

**Virginia State Corporation Commission
eFiling CASE Document Cover Sheet**

24084002

Case Number (if already assigned)	PUR-2024-00032
Case Name (if known)	Application of Virginia Electric and Power Company for Approval and Certification of Electric Transmission Facilities: 500-230 kV Aspen Substation, 500 kV Aspen-Goose Creek Line #5002, 500 kV and 230 kV Aspen-Golden Lines #5001 and #2033, 500-230 kV
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August 14, 2024

By E-Filing

The Honorable Bernard Logan, Clerk
Virginia State Corporation Commission
Document Control Center
Tyler Building, First Floor
1300 East Main Street
Richmond, VA 23219

Re: *Application of Virginia Electric and Power Company for Approval and Certification of Electric Transmission Facilities: 500-230 kV Aspen Substation, 500 kV Aspen-Goose Creek Line #5002, 500 kV and 230 kV Aspen-Golden Lines #5001 and #2333, 500-230 kV Golden Substation, and Lines #2081/#2150 Loop*
Case No. PUR-2024-00032

and

Application of Virginia Electric and Power Company for Approval and Certification of Electric Transmission Facilities: 230 kV Apollo-Twin Creek Lines and Twin Creeks, Sycolin Creek, Starlight Lunar, and Apollo Substations
Case No. PUR-2024-00044

Dear Mr. Logan:

Enclosed for filing in the above-referenced proceedings is the Direct Testimony of Tom Jeavons to be filed on behalf of Lansdowne Conservancy.

Please feel free to contact me if you have any questions.

Sincerely,

/s/ Brian R. Greene

Brian R. Greene

Enclosure

c: Service List
Office of Hearing Examiners (OHEparalegals@scc.virginia.gov)
4887-1476-4248, v. 1

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

APPLICATION OF VIRGINIA ELECTRIC
AND POWER COMPANY

For approval and certification of electric
transmission facilities: 500-230 kV Aspen Substation,
500 kV Aspen-Goose Creek Line #5002,
500 kV and 230 kV Aspen-Golden Line #5001 and #2333,
500-230 kV Golden Substation,
and Lines #2081/#2150 Loop

Case No. PUR-2024-00032

For approval of certification of electric transmission
facilities: 230 kV Apollo-Twin Creeks Lines and
Twin Creeks, Sycolin Creek, Starlight, Lunar and
Apollo Substations

Case No. PUR-2024-00044

**DIRECT TESTIMONY OF
TOM JEAUVONS, PRESIDENT OF LANSDOWNE CONSERVANCY
ON BEHALF OF
LANSDOWNE CONSERVANCY**

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August 14, 2024

SUMMARY OF DIRECT TESTIMONY

Witness: Tom Jeavons, President of Lansdowne Conservancy

Respondent: Lansdowne Conservancy

I am the President of the Lansdowne Conservancy ("Conservancy") and a resident of Lansdowne. The Conservancy is the overarching property owner's association comprised of all the members who own property in the Conservancy including property owners who are also members of the independent sub-associations within the Conservancy.

My direct testimony explains that the Conservancy supports the proposal from Loudoun County to underground the proposed transmission line along the south side of Route 7. The Conservancy believes that Loudoun County's proposal minimizes adverse impacts to the community. If the State Corporation Commission (the "Commission") decides not to underground the transmission line, the Conservancy asks that the Commission select Belmont Park Variation A.

**DIRECT TESTIMONY
OF
TOM JEAVONS
PRESIDENT OF LANSDOWNE CONSERVANCY
ON BEHALF OF
LANSDOWNE CONSERVANCY
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUR-2024-00032 AND CASE NO. PUR-2024-00044**

1 **Q. Please state your name, current position and business address.**

2 A. My name is Tom Jeavons. I am the President of Lansdowne Conservancy (the
3 “Conservancy”). My business address is 19501 Promenade Drive, Lansdowne, Virginia
4 20176.

5 **Q. Please summarize your background and professional experience.**

6 A. I moved to Lansdowne Village Green in 2008, just prior to retiring. I was first elected to
7 the Lansdowne Conservancy Board of Directors in 2008, and began my tenure as President
8 in 2009. I also serve as President of Lansdowne Village Green Homeowners Association,
9 an independent sub-association of the Conservancy. Before retirement, I worked in the
10 telecommunications industry for 25 years, including more than 10 years in executive
11 positions. As part of my role as President of the Conservancy, I am familiar with the
12 documents referenced throughout my testimony.

13 **Q. What is the purpose of your testimony?**

14 A. The purpose of my testimony is to explain that the Conservancy is aligned with other
15 respondents and numerous public witnesses in supporting Loudoun County’s proposal to
16 underground portions of the proposed Aspen-Golden Transmission Line (the
17 “Transmission Line”). If the State Corporation Commission (the “Commission”)
18 determines it will not require Virginia Electric and Power Company (“Dominion”) to

1 underground the Transmission Line, the Conservancy supports Belmont Park Variation A
2 (“Variation A”) over Belmont Park Variation B (“Variation B”).

3 **Q. What is the Conservancy?**

4 A. The Conservancy is the overarching property owner’s association comprised of all the
5 members who own property in the Conservancy, including property owners who are also
6 members of the independent sub-associations in the Conservancy, including: Lansdowne
7 on the Potomac Homeowners’ Association, Lansdowne Village Green Homeowners’
8 Association, and the Lansdowne Woods Condo Associations. Other members of the
9 Conservancy who own property include the Lansdowne Resort, Inova Loudoun Hospital,
10 National Conference Center, the Saul Shopping Center, multiple medical and professional
11 office buildings, condos, and smaller residential Homeowners’ Associations and
12 Condominiums. In total, the Conservancy represents residents and businesses, whose real
13 estate assets have an assessed value of over \$3.3 billion. Approximately ten thousand
14 people live or work in the Conservancy.

15 **Q. Can you briefly describe Dominion’s proposal for the Aspen to Golden Transmission**
16 **Line?**

17 A. The proposed line is a 9.4-mile 500-230 kilovolt transmission line from Dominion’s Aspen
18 Substation to its Golden Substation in Loudoun County, Virginia.

19 **Q. With which area of the Transmission Line is the Conservancy specifically concerned?**

20 A. The Conservancy is concerned about the entire line and believes it should be installed
21 underground to the greatest extent possible. The Conservancy is opposed to overhead
22 construction but, if that is the path the Commission decides to take, then the Conservancy
23 is specifically concerned with Variation B. Variation B would run along the north side of

1 Route 7, adversely effecting numerous Conservancy residents and businesses including the
2 Inova Loudoun Hospital and the Camden apartment complex.

3 **Q. What is your understanding of why the new transmission line is necessary?**

4 A. My understanding is that the Transmission Line is needed to support the influx of data
5 center development in Loudoun County.¹ Data centers are highly electricity-intensive,
6 requiring a steady stream of electricity to operate around the clock. They come with
7 complex infrastructure requirements, including power distribution. In the past 15 years,
8 over 30 million square feet of data centers have been built in Loudoun County.² As
9 Dominion explained in its 2023 Integrated Resource Plan filing, more and more data
10 centers are flocking to Loudoun County:

11 The Company serves the largest data center market in the world, located in
12 30 square miles of Loudoun County. There are data centers located in other
13 areas of Virginia, but roughly 80% of the industry is located in Loudoun
14 County. To put this in perspective, the aggregate of the next six largest data
15 center markets in the U.S. is not as big as Loudoun County's market. The
16 data center industry in Virginia achieved a peak metered load of almost 2.8
17 GW in 2022. This load is roughly 1.5 times the capacity of the Company's
18 North Anna nuclear facility.³

19 **Q. Has Dominion submitted data in prior Commission proceedings forecasting the**
20 **growth of data centers in Virginia?**

21 A. Yes. In its 2023 Integrated Resource Plan, Dominion's forecast projected a nearly four-
22 fold growth in data center peak demand and energy usage over the next 15 years, as seen
23 in the graphs below.⁴

¹ See The Impact of Data Centers on Virginia State and Local Economies, NORTHERN VIRGINIA TECHNOLOGY COUNCIL (Apr. 2024) <https://www.nvtc.org/topics/data-center-and-cloud/report/>.

² *Id.* at 19-20.

³ *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's 2023 Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2023-00066, Integrated Resource Planning Guidelines at 55 (May 1, 2023).

⁴ *Id.* at 58.

**Figure 4.1.5.3 – DOM LSE Data Center Peak Demand Forecast (MW)
(Excludes Retail Choice)**

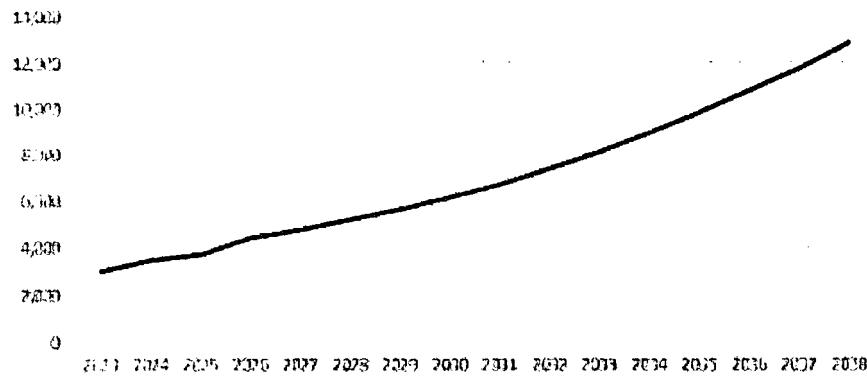
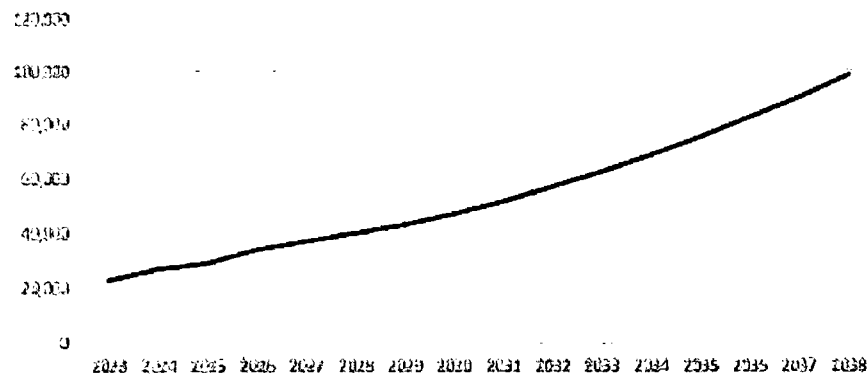


**Figure 4.1.5.4 – DOM LSE Data Center Energy Forecast (GWh)
(Excludes Retail Choice)**



1
2 This case is representative of a question being asked across the country and definitely in
3 Loudoun County: how do we ensure reliable electricity service for the behemoth needs of
4 a single industry while at the same time being thoughtful and considerate to those who live
5 in or near the data center communities?⁵ For its part, Dominion has stated that “[t]he
6 concentration of data centers primarily in Loudoun County, Virginia represents a unique

⁵ As of 2022, 21% of Dominion’s energy load was used by data centers, and Dominion anticipates its peak load will double by 2040. *Data Centers & Energy Demand*, Piedmont Environmental Council, <https://www.pecva.org/our-work/energy-matters/data-centers-energy-demand/> (last accessed Aug. 12, 2024).

1 challenge and requires significant investments in electric transmission facilities to meet the
2 growing demand.”⁶

3 **Q. Do you agree with Dominion’s statement that this is a “unique challenge” that**
4 **requires “significant investment in electric transmission facilities”?**

5 A. It is certainly a unique challenge. I am not opining on whether significant investment in
6 additional transmission lines and towers is the only way, or the best way, to address the
7 growing electricity demand. That said, approval of additional transmission lines and towers
8 requires thoughtful long-term planning to ensure the delivery of reliable power to all
9 Virginians, and also consideration of the impacts that new lines and towers have on the
10 local communities. The Conservancy requests that the Commission carefully balance the
11 growing need for power with the significant adverse impacts that overhead transmission
12 lines have on the local community. In other words, the solution to the “growing data center
13 problem” cannot be “just build more overhead transmission lines throughout Loudoun
14 County.” There needs to be a path forward where data centers, and all ratepayers, can
15 receive reliable electricity service while at the same time not dotting Loudoun County’s
16 roads and landscapes with overhead transmission lines and towers.

17 **Q. Why does the Conservancy believe that the Transmission Line should be placed**
18 **underground?**

19 A. Given the substantial electricity demands of data centers that will continue to grow
20 enormously as forecasted by Dominion and PJM, the Conservancy believes that now is the
21 time to introduce undergrounding as an alternative to overhead transmission lines and
22 towers. A pilot program to collect data regarding underground lines will benefit the public

⁶ Dominion Energy, Inc., 2023 10-K at 15, <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000715957/29268d52-6fec-4d06-80f4-71a7c79930bb.pdf> (last accessed Aug. 12, 2024).

1 by allowing all stakeholders to learn more about reliability and cost issues, among others.

2 At the same time, the Conservancy believes that the undergrounding plan put forward by
3 Loudoun County will minimize adverse impacts to the greatest extent reasonably
4 practicable for the entire community. The County's undergrounding plan would ensure the
5 safe and reliable delivery of power where it is needed while preserving the scenic beauty
6 and property values throughout Loudoun County.

