the Directors and Members.

ARTICLE EIGHT

INDEMNIFICATION

Section One. Officers and Directors. The Association shall and does hereby indemnify and hold harmless every director and every officer, including the first officers and directors, his heirs, executors and administrators, against all loss, cost and expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association,

including reasonable counsel fees, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to, and not exclusive of, all other rights to which such director or officer may be entitled.

ARTICLE NINE

MORTGAGES

Section One. Notice to Board of Directors. An Owner who mortgages his Lot shall notify the Board of the name and address of his mortgagee. The Board shall maintain such information in a book entitled "Mortgagees of Lots."

Section Two. Notice of Unpaid Assessments. The Board, whenever so requested in writing by an Institutional Lender holding a first mortgage on a Lot, shall promptly report any then unpaid assessments due from, or any other default by, the Owner of the mortgaged Lot.

Section Three. Examination of Books. Each Owner and each Institutional Lender holding a first mortgage on a Lot shall be permitted to examine the books of account of the Association at reasonable times and upon reasonable notice on a business day, but not more often than once a month.

Section Four. Notice of Termination of Management Contracts. The Board shall notify the Institutional Lender having the greatest number of first mortgages on Lots in the Project in writing of the termination of any management contract within ten (10) days of receipt or issuance of any notice of such termination by either the Association or the Managing Agent. Notwithstanding the foregoing, the prior written approval of the Institutional Lender having the greatest number of first mortgages on Lots in the Project shall be required to effectuate any decision by the Association to terminate professional management and assume self-management of the Project.

Section Five. Other Mortgagees Rights. Every Institutional Lender holding a first mortgage on a Lot or their representatives shall be entitled to attend meetings of the Association and shall have the right to speak thereat. In addition thereto, every Institutional Lender holding a first mortgage on a Lot shall have the right to require the submission of annual financial reports and other budgetary information.

IN WITNESS WHEREOF, we, being all of the Directors of Ferguson Glade Owner's Association, Inc., have hereunto set our hands this 9th day of NOV., 1990.

W.R. Ashe (SEAL)

H. Tabb Smith (SEAL)

Terr. L. Fuller (SEAL)

STATE OF VIRGINIA

CITY OF NEWPORT NEWS, to wit:

I, Delwyn M. Kennedy, a Notary Public in and for the City and State aforesaid, whose commission expires on the 31st day of December, 1994, do hereby certify that H. R. Ashe, H. Tabb Smith, and Terr. L. Fuller, whose names are signed to the foregoing writing, have acknowledged the same before me in my City and State aforesaid.

Given under my hand this 9th day of November, 1990.

Delwyn M. Kennedy
Notary Public

Virginia: County of York to-wit:

In the Clerk's Office of the Circuit Court for the County of York, the 14th day of November 1990
This deed was presented with the certificate annexed and admitted to record at 11:08 o'clock A.M.

Teste: Nancy B. Kane, Clerk

By: Karen D. Kelly Watkins Deputy Clerk

Ferg. byl/BLS
10/10/90