7 **Q. How would undergrounding the Transmission Line minimize adverse impacts to the**
8 **greatest extent reasonably practicable?**

9 A. The Conservancy acknowledges that undergrounding the line would be more expensive,
10 however, the Commission has previously found that while the cost of construction is a
11 consideration, it is not dispositive.⁷ The Commission must also consider which option will
12 minimize impacts on scenic assets, historic resources, the environment, economic
13 development, and ensure fair treatment of Environmental Justice and fenceline
14 communities, as defined in the Virginia Environmental Justice Act.⁸ The economic benefits
15 of undergrounding include preventing the devaluation of property along the overhead line.
16 Loudoun County has provided an appraisal indicating that if the overhead Transmission
17 Line is approved as proposed by Dominion, it would result in a significant devaluation of
18 property along the route. Loudoun County will present a witness to discuss the appraisal in
19 more detail.

⁷ See e.g., *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power for a Certificate of Public Convenience and Necessity for facilities in Loudoun County: Beaumeade-Beco 230 kV Transmission Line and Beaumeade-Greenway 230 kV Transmission Line*, Case No. PUE-2001-00154, Order Granting Approval and Remanding for Further Proceedings at 3 (June 27, 2002).

⁸ See VA. CODE §§ 56-46.1 and 2.2-234.

1 As mentioned above, the proliferation of data centers in Loudoun County will require
2 continued expansion of electric infrastructure. By considering undergrounding, the
3 Commission can be more intentional in considering what placement balances both the
4 growing need for power and the serious impact on the local community. This project can
5 be transformative and help to balance Virginia's growing energy needs brought on by data
6 centers by doing right by residents and businesses that must co-exist in close proximity
7 with the data centers.

8 Growing public concern over the proliferation of massive 500/230 kV above-ground
9 powerlines and 190-foot towers to supply data centers is one of the major factors causing
10 backlash against growth of the data center industry and power companies such as
11 Dominion. Elected officials in Loudoun County and other areas of Virginia have reacted
12 to this public concern by promoting zoning and development constraints that protect
13 residential and commercial properties from encroaching industrial development.⁹

14 Failure to place meaningful limits on above-ground transmission lines in areas where they
15 do harm, and to address Dominion's reluctance to acknowledge and deal with these
16 impacts, will cause additional constraints to be placed on the growth of this industry.

17 Without appropriate measures, backlash from impacted property owners will continue to
18 heighten, and hamper further data center development, and thereby economic
19 development.¹⁰ Undergrounding when possible is one of the most effective ways the

20 Commonwealth can continue to welcome and foster the development of the data center

⁹ Jess Kirby, *County Supervisors Forward Plan to Eliminate By-right Data Center Zoning*, LOUDOUN TIMES (Jul. 9, 2024) https://www.loudountimes.com/0local-or-not/1local/county-supervisors-forward-plan-to-eliminate-by-right-data-center-zoning/article_7ddd125c-3e43-11ef-9ef0-0724cb627e4d.html.

¹⁰ Referencing the fact "dozens of speakers lined up to urge the board to stop approving the projects." Norman K. Styler, *'Tipping Point': Loudoun Supervisors Reject Plan for Larger Data Center Campus*, Loudoun Now (Mar. 14, 2024) https://www.loudounnow.com/news/tipping-point-loudoun-supervisors-reject-plan-for-larger-data-center-campus/article_28dbccea-e208-11ee-8dc2-b37387cdeb70.html.

1 industry, while also shielding residents and businesses from the adverse effects of above-
2 ground transmission lines. It is a win-win solution that is widely supported by residents
3 and business owners throughout the County and the Commonwealth.

4 **Q. Does the Conservancy have a preferred overhead route in the event the Commission**
5 **determines that the Transmission Line cannot be undergrounded?**

6 A. Yes. But I want to make clear that the Conservancy maintains that the *only* appropriate
7 placement of the Transmission Line is underground in the location proposed for the Pilot
8 Program. We offer our assessment of the overhead route in the limited context that the
9 Commission were to decide that undergrounding is not an appropriate outcome in this
10 proceeding.

11 That said, if the Commission were to approve an overhead route, the Conservancy requests
12 that the Transmission Line follow Variation A.

13 Variation B raises several concerns, noted by both the Conservancy and Dominion. In its
14 application, Dominion cites that as compared to Variation A, Variation B will require two
15 crossings of Route 7 and will require four two-pole angle structures and three monopoles
16 for seven total structures, while Variation A only requires four monopole structures, and
17 no two-pole angle structures. Under Variation B, there would be a higher number of
18 existing residences within 250 feet of the line, and a greater impact on traffic.¹¹

19 **Q. Does the Conservancy have other concerns about Variation B?**

20 A. Yes, the Conservancy has at least four other concerns that weigh in favor of Variation A
21 over Variation B. First, Variation B would bring above-ground towers closer to

¹¹ *Application of Virginia Electric and Power Company for approval and certification of electric transmission facilities: 500-230 kV Aspen Substation, 500 kV Aspen-Goose Creek Line #5002, Case No. PUR-2024-00032, Application at 199-201 (Mar. 7, 2024).*

1 Conservancy member Inova Loudoun Hospital and its emergency helipad. Inova Loudoun
2 Hospital indicated in a February 15, 2024, email, attached to Dominion's Application in
3 Attachment III.H.1, that Variation B was not conducive to helicopter takeoff and landing.¹²

4 **Q. What is your second concern about Variation B?**

5 A. Second, Variation B would place a portion of the overhead Transmission Line on the north
6 side of Route 7, in violation of the Conservancy's restrictive covenant over all properties
7 within its jurisdiction prohibiting above-ground utilities, memorialized in the Second
8 Amended and Restated Declaration for Lansdowne ("the Declaration"), which is recorded
9 among the land records of Loudoun County at Deed Book 1601, Page 0908. The
10 Declaration, a copy of which is attached as **Exhibit TJ-1**, manifests the intention to
11 inaugurate a common plan of development to enhance property values for the benefit of
12 landowners within the Conservancy. All property owners within the Conservancy are
13 legally obligated to comply with the provisions in the Declaration and the Design
14 Guidelines, which include the rules and regulations adopted pursuant to the Declaration. A
15 copy of the Design Guidelines is attached as **Exhibit TJ-2**.

16 As part of the common plan, the Declaration and Design Guidelines impose uniform
17 restrictions, conditions, and covenants that apply to all land subject to the Declaration. This
18 "restrictive covenant" is a valuable interest in real estate for all owners of property
19 governed by the Declaration. As relevant here, the Declaration and accompanying Design
20 Guidelines require that all utilities must be installed underground except for construction
21 activities, and Dominion is not exempt from that requirement. The easements that

¹² *Application of Virginia Electric and Power Company for approval and certification of electric transmission facilities: 500-230 kV Aspen Substation, 500 kV Aspen-Goose Creek Line #5002, Case No. PUR-2024-00032, Attachment III.H.1 (Mar. 7, 2024).*

1 Dominion proposes to take are subject to the Declaration, and installation of an overhead
2 transmission line and towers as proposed in Variation B would constitute a breach of the
3 restrictive covenant. The Conservancy has consistently enforced the restrictive covenant
4 against such breaches.

5 **Q. What is your third concern about Variation B?**

6 A. Our third concern is that locating the powerlines above ground as proposed in Variation B
7 would violate the scenic easement described in Loudoun County's testimony and
8 negatively impact the value of the properties in the Conservancy, as noted above.

9 **Q. What is your fourth concern about Variation B?**

10 A. Solely considering between Variation A versus Variation B, and ignoring the
11 undergrounding preferred by the Conservancy, Variation B would require the taking of
12 valuable real estate from Inova Loudoun Hospital and the Camden Apartments. This would
13 violate the above-mentioned restrictive covenants and restrictive scenic easement granted
14 by Xerox Realty Corporation to the Loudoun County Board of Supervisors in 1991. The
15 scenic easement is imposed within 300 feet of the north side of Route 7.

16 **Q. Is Dominion aware of the Conservancy's concerns, explained above?**

17 A. Yes. On June 16, 2023, counsel for the Conservancy sent Dominion a letter explaining the
18 above concerns and issues. The notice included the documents referenced above.

19 **Q. Does this conclude your testimony?**

20 A. Yes, it does.

Exhibit TJ-1

Second Amended and Restated Declaration for Lansdowne

AMENDMENT TO DECLARATION
FOR LANSDOWNE

THIS AMENDMENT is made as of August 14, 1998, by
LANSDOWNE CONSERVANCY, a Virginia nonstock corporation
("Conservancy").

RECITALS

1. The Declaration for Lansdowne was recorded on December 7, 1987 in Deed Book 970 at page 1260 among the land records of Loudoun County, Virginia, as amended by the Amended and Restated Declaration for Lansdowne recorded on July 10, 1992 in Deed Book 1176 at page 004 among the aforesaid land records (together the "Declaration").

2. Sections 15.2 and 15.4 of the Declaration permit the Conservancy to amend the Declaration either by a Sixty-Seven Percent Vote of the members at a meeting or with the written consent of members entitled to cast sixty-seven percent of the total number of votes.

3. The required percentage of members has approved this Amendment in accordance with Sections 15.2 and 15.4 of the Declaration as evidenced by the Certification of the President of the Conservancy attached hereto as Exhibit 2.

4. The Declarant has consented to the Amendment as evidenced by its signature hereto.

5. The Conservancy has complied with the provisions of Article 15 of the Declaration and wishes to make certain amendments to the Declaration as set forth in the Second Amended and Restated Declaration for Lansdowne attached hereto as Exhibit 1.

NOW THEREFORE, pursuant to Article 15 of the Declaration, the Conservancy hereby amends the Declaration as set forth in the Second Amended and Restated Declaration for Lansdowne attached hereto as Exhibit 1.

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

Box 21
Return to: JSB
HAZEL & THOMAS, P.C.
3110 FAIRVIEW PARK DR.
FALLS CHURCH, VA 22042

LANSDOWNE CONSERVANCY,
a Virginia nonstock corporation

By: [Signature]
Name: A. Roy Windham
Title: President

By: [Signature]
Name: KEVIN V. NICHOLAS
Title: Secretary

DECLARANT:

XEROX REALTY CORP.,
a Delaware corporation

By: [Signature]
Name: DAVID R. McLELLAN
Title: PRESIDENT

County OF Loudoun)
State OF Virginia) SS:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that A. Roy Windham, as President of LANSDOWNE CONSERVANCY, whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized officer of the corporation.

GIVEN under my hand and seal on August 14th, 1998

[Signature] [SEAL]
Notary Public

My commission expires: 8-31-98

State OF Connecticut)
County OF Fairfield) SS:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Kenneth J. Nicholas, as Secretary of LANSDOWNE CONSERVANCY, whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized officer of the corporation.

GIVEN under my hand and seal on August 10, 1998

Dandra J. Fisher [SEAL]
 Notary Public

My commission expires: 3/31/2002

County OF Loudoun)
State OF VA) SS:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that DAVID P. McLellan, President of XEROX REALTY CORP., whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized officer of the corporation.

GIVEN under my hand and seal on August 18, 1998.

Paula W. Allen (SEAL)
 Notary Public

My commission expires: 8-17-98

B:AMD3.DEC

SECOND AMENDED AND RESTATEDDECLARATIONFORLANSDOWNETABLE OF CONTENTS

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SECOND AMENDED AND RESTATED

DECLARATION

FOR

LANSDOWNE

THIS SECOND AMENDED AND RESTATED DECLARATION is made as of August 14, 1998, by LANSDOWNE CONSERVANCY, a Virginia nonstock corporation (as further defined below, the "Association"), XEROX REALTY CORP., a Delaware corporation (the "Declarant"), with the consent and joinder of all owners identified in Exhibit D attached hereto (collectively, the "Approving Owners"), all to be indexed as grantors.

R E C I T A L S:

1. The Declarant and certain successors in title own in fee simple the real estate designated as Submitted Real Estate in the description attached as Exhibit A to this Declaration (defined below), and the Association, the Declarant and the Approving Owners have decided and intended to subject that real estate to certain covenants, restrictions, reservations, easements, servitudes, liens and charges, all of which are more particularly hereinafter set forth. The Declarant also owns in fee simple the real estate designated as Additional Real Estate in the description attached as Exhibit B to this Declaration, less and except any and all of said real estate that has been conveyed of record prior to the recordation hereof, and the Declarant may hereafter decide to subject all or any portion of that Additional Real Estate, pursuant to Section 4.1 hereof, to the provisions of this Declaration, all as the same may be amended from time to time.

2. The required percentage of members has approved this Second Amended and Restated Declaration, in accordance with Sections 15.2 and 15.4 of the Declaration for Lansdowne (as recorded in Deed Book 970, at Page 1260 among the Land Records (defined below), the "Original Declaration"), as amended prior hereto, such approval being evidenced by the signatures hereto of the Declarant and the Approving Owners, the latter of whose consents are attached hereto as Exhibit D.

3. The Association and the Declarant, with the consents of the Approving Owners, deem it desirable and in the best interests of all the owners of real estate subject to this Declaration to protect the value and the desirability of such real estate by providing for the development of such real estate in accordance with a common plan and the maintenance of certain shared facilities, as provided hereinbelow.

4. To provide a means for meeting the purposes and intents set forth herein, the Declarant has caused the Association to be incorporated under the laws of the Commonwealth of Virginia. The Association has complied with the provisions of the Original Declaration, as amended prior hereto, specifically including Article 15 thereof, with respect to the approval of this Declaration, as evidenced by the signatures of its President and Secretary certifying such compliance.

5. The Declarant may also cause or permit other owners associations or condominium unit owners associations (sometimes hereafter called, as defined below, "Subassociations") to be incorporated or created under the laws of the Commonwealth of Virginia to provide separate and additional entities to govern certain matters pertaining exclusively to certain portions of the Property (defined below). These additional Subassociations may be subordinate to or completely independent from the Association.

NOW, THEREFORE, the Association, with the consent and joinder of the Approving Owners and the Declarant, hereby covenants and declares, on behalf of itself, all Owners (defined below) and its and their respective successors and assigns, that the real estate designated as Submitted Real Estate in the abovementioned Exhibit A, together with all other real estate, if any, which has been submitted to the Declaration (defined below) prior to the date hereof, shall, from the date this Declaration is recorded, be held, conveyed, acquired and encumbered subject to the terms and provisions hereof, all of which shall run with the land and bind and inure to the benefit of all Persons who may now or hereafter own or acquire any right, title, estate or interest in or to any of such real estate, or who may now or hereafter occupy or enter upon any portion thereof, subject to the right of the Declarant or the Association to amend this Declaration to add all or any portion of the Additional Real Estate.

P A R T O N E

ARTICLE 1

GENERAL PROVISIONS

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

(1) "Act" means the Virginia Nonstock Corporation Act, Chapter 10 of Title 13.1 of the Code of Virginia (1950), as the same may be amended, supplemented or replaced from time to time.

(2) "Additional Real Estate" means the real estate so designated in Exhibit B to this Declaration (defined below).

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

(4) "Assessed Value" means the total assessed value of a Lot as determined each year by the real estate tax assessor (or similar official) for the jurisdiction in which the Lot is located at the time the Association makes initial assessments for such year. If the Assessed Value is subsequently adjusted during the Association's fiscal year, such adjustment shall not be taken into account. If any Lot is subdivided during any fiscal year, the Assessed Value of each Lot so created shall be as determined by the subdividing Owner in the deed of subdivision, or if no such determination is made, the Assessed Value of each Lot so created shall be in proportion to the relative acreage (as to land value) and relative square footage of the improvements (as to value of the improvements) on each such Lot (until a separate assessed value for each Lot is available from the real estate tax assessor); provided, however, that in any such event the combined Assessed Values of the new subdivided Lots and of the residue of the Lot(s) as previously existing shall not be less than the Assessed Value(s) of the Lot(s) before the subdivision. If a Lot is no longer assessed for real estate tax purposes, the Assessed Value of the Lot shall be determined by periodic independent appraisals to be obtained by the Board of Directors. Notwithstanding the foregoing, for any Senior Lot (defined below) which is subjected to a condominium regime in accordance with Chapter 4.2 of Title 55 of the Code of Virginia (1950), as amended, the term "Assessed Value" means the sum of the aggregate assessed values (as determined by the real estate tax assessor or the Owner, as applicable) of all condominium units existing within such condominium regime, together with the units' appurtenant common elements. The "Assessed Value" of any Senior Lot which is not a condominium regime (i.e., either a legally subdivided lot out of or upon which no condominium regime has been created or the portion of a legally subdivided lot which has not yet been subjected to a condominium regime) shall be determined in the same manner as other Lots as set forth above in this Section 1.1(4), provided, however, that for any given year the combined Assessed Values of all Senior Lots, including those which are condominium regimes and those which are not condominium regimes, shall not be less than the Assessed Values of all Senior Lots that existed in the prior year (or, as to the initial year of assessments upon Senior Lots, not less than would have existed in the prior year if assessments had been made upon the land and any improvements within the Senior Lots), provided further, however, that subsequent year Assessed Values may decrease if and only if the value per unit of land only, as assessed by tax assessors, decreases, and in such event any reduction shall not

exceed the percentage by which such land only assessments decreased. "Assessed Value" shall be calculated separately for (i) each individual condominium regime created on a portion of land constituting a Senior Lot, and (ii) any portions of such Lot which are not subject to any condominium regime(s).

(5) "Association" means Lansdowne Conservancy and, with respect to the rights and obligations of the Association set forth in this Declaration, its successors and assigns.

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

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

(8) "Building Envelope" means that portion of a Lot intended to be permanently enclosed by the outermost surface of the building structure or other structures located thereon, as expanded or reconstructed from time to time, extending both above and below the surface of the earth, including any supporting columns thereof and any balconies, or as may be otherwise described and defined in any amendment to the Declaration adding Additional Real Estate.

(9) "Bylaws" means the Second Amended and Restated Bylaws for Lansdowne Conservancy, as amended from time to time.

(10) "Common Area" means, at any given time, any portion of the Property which the Association, by contract, lease, license, easement or otherwise, may lawfully maintain, repair, replace or control or which is otherwise available to the Association for the benefit, use and enjoyment of the Owners; provided, however, that real estate within the Property is not Common Area solely because it is burdened by an easement for utilities or dedicated as a public street or roadway. The Association shall not own any land in fee simple, unless it acquires it pursuant to the exercise of its rights set forth in Article 12 of the Declaration. A portion of the Common Area which the Association has the right to use and/or maintain for the benefit of the Owners may be located within a Lot. For the purposes of jurisdiction, operation and control, such portion of the Lot shall be treated as Common Area; for purposes of ownership, such portion shall be part of the Lot and shall be included in the calculation of voting rights and assessments.

(11) "Common Expenses" means all expenditures lawfully made and incurred on behalf of the Association, together with all funds lawfully assessed for the creation and maintenance of reserves pursuant to the provisions of the Association Documents. Except when the context clearly requires otherwise, any reference to Common Expenses includes Limited Common Expenses.

(12) "Covenants Committee" means the committee that may be established by the Board of Directors pursuant to Article 9 hereof to assure that the Property shall be maintained in a manner consistent with the purposes and intents of this Declaration.

(a) "Initial Construction Subcommittee" means the subcommittee of the Covenants Committee that reviews proposed initial construction of any structure on the Property as set forth in Subsection 9.2(a) hereof.

(b) "Modifications Subcommittee" means the subcommittee of the Covenants Committee that reviews proposed visible additions, alterations or modifications to the exterior of existing structures on the Property as set forth in Subsection 9.2(b) hereof.

(c) "Rules Enforcement Subcommittee" means the subcommittee of the Covenants Committee that reviews possible violations of the Rules and Regulations and recommends appropriate enforcement action as set forth in Subsection 9.2(c) hereof.

(13) "Declarant" means Xerox Realty Corp., a Delaware corporation authorized to do business in the Commonwealth of Virginia. Following recordation of a document assigning to another Person all of the rights reserved to the Declarant under the Association Documents pursuant to Section 5.2 hereof, the term "Declarant" shall mean that assignee.

(14) "Declaration" means this Second Amended and Restated Declaration for Lansdowne, together with all amendments to the Declaration: (i) duly amending the provisions hereof, and (ii) submitting Additional Real Estate to the terms of this Declaration and the jurisdiction of the Association whether or not (pursuant to Article 4 hereof) such amendments add provisions reflecting the unique character of the real estate being added.

(15) "Design Guidelines" means the standards developed by the Covenants Committee pursuant to Article 9 hereof and any standards established by the Declarant prior to the submission of real estate to this Declaration by an amendment hereto adding Additional Real Estate.

(16) "Development Period" means the period ending on the earliest of: (1) the later of (i) the tenth anniversary of the date of recordation of this Declaration or (ii) the tenth anniversary of the date of recordation of the most recent amendment to the Declaration made by the Declarant adding Additional Real Estate (provided, however, that once the Development Period has expired, the recordation of a subsequent amendment to the Declaration shall not reinstate the Development Period; and provided, further, that if the Declarant is delayed in the improvement and development of the Property due to a sewer, water or building permit moratorium or other cause or event beyond the Declarant's control, then the aforesaid period shall be extended for the length of the delay or three years, whichever is less); (2) the date the number of votes of all other classes of members exceeds the number of votes of the Declarant; or (3) the date specified by the Declarant in a written notice to the Association that the Development Period is to terminate on that date. ||

(17) "Development Plan" means the Lansdowne Development Concept Plan for the Property and Additional Real Estate approved by resolution of the Board of Supervisors of Loudoun County on December 16, 1985, as amended from time to time, and such additional development as may be approved for any Additional Real Estate.

(18) "Land Records" means the land records of Loudoun County, Virginia, the jurisdiction in which the Property and the Additional Real Estate are located.

(19) "Limited Common Area" means a portion of the Common Area designated by the Declarant pursuant to Section 3.9 hereof for the exclusive use of one or more but less than all of the Lots.

(20) "Limited Common Expenses" means expenses separately assessed against one or more but less than all of the Lots.

(21) "Lot" means a portion of the Property designated as a separate subdivided lot of record on a plat of subdivision, resubdivision or consolidation of the Property recorded among the Land Records and includes any improvements now or hereafter appurtenant to that real estate. "Lot" shall also mean any portion of the Property the ownership of which is transferred to an adjacent owner by a boundary line adjustment and that part of the Property to which the portion is added. Except for condominium units created within a "Senior Lot" (defined below), "Lot" also means any condominium unit created in accordance with Chapter 4.2 of Title 55 of the Code of Virginia (1950), as amended. Notwithstanding anything contained herein, no condominium unit created within a Senior Lot shall be deemed to

be a "Lot." Each Lot shall be identified as one of the following types:

(a) "Civic Lot" means any Lot containing improvements primarily used and occupied for a public purpose and owned by a governmental entity or nonprofit entity, including without limitation schools, fire and rescue stations, police stations, libraries and parks. If a Civic Lot is no longer used and occupied for a public purpose and owned by a governmental entity or nonprofit entity, such Lot shall no longer be a Civic Lot and shall be treated as a Residential Lot, Corporate Center Lot, Recreational Lot, Senior Lot, Educational Lot or Declarant Lot, as may be appropriate. Likewise, a Lot owned by a governmental entity or nonprofit entity containing improvements used primarily for office purposes shall be a Corporate Center Lot.

(b) "Corporate Center Lot" means any Lot (i) containing, primarily, governmental or quasi-governmental office, office building, retail use, restaurant, hotel, health care, day-care or other nonresidential uses not otherwise expressly categorized in this Declaration, or (ii) existing or created upon the portion of the Property described as Corporate Center property in an amendment to this Declaration.

(c) "Educational Lot" means (i) any Lot which is zoned for educational use(s), or (ii) any Lot upon which the improvements are primarily used and occupied for educational purposes, together with any related Ancillary Uses (as defined below) owned or operated by any Person: (A) qualifying under Section 501(c) of the Internal Revenue Code of 1986 (as amended from time to time) and offering courses or programs of study or instruction beyond the secondary level, which has received all necessary approvals from the Virginia State Council of Higher Education for the conferring of degrees, diplomas or certificates in Virginia, all in compliance with the provisions of Chapter 21 of the Code of Virginia and the regulations promulgated thereunder; or (B) operating a training center (as opposed to a conference center) offering courses or programs of study or instruction for the continuing education, development and training of such Person's employees or the employees of others. An Educational Lot may also contain improvements used and occupied for certain "Ancillary Uses" which must be operated primarily to serve the faculty, staff and students of the facility in a manner which is ancillary and compatible with educational activities and which may include without limitation (i) recreational facilities (all of which may be made available on a private membership basis to, but shall not serve principally, members of the general public), (ii) offices and retail shops, (iii) research offices and facilities for theoretical and applied research in all the sciences, product development and testing and engineering development, (iv) a

hospitality center including meeting rooms, internal support facilities and rooms to accommodate overnight guests and (v) traditional student dormitories and housing units available to faculty, staff, students, administrators, support personnel, directors, trustees and sponsors of the facility. If an Educational Lot is no longer zoned, or primarily used and occupied, for educational purposes or any Ancillary Uses, such Lot shall no longer be an Educational Lot and shall be treated as a Civic Lot, Residential Lot, Corporate Center Lot, or other category of Lot, as may be appropriate.

(d) "Recreational Lot" means (i) the Lot which is, or is part of, the portion of the Property described as Recreational property in an amendment to this Declaration, and (ii) any other Lot (A) which is used or intended by Declarant to be used primarily for recreational purposes, including but not limited to the development and maintenance of such uses or facilities, and (B) which is designated as a Recreational Lot in an amendment to this Declaration submitting such Lot to the jurisdiction of the Association.

(e) "Residential Lot" means any Lot upon which the improvements constructed or to be constructed are primarily intended for use and occupancy as a permanent residence and, unless otherwise specified, include without limitation Lots containing rental apartments, condominium units, townhouses or single family homes, but excluding any Lot that is a Corporate Center Lot.

(f) "Senior Lot" means any legally subdivided lot within the Property that currently exists as Lots 1 and 2A, Section 1B, and Lot 3, Section 2A, upon which the improvements constructed or to be constructed are primarily intended for use as senior, age-restricted, permanent, individually owned condominium residences, as well as any condominium regime created upon or within such Property. Each legally subdivided Senior Lot may be subjected to one or more condominium regimes; each separate condominium regime so created shall constitute a separate "Senior Lot" and shall be expanded and/or contracted as provided in the documents creating and governing such condominium.

(22) "Majority Vote" means a simple majority (more than fifty percent) of the votes entitled to be cast by or on behalf of persons present in person or by proxy at a duly held meeting, of the members of the Association, of the Board of Directors, or of any committee or subcommittee existing or appointed pursuant to the Association Documents, as applicable, at which a quorum is present. Unless otherwise defined, (i) any vote of any other specified percentage of members of the Association means that percentage with respect to the total number of votes entitled to be cast by or on behalf of Persons

present in person or by proxy at a duly held meeting at which a quorum is present; (ii) any vote by any other specified percentage of the Board of Directors (or the Covenants Committee) means that percentage with respect to votes entitled to be cast by or on behalf of Persons present at a duly held meeting of the Board of Directors (or Committee) at which a quorum is present; and (iii) any vote of or approval by a specified percentage of the Mortgagees means a vote of or approval by the Mortgagees of Lots calculated according to the number of votes allocated to the Lots on which each has a Mortgage.

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

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

(25) "Owner" means one or more Persons who own a Lot in fee simple, but does not mean any Person having an interest in a Lot solely by virtue of a contract or as security for an obligation. Notwithstanding anything contained herein, for any Senior Lot which is a condominium regime in accordance with Chapter 4.2 of Title 55 of the Code of Virginia (1950), as amended, the word "Owner" means the Subassociation established pursuant to the documents creating such condominium.

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

(27) "Phase" means a portion of the Property designated as provided in Section 4.3 hereof.

(28) "Private Streets and Roadways" means any and all streets, roadways, sidewalks, curbs, gutters and parking areas which are part of the Common Area.

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

(30) "Reserved Common Area" means a portion of the Common Area for which the Board of Directors has granted a revocable license for exclusive use by one or more but less than all of the Owners, pursuant to Section 3.9 hereof.

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

(32) "Subassociation" means an owners association, including but not necessarily limited to a homeowners association or condominium unit owners association, created by a declaration or other appropriate instrument recorded among the Land Records which subjects a portion of the Property to covenants, conditions and/or restrictions additional to those set forth in the Declaration and grants rights to such association with respect to such portion of the Property, all as also described in Section 1.3(g). During the Development Period, any such association shall be created only by the Declarant or with its consent, in its sole discretion, or by any Owner that owns all the Lots of a particular type, such as but not limited to the Residential or Senior Lots.

(33) "Submitted Real Estate" means the real estate designated as such in Exhibit A to this Declaration and all real estate which from time to time has been or hereafter is submitted to the Declaration.

(34) "Two-thirds Vote" means, with respect to a vote of the members of the Association or of the Board of Directors, a vote of not less than two-thirds of the total votes existing in the Association or, if a Board vote, of the total number of directors, regardless of how many members or directors, as applicable, are present at the time of the vote.

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

Section 1.2. Construction of Association Documents.

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

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

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

(d) Interpretation. If there is any conflict between the Association Documents, the Declaration shall control, except as to matters of compliance with the Act, in which case the Articles of Incorporation shall control. Particular provisions shall control general provisions, except that a construction consistent with the Act shall in all cases control over any construction inconsistent therewith. The provisions of the Bylaws shall control over any conflicting provision of any rule, regulation or other resolution adopted pursuant to any of the Association Documents.

Section 1.3. Lansdowne Conservancy.

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

(b) Membership. Members of the Association shall at all times be, and be limited to, the Persons who constitute Owners of the Lots. If more than one Person owns a Lot, then all of the Persons who own such Lot shall collectively constitute one Owner and be one member of the Association, and each such Person is entitled to attend all meetings of the Association. With respect to each Senior Lot that is a condominium regime, the individual unit owners of such condominium shall be entitled to attend all meetings of the Association; provided, however, that the votes appurtenant to such Senior Lot shall be cast only by the representative(s) of the Subassociation of such Senior Lot. Membership in the Association is mandatory.

Upon acquiring title to a Lot or to a condominium unit within a Senior Lot, each new Owner or the Owner of such Senior Lot, as applicable, shall immediately give written notice to the Secretary stating the name and address of such new Owner or new condominium unit owner, as applicable, and the number or address of the Lot or unit, as applicable. If notice containing said information is not given to the Secretary within thirty days of the acquisition of title to such Lot, or within thirty days of receipt of notice by the Owner of such Senior Lot of the conveyance of the condominium unit therein, then reasonable

recordkeeping costs incurred by the Association may be assessed against such Owner pursuant to Subsection 12.1(a) hereof.

(c) Classes of Members; Voting Rights. The Association shall have six classes of members, each of which is defined as follows:

The Civic Class shall be the Owners of Civic Lots and shall have no votes.

The Corporate Center Class shall be the Owners of Corporate Center Lots, and each such member shall have one vote for each one hundred thousand dollars of Assessed Value, rounded to the nearest tenth of a vote.

The Declarant Class shall be the Declarant, which shall have the number of votes equal to three times the total number of votes held by the Educational members, the Corporate Center members, the Residential members, the Senior members and the Recreational members until the annual meeting occurring in the year 2002. After such annual meeting and until the annual meeting of the Association occurring in the year 2008, the Declarant member shall have the number of votes equal to two times the total number of votes held by the Educational members, the Corporate Center members, the Residential members, the Senior members and the Recreational members. Subsequent to the annual meeting occurring in the year 2008 and until the Declarant member no longer owns any Lots or December 31, 2025, whichever occurs earlier, the Declarant member shall have the number of votes equal to the total number of votes held by the Educational members, the Corporate Center members, the Residential members, the Senior members and the Recreational members. The Declarant shall also be entitled to exercise any voting rights appurtenant to Lots that it owns in any of the four voting Classes, said rights to be exercised, however, as votes of the applicable Classes, and not as votes of the Declarant Class. Notwithstanding the foregoing provisions of this paragraph, upon the expiration of the Development Period, the Declarant membership shall cease, and the Declarant thereafter shall be entitled to vote solely on the basis of one vote for each one hundred thousand dollars of Assessed Value, rounded to the nearest tenth of a vote, and within each class that applies to the Lots it then owns.

The Educational Class shall be the Owners of Educational Lots, and each such member shall have one vote for each one hundred thousand dollars of Assessed Value, rounded to the nearest tenth of a vote.

The Recreational Class shall be the Owners of Recreational Lots, and each such member shall have one vote for

each one hundred thousand dollars of Assessed Value, rounded to the nearest tenth of a vote.

The Residential Class shall be the Owners of Residential Lots, and each such member shall have one vote for each one hundred thousand dollars of Assessed Value, rounded to the nearest tenth of a vote.

The Senior Class shall be the Owners of Senior Lots, and each such member shall have one vote for each one hundred thousand dollars of Assessed Value, rounded to the nearest tenth of a vote.

In addition, and notwithstanding the foregoing or any other provisions of the Association Documents to the contrary: (i) during the period immediately following the recordation of the first amendment to the Declaration which submits a Residential Lot or Lots to this Declaration and ending five (5) years thereafter, the votes allocated to the Residential Class of members shall be fixed and constant at 29% of the votes existing for all members of the Association other than the Declarant, and the votes of all members of the Association other than the Declarant and the Residential Class members shall share 71% of the votes not allocated to the Declarant during such period, although said 71% share shall be reallocated annually, as appropriate, and proportionately, based upon the one vote per hundred thousand dollars of Assessed Value formula set forth above; (ii) the total number of votes for members of the Residential Class likewise shall be fixed and constant for each three (3) year period following such 5 year period and be based upon the latest Assessed Values known at the beginning of each such subsequent period, and the total votes of all members of the Association other than the Declarant and the members of the Residential Classes shall share that percentage of the total votes not allocated to the Declarant or to the members of the Residential Class, although said share of votes not allocated to the Declarant or the members of the Residential Class shall be reallocated annually, as appropriate, and proportionately, based upon the one vote per hundred thousand dollars of Assessed Value formula set forth above; and (iii) the members of each class shall adjust their individual voting rights upward or downward proportionately within their class, if and as necessary, to ensure that each Owner is entitled to vote proportionately within the Owner's class.

(d) Assignment of Voting Rights. Any member, except for members which are Subassociations, may assign such member's voting rights, as such voting rights relate to a particular Lot owned by such member, to a lessee of such Lot; provided, however, that the initial term of the lease for such Lot is for a period of not less than fifteen years; and provided, further, that such assignment is evidenced by a written certificate signed by the

member and witnessed by a person, other than the assignee, who shall sign their name and address. Such certificate shall be filed with the Secretary.

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

(f) Merger or Consolidation. Upon merger or consolidation of the Association with another association formed for similar purposes, the Association's properties, rights and obligations may be transferred to the surviving or consolidated Association, or alternatively, the properties, rights and obligations of the other association may be assumed by the Association, as the surviving corporation. No such merger or consolidation shall effect any revocation, termination, change or addition to this Declaration except pursuant to Articles 15 and 16 hereof.

(g) Other Associations. Any portion of the Property may also be subjected to a declaration which grants rights with respect to a portion of the Property to a Subassociation which addresses concerns particular to that specific portion of the Property. Any obligations created under any such declaration shall be in addition to obligations created hereunder.

ARTICLE 2

COMMON AREA

Section 2.1. Easements and Rights-of-Way. The Association shall be authorized and is empowered to receive easements and rights-of-way as Common Area. The Association has and shall have no authority to own as Common Area any land in fee simple, nor shall it have the authority to own any land in fee simple; provided, however, that nothing contained herein shall prohibit the Association from acquiring Lots pursuant to the exercise of its rights relating to or resulting from lien enforcement that are set forth in Article 12.

Section 2.2. No Dedication. Nothing contained herein or in the other Association Documents shall be construed as a dedication to public use or as an assumption of responsibility for Upkeep of any Common Area by any public or municipal agency, authority or utility, nor shall it be construed to prevent the Board of Directors of the Association from permitting public access to or use of any Common Area.

Section 2.3. Transfer of Responsibility for Upkeep. From and after the date of recordation of any easement granted by the Declarant creating Common Area, the Association shall be responsible for the Upkeep of such Common Area. This shall not create in the Association, however, any requirement that it assume responsibility for Owners' obligations to maintain their Lots and otherwise to comply with the requirements of the Association Documents.

Section 2.4. Regulation of Common Area. The Association shall have the right to regulate use of the Common Area pursuant to Section 8.3 hereof. The Association may also grant or otherwise establish easements across the Common Area subject to the restrictions in Section 15.4 hereof.

Section 2.5. Additional Improvements on Common Area. After any initial improvements on the Common Area and the grant of any easement to the Association creating Common Area, the Declarant may, but is not obligated to, construct additional improvements in the Common Area for the benefit of the Property, pursuant to the easements in Section 3.1 hereof; provided, however, that such construction is subject to the review and approval of the Board of Directors.

ARTICLE 3

EASEMENTS

Section 3.1. Development Easements.

(a) Easements Reserved to the Declarant.

(1) Easement to Facilitate Development. The Declarant hereby reserves to itself and its designees a non-exclusive blanket easement over and through the Property for all purposes reasonably related to the development and completion of improvements on the Property, including without limitation: (i) temporary (not more than twenty-four months) slope and construction easements; (ii) drainage, erosion control, and storm and sanitary sewer easements (including the right to cut or remove trees, bushes or shrubbery, to regrade the soil and to take any similar actions reasonably necessary; provided, however, that thereafter the Declarant shall restore the affected area as near as practicable to its original condition); (iii) easements for the storage (in a sightly manner) of reasonable supplies of building materials and equipment necessary to complete the improvements; and (iv) easements for the construction, installation and Upkeep of improvements (e.g., landscaping, street lights, signage, etc.) on the Property or reasonably necessary to serve the Property.

(2) Easement to Facilitate Sales. The Declarant hereby reserves to itself and its designees the rights to: (i) use any Lots owned or leased by the Declarant, any other Lot with the written consent of the Owner thereof, or any portion of the Common Area as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office parking areas; (ii) place and maintain in any location on the Common Area and on any Lot (for a distance of fifteen feet behind any Lot line which parallels a public or private street), street and directional signs, temporary promotional signs, plantings, street lights, entrance features, "theme area" signs, lighting, stone, wood or masonry walls or fences and other related signs and landscaping features; provided, however, that all signs shall comply with applicable governmental regulations and the Declarant shall obtain the consent of the Owner of any affected Lot or of the Covenants Committee if the Owner does not consent; and (iii) relocate, within the areas permitted by this paragraph, or remove all or any of the above from time to time at the Declarant's sole discretion. These rights and easements shall continue until all Lots have been conveyed to Owners other than the Declarant.

(3) Easement for Utilities and Related Services.

(i) The Declarant hereby reserves to itself and its designees a non-exclusive blanket easement over and through the Property for ingress, egress, installation and Upkeep of the equipment for providing to any portion of the Property or adjacent real estate, any utilities, including without limitation water, sewer, drainage, gas, electricity, telephone and television service, whether public or private; such easement is hereby granted to any Person providing the aforesaid services or installing or maintaining the equipment necessary for such services. Any pipes, conduits, lines, wires, transformers and any other apparatus necessary for the provision or metering of any utility may be installed, maintained or relocated where initially installed with the permission of the Declarant, where contemplated on any site plan approved by the Declarant or where approved by resolution of the Board of Directors.

(ii) The Declarant hereby reserves to itself and its designees, during the Development Period, the right to grant and reserve easements, rights-of-way and licenses over and through the Common Area for the installation and Upkeep of the equipment for providing to any portion of the Property or adjacent real estate, any utilities, including without limitation water, sewer, drainage, gas, electricity, telephone and television service, whether public or private, or for any other purpose necessary or desirable for the orderly development of the Property or for the benefit of adjoining real estate.

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

(b) Further Assurances. Any and all conveyances made by the Declarant to any Owner, including without limitation grants of easements to the Association, with respect to any of the Common Area shall be conclusively deemed to incorporate these reservations of rights and easements, whether or not set forth in such grants. Upon written request of the Declarant, the Association and each Owner shall from time to time execute, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested. If a designee described in Section 3.1(a) requests the execution and recordation of a separate document evidencing such Person's easement rights that are consistent with this Declaration, then the Declarant or the Association, as applicable, may execute and record such an easement instrument, without the consent, approval or joinder of any Owner or Mortgagee.

(c) Assignment of Development Rights. The Declarant may assign its rights under this section to, or share such rights with, one or more other Persons, exclusively, simultaneously or consecutively with respect to the Common Area or Lots owned by the Declarant or such Persons. The Declarant shall notify the Association of any such assignment or designation by the Declarant.

Section 3.2. Association Power to Grant Easements. The Declarant, on behalf of itself and its successors and assigns, hereby also grants to the Association the rights and powers reserved to the Declarant by Paragraphs 3.1(a)(2), (3) and (4) hereof. These rights and easements may be exercised by the Association, subject to Section 15.4 hereof; provided, however, that the limitations on duration applicable to the Declarant shall not apply to the Association. If the Declarant or any Owner requests the Association to exercise its powers under this section, the Association's cooperation shall not be unreasonably withheld, conditioned or delayed.

Section 3.3. Easement for Upkeep; Access. The Declarant, on behalf of itself and its successors and assigns, hereby grants the right of access over and through any Lot (excluding any building) to the Association, the managing agent and any other Person authorized by the Board of Directors, in the exercise and discharge of their respective powers and responsibilities, including without limitation to make inspections, correct any condition originating in a Lot or in the Common Area threatening

another Lot or the Common Area, correct drainage, perform installations or Upkeep of utilities, landscaping or other improvements located on the Property for which the Association is responsible for Upkeep, or correct any condition which violates the Association Documents. The agents, contractors, Officers and directors of the Association may enter any area of any Lot (excluding any building) in order to utilize or provide for the Upkeep of the areas subject to easements granted in this Article to the Association. The Association hereby is granted an easement across all or any portions of the Property, excluding buildings, to do anything the Association is required or permitted to do under this Declaration.

Section 3.4. Limitations on Exercise of Rights and Easements.

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

(b) The Declarant or the Association, as appropriate, when exercising the rights and easements granted by this Article, shall: (i) give reasonable prior notice to all affected Owners, unless an emergency exists which precludes such notice; (ii) minimize any economic or aesthetic injury to the affected Lots or the Common Area; and (iii) not unreasonably interfere with the affected Owners' use, enjoyment and benefit from such Owners' Lots or the Common Area. Further, notwithstanding the easement rights established by Sections 3.1 and 3.2 hereof, neither the Declarant nor the Association shall exercise any such rights beyond the Buffer Zone (as defined in the Design Guidelines) on a Lot (other than within Common Area) without the prior written consent of the Owner, which consent shall not be unreasonably withheld, conditioned or delayed.

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

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

(e) The easements created by Section 3.1(a) hereof shall not apply to an Educational Lot (other than in any Buffer Zone).

Section 3.5. Easements for Encroachments. If any improvement on the Property now or hereafter encroaches on any other

portion of the Property by reason of (1) the original construction thereof, (2) deviations within normal construction tolerances in the Upkeep of any improvement, or (3) the settling or shifting of any land or improvement, an easement is hereby granted to the extent of any such encroachment for the period of time the encroachment exists. The Owner of the encroaching improvement shall also have an easement for the limited purpose of Upkeep of the encroaching improvement. This easement does not relieve any Owner or any other Person from liability for such Owner's or other Person's negligence or willful misconduct.

Section 3.6. Easement for Support. To the extent that any portion of the Property now or hereafter supports or contributes to the support of any other portion of the Property, the former is hereby burdened with an easement for the lateral and subjacent support of the latter.

Section 3.7. Emergency Access. The Declarant, on behalf of itself and its successors and assigns, hereby grants an easement (1) to all police, fire, ambulance and other rescue personnel over and through all or any portion of the Property for the lawful performance of their functions during emergencies and (2) to the Association over and through all Lots, if emergency measures are required in any Lot to reduce a hazard thereto or to any other portion of the Property. The Association is hereby authorized but not obligated to take any such measures.

Section 3.8. Easement for Use of Common Area.

(a) Use and Enjoyment. The Declarant hereby reserves to itself and, on behalf of itself and its successors and assigns, grants to each Owner and each Person lawfully occupying a Lot a non-exclusive right and easement of use and enjoyment in common with others of the Common Area (other than any Limited Common Area or Reserved Common Area), including without limitation sidewalks, paths or trails located within the Common Areas; provided, however, that the Association, acting through its Board of Directors without Owner or Mortgagee approval, and the Owner of a Lot can relocate or remove the sidewalks, paths or trails and modify or terminate such easement(s). Such right and easement of use and enjoyment, other than those retained by the Declarant, shall be appurtenant to each Lot, whether or not mentioned in the deed thereto. Any purported conveyance or other transfer of such rights and easements by an Owner other than Declarant without the Lot to which such rights and easements are appurtenant shall be void.

(b) [Deleted.]

(c) Limitations. The rights and easements of enjoyment created hereby shall be subject (in addition to any easements granted or reserved in this Declaration or pursuant to

the other Association Documents) to all rights and powers of the Declarant and the Association when exercised in accordance with the other applicable provisions of the Association Documents, including without limitation the Association's right to regulate the use of the Common Area and to grant easements across the Common Area.

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

(e) Additional Real Estate. Each Person lawfully occupying any portion of the Additional Real Estate is hereby granted a non-exclusive right and easement of use and enjoyment in common with others of any recreational amenities and parking areas constituting a portion of the Common Area and shared utilities and a right of access over and through the Common Area (other than any Limited Common Area or Reserved Common Area) to such facilities. The rights and easements granted hereby shall be subject (in addition to any easements granted or reserved in this Declaration or pursuant to other Association Documents) to all rights and powers of the Association, when exercised in accordance with the applicable provisions of the Association Documents. The Persons to whom this easement is granted or the Subassociation of any planned community or condominium or cooperative corporation located on the Additional Real Estate shall pay to the Association an annual assessment levied exclusively for a share of the costs of management and Upkeep of any such recreational amenities, parking areas or shared utilities and for services and facilities related thereto equal to the amount payable by the owner if the Additional Real Estate were subject to the Declaration.

Section 3.9. Reserved Common Area and Limited Common Area.

(a) Reserved Common Area. The Board of Directors shall have the power in its discretion from time to time to grant revocable licenses in the Common Area by designating portions of the Common Area as Reserved Common Area. Such Reserved Common Area shall be subject to such restrictions, reasonable charges and conditions on the use thereof as the Board may deem appropriate. Such Reserved Common Area shall be maintained by the Association or, at the Board's option, by the Persons having the exclusive right to use the Reserved Common Area.

(b) Limited Common Area. The Declarant shall have the power, for as long as the Declarant has the right to add Additional Real Estate under Section 4.1 hereof, to restrict portions of the Common Area in the nature of an easement for the

exclusive use of one or more specific Lots by designating such portions of the Common Area as Limited Common Area. The Declarant may either: (1) indicate the locations of the Limited Common Area appertaining to one or more Lots by depicting such Limited Common Area and the Lots to which it is appurtenant on a revision to the plat(s) attached as parts of Exhibits A or B, as applicable, to this Declaration, which revision shall be recorded among the Land Records, or (2) label a portion of the Common Area as "Common Area that may be assigned as Limited Common Area", and thereafter assign such Limited Common Area to one or more specific Lots by unilaterally amending this Declaration to indicate the assignment on the applicable Exhibit, depicting the Limited Common Area being assigned and the Lots to which it is appurtenant.

Section 3.10. Priority and Enforcement of Easements.

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

(b) The easements and rights granted by this Declaration shall not be enforceable by Persons to whom such easements and rights may be delegated by Owners, including without limitation the guests, employees, customers, tenants, agents or invitees of any Owner. This section does not affect, however, the rights of Mortgagees in possession or court-appointed officers in possession and control of a Lot acting in the name, place and stead of Owners or any Person's right to enforce any easements or rights granted in any lease or agreement between such Person and an Owner.

Section 3.11. Other Easements. The easements created by or pursuant to this Article shall be in addition to such other easements as may be created by recordation of appropriate instruments among the Land Records; provided, however, that if any existing easement affects the Common Area within a Lot, such easement shall be shown or described on a plat attached as part of Exhibit A or B hereto or amendments thereto.

ARTICLE 4

DEVELOPMENT OF THE PROPERTY

Section 4.1. Expansion by the Declarant.

(a) The Declarant intends to develop the Property substantially in accordance with the Development Plan. The Declarant reserves the right to modify the Development Plan

subject only to the requirements and procedures of Loudoun County, Virginia.

(b) The Declarant hereby reserves an option until December 31, 2025 to expand the Property from time to time without the consent of any Owner (except for the owner of the land to be submitted) or Mortgagee by submitting all or any portion of the Additional Real Estate to the provisions of this Declaration and the jurisdiction of the Association; provided, however, that if such land or any portion thereof is owned by an owner other than the Declarant, then the prior written consent of the owner of such land must also be obtained. The option to expand may be terminated prior to the above date only upon the recordation by the Declarant of an instrument relinquishing such option. The Declarant also reserves the right unilaterally to record additional covenants applicable to a Lot or any portion of the Property in the nature of a "Supplementary Declaration", subjecting any Lot or such portion to such additional covenants and restrictions as may be necessary to reflect the different characteristics of such Lot or portion as are not inconsistent with the overall scheme of the Declaration; provided, however, that the Declarant shall not have such right with respect to a Lot after the conveyance of such Lot to an Owner other than the Declarant, except with the prior written consent of the Owner of such Lot. The Declarant shall add Additional Real Estate in accordance with the procedures set forth in Section 4.3 hereof. There are no limitations on the option to expand except as set forth in this Article.

(c) The Declarant may unilaterally amend the description and/or plat(s) of Additional Real Estate set forth in Exhibit B hereto to expand the land area referred to as Additional Real Estate whether or not such real estate is owned by the Declarant; provided, however, that such additional real estate is immediately adjacent to the Property or across a public right-of-way from the Property and does not increase the total acreage of the real estate originally described in Exhibits A and B combined by greater than ten percent (10%).

Section 4.2. Expansion by the Association. With the written consent of the fee simple owner and any mortgagee or holder of a deed of trust on such real estate, a Two-thirds Vote of the members of the Association and the written consent of the Declarant during any period that the Declarant has the right to add Additional Real Estate under Section 4.1 hereof, the Association may submit any real estate which (i) is located immediately adjacent to the Property or across a public road from the Property, and (ii) does not increase the total acreage of the real estate originally described in Exhibits A and B combined by greater than ten percent (10%) to the provisions of this Declaration and the jurisdiction of the Association, in accordance with the procedures set forth in Section 4.3 hereof.

Section 4.3. Procedure for Expansion. The Declarant or the Association, as appropriate, may record one or more amendments to the Declaration submitting the real estate described therein to this Declaration and to the jurisdiction of the Association. Each amendment shall include a legally sufficient description of the real estate added and shall designate such real estate with the term "Phase" followed by a unique identifier so as to differentiate between each Phase of the Property. Any such amendment may contain such additions to the provisions in this Declaration as may be necessary to reflect the different character of the Additional Real Estate added thereby and as are not inconsistent with the overall scheme of this Declaration; provided, however, that such additional provisions shall not apply to any real estate previously submitted to this Declaration except with the prior written consent of the owner of such real estate. When recording an amendment adding Additional Real Estate, appropriate plats shall be recorded, if necessary, showing the Additional Real Estate being submitted to the Declaration and the jurisdiction of the Association, describing any easements being granted to the Association as Common Area and showing any new Lots. In addition, the Declarant or Association (acting through its Board of Directors, without the approval of any Owner or Mortgagee), as applicable, may record a plat with respect to Additional Real Estate submitted to the Declaration showing easements, buffers, setbacks and other appropriate items required by the Design Guidelines and benefiting the Association ("Covenant Restrictions Plat"); provided, however, that the Declarant or the Association, as applicable, must obtain the written consent of the owner of such Additional Real Estate prior to recording such Covenant Restrictions Plat. Notwithstanding the foregoing, the initial Covenant Restrictions Plat for a Lot may be recorded unilaterally by the Declarant or the Association (acting through its Board of Directors, without the approval of any Owner or Mortgagee), as applicable, prior to the conveyance of such Lot to an Owner other than the Declarant, at the time of submission of the Lot to the Declaration or thereafter. To the extent necessary to reflect the Design Guidelines applicable to the Lot on the date such Lot was acquired by the Owner of such Lot, the Owner of such Lot shall sign and acknowledge any amendment or other instrument requested by the Declarant or the Association to confirm or otherwise clarify the items shown on the Covenant Restrictions Plat. After the initial Covenant Restrictions Plat is recorded for a Lot, such Covenant Restriction Plat may be modified or amended by the Declarant or the Association (acting through its Board of Directors, without the approval of any Owner or Mortgagee), as applicable, with the written consent of the Owner(s) of the Lot(s) to be burdened, to reflect modifications to the Design Guidelines or as otherwise agreed by the Declarant or the Association and by the Owner of the Lot(s) to be burdened.

Section 4.4. Withdrawal of Senior Lot; Agency Approvals. If the Department of Veterans Affairs ("VA"), the Federal Housing Administration ("FHA"), or the Federal National Mortgage Association ("FNMA") determine that the Association Documents do

not comply with then current requirements of VA, FHA or FNMA (or any successor to the foregoing entities), then upon receipt of notice of such determination by VA, FHA and/or FNMA, Declarant (or the Association after the termination of the Development Period) and the developer(s) (the "Senior Developer") of any condominium project(s) created within the Senior Lots in which condominium units remain unsold by the developer (such condominium projects, and any land constituting Senior Lots that has not yet been subjected to a condominium regime(s), shall hereafter be called the "Remaining Senior Lots"), at such Senior Developer's expense, shall use all reasonable efforts to obtain necessary waivers from such requirements. If Declarant (or the Association after the termination of the Development Period) and the Senior Developer are unable to obtain such waivers, and solely as a direct result of the noncompliance of the Association Documents, financing that is insured, guaranteed or approved by VA, FHA and/or FNMA is not available to initial purchasers of units within the Senior Lots, then within thirty (30) days after notice from the Senior Developer, Declarant (or the Association after the termination of the Development Period) shall record an amendment to the Association Documents modifying the Association Documents in accordance with the VA, FHA and/or FNMA requirements, as applicable and/or declaring such noncomplying provisions inapplicable to the Senior Lots. If Declarant (or the Association after termination of the Development Period) fails to record such amendment within such thirty (30) day period, then the Senior Developer shall have the right to withdraw the Remaining Senior Lots from the jurisdiction of Association, and the Declarant (or the Association after termination of the Development Period) shall record an amendment to the Association Documents withdrawing the Senior Lots from the jurisdiction of the Association; provided, however, that (a) such Remaining Senior Lots shall continue to be bound by the architectural controls set forth in the Design Guidelines applicable to such Senior Lots, and (b) the Owners of the Remaining Senior Lots or their agent(s) shall have entered into a recordable joint maintenance agreement with respect to the common areas, constituting a covenant upon the Remaining Senior Lots. Such joint maintenance agreement shall provide for the same calculation of the Remaining Senior Lots' financial contributions to the Association as provided in the Association Documents, shall be commercially reasonable and shall be in a form and substance satisfactory to the Association and Declarant. Declarant (or the Association after the termination of the Development Period) shall have no obligation to incur or accept any liability or expense in order to satisfy VA, FHA or FNMA requirements. Notwithstanding any other provision of the Association Documents to the contrary, (1) Declarant (or the Association after the termination of the Development Period) shall have the unilateral right to amend the Declaration to effectuate any of the foregoing; and (2) the provisions of this Section 4.4 shall prevail over any contrary provision. The terms of this section may not be amended or modified in any manner without the written approval of the Declarant or the Association, as applicable, the written approval of the Senior Developer, and

the recordation of an instrument evidencing such amendment or modification. With respect to approvals or other actions of the Association under this Section 4.4, the Association shall act through its Board of Directors, without the approval of any Owners or Mortgagees.

ARTICLE 5

SPECIAL DECLARANT RIGHTS; TRANSFER

Section 5.1. Special Declarant Rights. Special declarant rights are those rights reserved for the benefit of the Declarant as provided for in the Association Documents, and shall include without limitation the following rights created elsewhere in the Association Documents: (1) to complete improvements on the Property; (2) to maintain models, management offices, construction offices, sales offices, customer service offices and signs advertising the Property; (3) to use easements over and through the Property for the purpose of making improvements within the Property; (4) to exercise the rights and votes of the Declarant Class member of the Association; (5) to add Additional Real Estate; (6) to make unilateral amendments to the Association Documents as provided in Sections 3.9, 4.1 and 15.1 hereof; (7) to remove and replace any director appointed by the Declarant Class member until the meeting at which the total votes of the Educational, Corporate Center, Residential, Recreational, and Senior Classes constitute a majority of the votes of the members; and (8) to exercise any other rights given to the Declarant.

Section 5.2. Transfer of Special Declarant Rights.

(a) The Declarant may transfer special declarant rights created or reserved under the Association Documents to (i) any Person acquiring Lots or Additional Real Estate previously owned by the Declarant or (ii) to the holder of a Mortgage on any Lots, or Additional Real Estate, owned by the Declarant, in any such event by an instrument evidencing the transfer recorded in the Land Records. The instrument is not effective unless executed by the transferor and transferee.

(b) Upon transfer of any special declarant right, the liability of a transferor declarant is as follows:

(1) A transferor is not relieved of any obligation or liability arising before the transfer and remains liable for warranty obligations the transferor has undertaken or which are imposed upon the transferor by law.

(2) If the successor to any special declarant right is an "Affiliate of a Declarant" (as defined in subsection (g)), the transferor is jointly and severally liable with the successor for any obligation or liability of the successor which relates to the Property.

(3) If a transferor retains any special declarant rights, but transfers other special declarant rights to a successor who is not an Affiliate of the Declarant, the transferor is also liable for any obligations and liabilities relating to the retained special declarant rights imposed on a Declarant by the Association Documents arising after the transfer.

(4) A transferor has no liability for any act or omission, or any breach of a contractual or warranty obligation arising from the exercise of a special declarant right by a successor Declarant who is not an Affiliate of the transferor.

(c) Unless otherwise provided in a Mortgage, in case of foreclosure of a Mortgage (or deed in lieu of foreclosure), tax sale, judicial sale, sale by a trustee under a deed of trust, or sale under the Bankruptcy Code or receivership proceedings, of any Lots or Additional Real Estate owned by a Declarant, a Person acquiring title to all the Lots or Additional Real Estate being foreclosed or sold, but only upon such Person's request, succeeds to all special declarant rights related to such Lots or Additional Real Estate or only to any rights reserved in the Association Documents to maintain models, management offices, construction offices, sales offices, customer service offices and signs advertising the Property. The judgment, instrument conveying title or other instrument recorded in the Land Records shall provide for transfer of only the special declarant rights requested.

(d) Upon foreclosure (or deed in lieu of foreclosure), tax sale, judicial sale, sale by a trustee under a deed of trust, or sale under the Bankruptcy Code or receivership proceedings, of all Lots and Additional Real Estate owned by a Declarant (1) the Declarant ceases to have any special declarant rights, and (2) the Development Period terminates unless the judgment or an instrument recorded among the Land Records provides for transfer of special declarant rights held by that Declarant to a successor Declarant.

(e) The liabilities and obligations of Persons who succeed to special declarant rights are as follows:

(1) A successor to any special declarant right who is an Affiliate of a Declarant is subject to all obligations and liabilities imposed on the transferor by the Association Documents.

(2) A successor to any special declarant right, other than a successor described in paragraphs (3) or (4) of this subsection or a successor who is an Affiliate of a Declarant, is subject to all obligations and liabilities imposed by the Association Documents: (A) on a Declarant which relate to such Declarant's exercise or non-exercise of special declarant rights; or (B) on the transferor, other than: (i) misrepresentations by any previous Declarant; (ii) warranty obligations on improvements made by any previous Declarant, or made before the Association

was created; (iii) breach of any fiduciary obligation by any previous Declarant or such Declarant's appointees to the Board of Directors; or (iv) any liability or obligation imposed on the transferor as a result of the transferor's acts or omissions after the transfer.

(3) A successor to only a right reserved in the Association Documents to maintain models, sales offices, customer service offices and signs, if such successor is not an Affiliate of a Declarant, may not exercise any other special declarant right, and is not subject to any liability or obligation as a Declarant.

(4) A successor to all special declarant rights held by a transferor who has succeeded to those rights pursuant to a Mortgage, foreclosure, a deed in lieu of foreclosure or a judgment or instrument conveying title under subsection (c), may declare the intention in an instrument recorded in the Land Records to hold those rights solely for transfer to another Person. Thereafter, until transferring all special declarant rights to any Person acquiring title to any Lots owned by the successor, or until recording an instrument permitting exercise of all those rights, that successor may not exercise any of those rights other than any right held by the transferor to vote as the Declarant Class member in accordance with the provisions of the Association Documents for the duration of any Development Period, and any attempted exercise of those rights is void. So long as a successor Declarant may not exercise special declarant rights under this subsection, such successor is not subject to any liability or obligation as a Declarant.

(f) Nothing in this Article subjects any successor to a special declarant right to any claim against or other obligation of a transferor Declarant, other than claims and obligations arising under the Association Documents.

(g) For the purposes of this Section 5.2, "Affiliate" or "Affiliate of a [or the] Declarant" means any person who controls, is controlled by, or is under common control with a [or the, as applicable] Declarant. A person controls a Declarant if the person (i) is a general partner, officer, director or employer of the Declarant, (ii) directly or indirectly or acting in concert with one or more persons or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing more than twenty percent of the voting interests in the Declarant, (iii) controls in any manner the election of a majority of the directors of the Declarant, or (iv) has contributed more than twenty percent of the capital of the Declarant. A person is controlled by a Declarant if the Declarant (i) is a general partner, officer, director or employer of the person, (ii) directly or indirectly or acting in concert with one or more other persons or through one or more subsidiaries, owns, controls, holds with power to vote or holds proxies representing more than twenty percent of the voting interest in the person, (iii) controls in any manner the election

of a majority of the directors of the person, or (iv) has contributed more than twenty percent of the capital of the person. Control does not exist if the powers described in this paragraph are held solely as security for an obligation and are not exercised.

Section 5.3. No Obligations. Nothing contained in the Association Documents shall impose upon the Declarant or its successors or assigns any obligation of any nature to build, construct, renovate or provide any improvements.

P A R T T W O

ARTICLE 6

COMMON EXPENSES AND ASSESSMENTS

Section 6.1. Determination of Common Expenses and Assessments.

(a) Fiscal Year. The fiscal year shall be determined by the Association as provided in Section 9.4 of the Bylaws then existing. (As of the date of this Declaration, the fiscal year is the calendar year, however a change in the fiscal year that is enacted pursuant to the Bylaws shall not require an amendment of this Declaration.)

(b) Preparation and Approval of Budget.

(1) At least sixty-five days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary for the ensuing fiscal year to pay the cost of management and Upkeep of the Common Area, streets and, to the extent provided in the Association Documents, Lots, and the cost of other expenses that may be declared to be Common Expenses by the Association Documents or by a resolution of the Board of Directors.

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

constitute the basis for determining the assessment against each Lot.

(3) The budget shall also reflect the separate assessment of Limited Common Expenses, including without limitation certain expenses (and reserves) relating to or benefiting one or more but less than all of the Lots, whether categorized by location or type of expense. Such expenses shall be assessed only against the Lots benefitted in proportion to their relative Common Expense liability inter se or based upon usage, as appropriate. Such Limited Common Expenses shall include without limitation:

(i) Any expenses designated in an amendment to this Declaration as Limited Common Expenses to be paid by the Owners of Additional Real Estate being added by such amendment; and

(ii) Any expenses proposed by the Board of Directors or a specific group of Owners as Limited Common Expenses against a specific group of Lots and agreed to by a majority of the total number of votes entitled to be cast by the Owners of such Lots, assessed against such Lots as such Owners may agree or on the basis set forth in Subsection 6.2(a) hereof inter se.

(c) Effect of Failure to Prepare or Adopt Budget. For each fiscal year of the Association, the Board of Directors shall establish the annual assessment against each Lot for Common Expenses. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay the allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay assessments at the rate established for the previous fiscal year until notified of the new payment which is due on the first day of the next payment period which begins more than ten days after such new annual or adjusted budget is adopted and the Owner receives such notice.

Section 6.2. Assessments and Common Expenses.

(a) Rate of Assessment and Payment. Subject to the provisions of Section 6.3 hereof, the total amount of the estimated funds required for the management and Upkeep of the Property set forth in the budget as an annual assessment or levied as an additional assessment shall be assessed against each Lot as follows:

A Civic Lot shall not be assessed for so long as such Lot is used and occupied for a public purpose and owned by a governmental entity.

A Corporate Center Lot shall be assessed annually an amount calculated by multiplying the percentage share of the Association's annual budget for Common Expenses allocable to all Corporate Center Lots (which shall be equal to the percentage of the Corporate Center Class members' total votes relative to the votes of all members other than the votes of the Declarant Class, determined as set forth in Section 1.3(c) hereof) by a fraction, the numerator of which is the Assessed Value of the Lot and the denominator of which is the total Assessed Value of all Corporate Center Lots.

An Educational Lot shall be assessed annually an amount calculated by multiplying the percentage share of the Association's annual budget for Common Expenses allocable to all Educational Lots (which shall be equal to the percentage of the Educational Class members' total votes relative to the votes of all members other than the votes of the Declarant Class, determined as set forth in Section 1.3(c) hereof) by a fraction, the numerator of which is the Assessed Value of the Lot and the denominator of which is the total Assessed Value of all Educational Lots.

A Recreational Lot shall be assessed annually an amount calculated by multiplying the percentage share of the Association's annual budget for Common Expenses allocable to all Recreational Lots (which shall be equal to the percentage of the Recreational Class members' total votes relative to the votes of all members other than the votes of the Declarant Class, determined as set forth in Section 1.3(c) hereof) by a fraction, the numerator of which is the Assessed Value of the Lot and the denominator of which is the total Assessed Value of all Recreational Lots.

A Residential Lot shall be assessed annually an amount calculated by multiplying the percentage share of the Association's annual budget for Common Expenses allocable to all Residential Lots (which shall be equal to the percentage of the Residential Class's total votes relative to the votes of all members other than the votes of the Declarant Class, determined as set forth in Section 1.3(c) hereof) by a fraction, the numerator of which is the Assessed Value of the Lot and the denominator of which is the total Assessed Value of all Residential Lots.

A Senior Lot shall be assessed annually an amount calculated by multiplying the percentage share of the Association's annual budget for Common Expenses allocable to all Senior Lots (which shall be equal to the percentage of the Senior Class members' total votes relative to the votes of all members other than the votes of the Declarant Class, determined as set forth in Section 1.3(c) hereof) by a fraction, the numerator of which is the Assessed Value of the Lot and the denominator of which is the total Assessed Value of all Senior Lots. Notwithstanding anything contained herein, for a Senior Lot which is a condominium regime, any annual or other assessments levied by the

Association pursuant to this Declaration shall be allocated among the owners of the condominium units created within such Senior Lot as provided in the documents governing such condominium regime.

If, and to the extent that, the application of the foregoing formulae would not result in the assessment of all amounts that the Association must collect pursuant to its budget, any such unassessed amounts shall be reallocated proportionately among the Educational, Corporate Center, Residential, Recreational and Senior Lots and be included as parts of the annual assessments thereof. For purposes of the calculations set forth in this Section 6.2(a), Lots owned by the Declarant that are Educational, Corporate Center, Residential, Recreational or Senior Lots shall be included only if (i) a building permit has been issued for such Lot(s) or (ii) the Declarant voluntarily permits such Lot(s) to be assessed for the particular year(s) for which assessments are being determined: if included, such Lot(s) shall be included in the above calculations; if excluded, they shall not be included in the calculations.

Notwithstanding the foregoing, pursuant to Section 6.3 hereof, no Lot shall be liable for assessments until conveyed to an Owner other than the Declarant or until the Declarant obtains a building permit for such Lot.

Any additional assessment for each Lot shall be calculated on the same basis as the annual assessment; provided, however, that expenses designated as Limited Common Expenses shall be assessed against the Lots benefitted on the same basis inter se or based on usage, as appropriate, pursuant to Subsection 6.1(b) hereof.

Any and all such assessments and other charges shall be a lien against each Owner's Lot as provided in Section 12.2 hereof. On or before the first day of each fiscal year, and the first day of each succeeding payment period in such fiscal year, each Owner shall pay to such Person at such place as the Board of Directors may direct that installment of the annual assessment which is due during such period. The Board of Directors shall establish one or more payment periods and the due dates for each such payment in each fiscal year; provided, however, that payments shall be due not less than annually or more frequently than monthly. All sums collected by the Board of Directors with respect to assessments against the Lots or from any other source may be commingled into a single fund.

(b) [Reserved.]

(c) Lots Added During the Fiscal Year. Notwithstanding any other provision of this Article, whenever any Additional Real Estate is added, the assessment against each Lot being added (other than unimproved Lots which are owned by the Declarant and exempted from assessment in accordance with Section 6.3 hereof) shall be calculated in the same manner and due in the

same number of installments as the assessment for the remainder of the fiscal year against Lots already a part of the Property. In addition, the Owner of the Lot being added shall pay a prorated portion of any amount payable for the period between the later of the date the Lot was conveyed to an Owner other than the Declarant (or the date the Declarant obtained a building permit for such Lot) or the date such Lot was added to the Property and the due date of the next installment. Such proration of the assessment due for any Lot added shall be based upon the total assessment due and a 365-day fiscal year. Payment of the prorated portion will be due no later than the due date of the first installment to be paid by the Owner of any Lot added.

(d) Additional Assessments. The Board of Directors may levy additional assessments on the Lots. The Board of Directors shall give notice of any additional assessment to the Owners specifying the amount and reasons therefor, and such assessment shall, unless otherwise specified in the notice, be payable in full with the next periodic installment which is due more than ten days after the date of such notice or in not more than twelve equal periodic installments, as the Board may determine. Such assessment shall be a lien as set forth in Section 12.2 hereof.

(e) Special Assessments. The Board of Directors shall have the power to assess an Owner's Lot individually (i) for the amount of any costs incurred by the Association pursuant to Subsection 7.2(a) hereof in performing Upkeep that the Owner failed to perform as required by that section, (ii) for the costs of improvements determined by the Board to be substantially for the benefit of that Owner pursuant to Section 7.4 hereof, (iii) for the amount of any charges imposed on that Owner pursuant to Subsection 12.1(g) hereof, and (iv) for any costs incurred by the Association because of any violation or negligence for which that Owner is responsible under Subsection 12.1(a) hereof. Each such assessment shall be due ten days after notice thereof is given to the Owner unless the notice specifies a later date.

(f) Emergency and Rescue Squad Fee. Each Lot other than a Civic Lot shall be assessed for a contribution to Loudoun County for distribution to the entities (operated under the Loudoun County Department of Fire-Rescue Emergency Services) providing fire and rescue services to the Property, and each Owner shall be required to pay, and the Association shall remit amounts collected from the Owners to Loudoun County, as follows:

(i) For improvements for which zoning permits have been issued or are issued hereafter but prior to January 1, 1996, such contribution shall be two cents (\$0.02) for each square foot of non-residential floor area constructed on a Lot or thirty dollars (\$30) for each residential unit constructed on a Lot. Each such contribution may be increased each fiscal year of the Association subsequent to 1987, if Loudoun County is required or authorized by applicable proffers to do so, by the percentage

increase in the U.S. Department of Labor Consumer Price Index - All Urban Consumers (1982-84=100) between the month in which the Original Declaration was recorded and the last month for which such figure is available at the time the budget is adopted.

(ii) For improvements for which zoning permits are issued on or after January 1, 1996, such contribution shall be five cents (\$0.05) for each square foot of non-residential floor area constructed on a Lot or sixty dollars (\$60) for each residential unit constructed on a Lot. Each such contribution shall be increased each fiscal year of the Association subsequent to 1996 by the percentage increase in the U.S. Department of Labor Consumer Price Index - All Urban Consumers (1982-84=100) between January 1, 1996 and the last month for which such figure is available at the time the budget is adopted.

The category of Lot on which such improvements are constructed shall be immaterial to the above contribution requirements, but rather the use as categorized by Loudoun County shall be determinative. Whenever in the Association Documents the U.S. Department of Labor Consumer Price Index - All Urban Consumers (1982-84=100) is used, if such index ceases to incorporate a significant number of items now incorporated therein, ceases to reflect the increases in the expenses of the Association, or if a substantial change is made in the method of establishing such index, then such other reliable governmental or other nonpartisan index designated by the Board of Directors may be used. These contribution requirements shall terminate at such time as the Fire-Rescue service serving the Property receives 75% or more of its annual operating budget from Loudoun County funding or, if earlier, in the event that the volunteer system ceases to primarily serve the Property.

(g) Optional Expenses. Upon request, the Association may provide certain services to Owners (including the Declarant) on a contractual basis pursuant to Section 7.8; provided, however, that the charge for such services shall be assessed against such Owner's Lots in accordance with the terms of the contract.

(h) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, contingencies and replacements. Such funds shall be a Common Expense of the Association and may be deposited with any financial institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. Reserves for items serving only certain Lots shall be accounted for and funded solely by the Owners served (as a Limited Common Expense). As to each separate reserve account:

(1) Extraordinary expenditures not originally included in the annual budget, which may become necessary during the year, shall be charged first against the appropriate

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

(2) If regular annual maintenance extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items or by distribution to each Owner (including the Declarant) in proportion to the percentage (if any) of assessments paid by such Owner.

(3) If the reserves are inadequate to meet actual expenditures for any reason (including non-payment of any Owner's assessment) then the Board of Directors shall, in accordance with Subsection 6.1(d) hereof, levy an additional assessment against the Lots; provided, however, that if the unoccupied Lots owned by the Declarant are exempt from assessments in accordance with Section 6.3 hereof, then during the period the Declarant owns Lots exempt from assessments, the Declarant shall pay any expenses that the Association is unable to meet from budgeted income or reserves, but the Declarant is not obligated to pay any expenses that the Association is unable to meet because of non-payment of any Owner's assessment.

(i) Surplus and Deficit.

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

(2) Unless the budget for the succeeding fiscal year is adjusted to amortize the deficit during such fiscal year, any net shortage in expenses (including reserves) shall be assessed promptly against the Owners as an additional assessment in accordance with Subsection 6.1(d) hereof; provided, however, that if unoccupied Lots owned by the Declarant are exempt from assessments in accordance with Section 6.3 hereof, then during the period the Declarant owns Lots exempt from assessment the Declarant shall make up any net shortage (expenses and reserves) in the Association's budgeted income over the Association's expenses but the Declarant is not obligated to pay any expenses that the Association is unable to meet because of non-payment of any Owner's assessment.

Section 6.3. Exemptions. Unimproved Lots owned by the Declarant for which no building permit has been issued shall be exempt from assessment and the lien created hereby. No otherwise assessable Lots that are owned by parties other than the Declarant shall be exempt from assessments, despite such Lots' being encumbered by Common Area. Neither the Declarant nor the Association shall be assessed for any Common Area easements. If the Declarant voluntarily permits the unimproved Lots that it owns to be subject to assessment for any period of time, notwithstanding that the Declarant has no obligation to do so, then (i) the Declarant's Lots shall not be treated as being exempt for any such period, and the Declarant accordingly shall have no obligation to fund any net shortages (as described in Section 6.2(i)(2)) applicable to such period, and (ii) the Declarant thereafter may reassert its right for such unimproved Lots to be exempt from assessment, and the Declarant for such periods of reasserted exemption from assessment shall be subject again to the obligation to fund net shortages as described in Section 6.2(i)(2).

Section 6.4. Liability for Common Expenses.

(a) Declarant and Owner Liability. The Declarant, for each Lot owned by the Declarant, hereby covenants and agrees, and each Owner of a Lot by acceptance of a deed therefor, whether or not so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association all Common Expenses, including Limited Common Expenses, and other charges assessed by the Board of Directors pursuant to the provisions of this Declaration. Each Owner shall be personally liable for all assessments against such Owner's Lot. No Owner may be exempted from liability for the assessment for Common Expenses by reason of waiver of the use or enjoyment of any of the Common Area or by abandonment of the Lot. No Owner shall be liable for the payment of any part of the Common Expenses assessed against the Lot subsequent to the date of recordation of a conveyance by such Owner in fee of such Lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid assessments against the latter for the proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser may rely on a Statement of Common Expenses obtained pursuant to Section 6.6 herein.

(b) Mortgagee Liability. Each Mortgagee who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against such Lot which accrue prior to the time such Mortgagee or purchaser comes into possession thereof, except for claims for a pro rata share of such

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

Section 6.5. Collection of Assessments. Any assessment, or installment thereof, not paid within ten days after the due date shall be delinquent and shall accrue a late charge in the amount of one-half of one percent of such assessment, or such greater percentage as may be established from time to time by the Board of Directors. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any assessments for Common Expenses due from any Owner which remain unpaid for more than thirty days after the due date for payment thereof.

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

Section 6.7. Assessment from Residential Lot Owners. With respect to any annual or additional assessments provided for herein which are payable by Owners of Residential Lots (including condominium units that constitute Residential Lots) and any which are payable by Owners of Corporate Center Lots which in fact are residential condominium units, upon the request of a Subassociation governing any of such Lots the Board of Directors may elect by resolution, as to one, some or all of such assessments, as the Board may determine in its discretion, to collect such assessments directly from the Subassociation of the residential community or condominium located on the Property which also governs such Lots. In such event, payment of such assessments shall be an obligation of such Subassociation, but each Owner shall remain personally liable for the assessment

against such Owner's Lot and each such Lot shall remain subject to a lien for assessments; provided, however, that upon an Owner's payment of that portion of an Association assessment that is attributable to such Owner's Lot to the applicable Subassociation, such Lot, upon the Association's receipt of reasonable proof of such payment, shall not be subject to further lien or remedies for such assessment by the Association or the Subassociation. If the Board elects to collect assessments from such Subassociation, then all notices regarding assessments against such Lots shall be sent to such Subassociation, and notices of any intention to lien an Owner's Lot shall also be sent to the Owner of the Lot. This section shall not limit or waive any of the Association's remedies for non-payment of assessments.

ARTICLE 7

OPERATION OF THE PROPERTY

Section 7.1. Upkeep of Common Area.

(a) The Association shall be responsible for the management and Upkeep of all of the Common Area, including Limited Common Area and Reserved Common Area, the cost of which shall be assessed against all Lots as a Common Expense, or Limited Common Expense, as appropriate, except for improvements specially assessed in accordance with Sections 7.2 and 7.4 hereof. Notwithstanding the general provisions for maintenance of Common Areas set forth in this section, specific maintenance responsibilities and allocation of maintenance costs shall be determined by any provisions therefor indicated on either an amendment to the Declaration or the plat recorded with the amendment to the Declaration subjecting such Common Area to the Declaration.

(b) If the Board of Directors determines that certain Upkeep was necessitated by the negligence, misuse or neglect of an Owner or for which an Owner is responsible pursuant to Section 12.1 hereof, the cost of such Upkeep shall be assessed against such Owner's Lot pursuant to Subsection 12.1(a) hereof. Further, the Board may determine that all or a part of the Upkeep of any portion of the Common Area designated as Reserved Common Area shall be performed by the Person having the exclusive right to use the same.

(c) The Board of Directors shall establish the standard for Upkeep of the Common Area in its sole discretion; provided, however, that the standard for Upkeep shall, at a minimum, be sufficient to meet the requirements of applicable law and governmental regulations.

(d) The Board of Directors may also determine to provide for the Upkeep of the rights-of-way along dedicated streets and roadways and the dedicated public easements along

Goose Creek, adjacent to the north side of Route 7 and surrounding the historic canal lock sites to the extent not provided by Loudoun County, Virginia. Further, the Board of Directors shall maintain as Common Area the landscaping and irrigation system located on any Lot within any "Maintenance Easement Area" shown on a plat recorded as part of the Association Documents. The Association may provide maintenance for any areas, even if located within a public right-of-way, to the extent required and permitted by the applicable governmental authorities.

Section 7.2. Upkeep of Lots.

(a) Individual Upkeep. Each Owner shall keep such Owner's Lot and all improvements located on the Lot in good order, condition and repair and in a clean and sanitary condition, including without limitation all necessary grounds maintenance except as may be otherwise provided in an amendment to the Declaration adding Additional Real Estate. Each Owner shall perform this responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. If any Owner shall fail to keep such Owner's Lot in as good repair and condition as when acquired and in a neat and orderly condition, consistent with such Rules and Regulations as the Board of Directors may promulgate, then the Board may, pursuant to resolution, give notice to that Owner of the condition complained of, specifying generally the action to be taken to rectify that condition. If the Owner fails to rectify that condition within thirty days after the date the notice is given, or such shorter period as may be specified in the notice if the circumstances warrant a shorter period, the Board of Directors shall have the right, pursuant to Section 3.3 and Subsection 12.1(e) hereof and any resolutions adopted by the Board of Directors, to rectify that condition by taking such action (or by causing such action to be taken) as was specified in the notice. The costs incurred in rectifying that condition shall be assessed against such Owner's Lot in accordance with Section 12.1 hereof. If such Owner fails to reimburse the Association within thirty days after receipt of a statement for such expenses from the Board, then the indebtedness shall constitute a lien as provided for in Section 12.2 hereof. The Owner may contract with a third party, including the Association to the extent provided for in Section 7.8 hereof, to perform the Owner's responsibility for Upkeep under this section.

(b) Common Area in Subassociations and Condominium Common Elements. The Subassociation(s) of any planned community portion(s) of, or of any condominium(s) located within, the Property shall keep the common areas of the planned community or office park or the common elements of the condominiums, as applicable, in good order, condition and repair and in a clean and sanitary condition (in keeping with the general character of the Property) including without limitation all necessary grounds maintenance. The applicable Subassociations may contract with third parties, including the Association to the extent provided .

in Section 7.8 hereof, to provide the necessary Upkeep and/or management services to perform its responsibilities under this section. If any such Subassociation shall fail to keep the portion of the Property for which such Subassociation has maintenance responsibility in as good repair and condition as when acquired (normal wear and tear excepted) and in a neat and orderly condition, consistent with such Rules and Regulations as the Board of Directors may promulgate, then the Board may, pursuant to resolution, give notice to that Subassociation of the condition complained of, specifying generally the action to be taken to rectify the condition. If the Subassociation fails to rectify that condition within thirty days after the date the notice is given, or such shorter period as may be specified in the notice if the circumstances warrant a shorter period, the Board of Directors shall have the right pursuant to Section 3.3 and Subsection 12.1(e) hereof and any resolutions adopted by the Board of Directors, to rectify the condition by taking such action (or by causing such action to be taken) as was specified in the notice. The costs incurred shall be charged against such Subassociation.

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

Section 7.4. Additions, Alterations or Improvements by the Board of Directors.

(a) Action of the Board. Whenever in the judgment of the Board of Directors the Common Area shall require capital additions, alterations or improvements (other than for Upkeep) costing in excess of five percent in the aggregate of the total annual assessment for Common Expenses for that fiscal year during any period of twelve consecutive months, the making of such additions, alterations or improvements requires a Majority Vote of the members, and the Board of Directors shall assess all Owners benefitted for the cost thereof as a Common Expense or Limited Common Expense depending on the nature of the improvement. Any capital additions, alterations or improvements (other than for Upkeep) costing in the aggregate five percent or less of the total annual assessment for Common Expenses for that fiscal year or less during any period of twelve consecutive months may be made by the Board of Directors without approval of the members and the cost thereof shall constitute a Common Expense or a Limited Common Expense depending on the nature of the improvements. Notwithstanding the foregoing, if the Board of Directors determines that such capital additions, alterations or improvements are exclusively or substantially exclusively for the benefit of specific Owners, such Owners shall be assessed therefor in such proportion as they jointly approve or, if they

are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

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

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

Section 7.5. Additions, Alterations or Improvements by the Owners.

(a) Approval.

(1) Except as provided in Section 7.5(a)(2), no Owner shall make any addition, alteration or improvement in or to any Lot (other than for normal Upkeep or natural landscaping and not including areas within a Building Envelope visible from the exterior only because of the transparency of glass doors, walls or windows) which is visible from the exterior of the Lot, without the prior written consent of the Covenants Committee. No Owner shall paint, affix a sign not permitted by the Rules and Regulations to or alter the exterior of any improvement located upon such Owner's Lot, including the doors and windows, if such exterior is visible from another Lot or the Common Area, without the prior written consent of the Covenants Committee. Except when a request is being handled by the Covenants Committee, the Board of Directors shall be obligated to answer any written request by a Owner for approval of a proposed structural addition, alteration or improvement within fifteen days after the first Board of Directors meeting held following such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement; provided, however, that the Board of Directors has no right or power, either by action or failure to act, to waive enforcement or grant variances from written Design Guidelines without a specific finding that enforcement of such guidelines would impose an unfair burden on such member and stating the variance and the reasons therefor in a written instrument which shall be part of the records of the Association. Upon such written approval of any specific variance or exception from the requirements of the Design Guidelines, all development conforming to such variance or exception shall be

deemed to comply; provided, however, that such approval shall not relieve a Owner from any obligation to obtain any governmental permit which may be required. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement to any Lot or improvement located on any Lot requires execution by the Association, and provided consent has been given by the Board of Directors or the Covenants Committee, as appropriate, then the application shall be executed on behalf of the Association by an Officer only, without incurring any liability on the part of the Board of Directors, the Association, the Board of Directors or the Covenants Committee or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any Person having a claim for personal injury or property damage arising therefrom.

(2) Notwithstanding anything contained herein, with respect to Lots (including condominium units) which are also subject to the jurisdiction of a Subassociation, such Subassociation shall establish design guidelines and rules and regulations which shall be in all respects consistent with this Declaration and the Design Guidelines in effect with respect to such Lots and shall be subject to the approval of the Covenants Committee, which Subassociation design guidelines and rules and regulations shall govern modifications, additions, alterations, improvements to and subdivision or resubdivision of Lots (including condominium units) governed by such Subassociation. In the event that the Board of Directors determines that a Subassociation has failed to adopt acceptable design guidelines or to enforce its design guidelines and/or rules and regulations in a manner consistent with the Association's Design Guidelines, the Board of Directors, after notice to the Subassociation and an opportunity for a hearing, may enforce the Association's Design Guidelines and Rules and Regulations against an individual Owner or condominium unit owner, as the case may be.

(3) Subject to the approval of any Mortgagee of the affected Lots, the Board of Directors, any Owner affected and the appropriate governmental entity, if required, any Lot may be subdivided or altered so as to relocate the boundaries between such Lot and any adjoining Lot; provided, however, that in the case of Lots comprised in whole or in part of condominium units or which are part of a planned community, any subdivision or relocation of unit boundaries or subdivision of or relocation of boundaries of Lots must be in compliance with the applicable Subassociation documents governing the condominium or the planned community as well, but shall not be subject to the approval of the Board of Directors of the Association. Except as provided above in this subsection (3), no Lot or condominium unit may be subdivided nor may any Lot's or condominium unit's boundaries be relocated except by the Declarant, nor shall any portion less than all of any Lot shall be conveyed or transferred by an Owner without the prior written approval of the Board of Directors. However, this section is not intended to require the approval of the Board of Directors or Covenants Committee to grant deeds of

correction, deeds to resolve boundary line disputes and similar corrective instruments or to grant any easement, right-of-way or license to any municipality, political subdivision, public utility or other public body or authority, or to the Association or the Declarant for any purpose.

(4) The provisions of this section shall not apply to Lots owned by the Declarant until the deeds of conveyance of such Lots to Persons other than the Declarant shall have been recorded. The Declarant shall have the right to make alterations or subdivisions without the consent of the Board of Directors or the Covenants Committee and an authorized Officer shall execute any such application required.

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

(b) Limitations. Except as provided in Section 7.5(a)(2), construction upon all Lots shall be subject to the following limitations:

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

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

(c) Certificate of Compliance. Upon the completion of any construction or alterations in accordance with plans and specifications approved by the Covenants Committee, the Covenants

Committee shall, at the request of the Owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction or alteration referenced in such certificate has been approved by the committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Association Documents as may be applicable. The certificate shall not be used and may not be relied upon for any other purpose, and shall not constitute a representation either as to the accuracy or sufficiency of the plans and specifications reviewed by the committee or the quality or soundness of the construction, alterations or improvements. The committee may impose a reasonable charge to cover the costs of preparation and inspection.

Section 7.6. Parking and Transportation Services.

(a) Right to Use Parking Areas. Each of the parking spaces located on the Common Area (other than on Limited Common Area or Reserved Common Area) shall be available for the use of the Owners, such Owners' tenants and such Owners' (or tenants') households, guests, employees, customers, agents or invitees subject to Subsection 7.6(b) hereof and such reasonable Rules and Regulations regulating the same as the Board of Directors may adopt. The Association will not unreasonably interfere with the right of any Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, customers, employees, agents or invitees to use any Private Streets and Roadways for both vehicular and pedestrian ingress and egress to and from such Owner's Lot.

(b) Limitations. All parking spaces located in the Common Area (except for those portions designated as Limited Common Area) shall be used by the Owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine or as may be otherwise stated with respect to Additional Real Estate in an amendment to this Declaration adding such Additional Real Estate.

(c) Transportation Systems Management Plan. The Association shall adopt and administer a phased transportation systems management plan if and as required by the Development Plan approved by Loudoun County, Virginia. The Board of Directors may perform such acts as are reasonably necessary in the Board's discretion to administer such Plan, including without limitation hiring additional staff, appointing special committees, acquiring vans for vanpooling, requiring a flexible working hour schedule from all Owners, regulating parking on a Lot, and entering into agreements with other Subassociations, governmental agencies or similar entities; provided, however, that no such regulation shall reduce the number of parking spaces on a Lot as shown on the plans originally approved by the Covenants Committee. The cost of such administration and the cost of any performance by the Association under the transportation management plan shall be a Common Expense or a

Limited Common Expense, as may be determined by the Board of Directors.

Section 7.7. Disclaimer of Liability.

(a) Bailee. The Board of Directors, the Association, any member, any Owner and the Declarant shall not be considered a bailee of any personal property stored or placed on the Common Area (including property located in vehicles parked on the Common Area), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

(b) Operational. The Association shall not be liable for any failure of water supply or other services to be obtained or provided by the Association, or paid for as a Common Expense, or provided by any other Person, or for personal injury or property damage caused by the elements or by any Owner or any other Person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Property or from any pipe, drain, conduit, appliance or equipment, or any secondary or consequential damages of any type. The Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any portion of the Property. No diminution, offset or abatement of any assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Property by the Association or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any governmental authority. This section is not intended nor shall it be construed to relieve any insurer of its contractual obligations under any policy benefiting the Association, a member or an Owner.

Section 7.8. Services to Owners and Subassociations. The Association may, in the sole discretion of the Board of Directors, provide additional services to Owners (including the Declarant), and to any Subassociation located within the Property on a contractual basis at the request of such Persons. The charges for such services shall be assessed to the Lot of the Owner or charged to the Subassociation.

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

ARTICLE 8

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

Section 8.1. Permitted Uses. Except to the extent permitted in an amendment to the Declaration adding Additional Real Estate with respect to such real estate, no Lot shall be used for any purpose other than as permitted in the Development Plan without the prior written approval of the Board of Directors. The Board's approval of other uses may be conditioned or withheld at the Board's discretion. Each Owner shall comply with applicable zoning requirements, as amended from time to time. The permitted uses may be further limited, expanded or otherwise modified with respect to Additional Real Estate by the amendment to the Declaration submitting such Additional Real Estate.

Notwithstanding the above limitations, the Declarant (and any other Persons designated by the Declarant from time to time in notices to the Association) may use any Lot or portion thereof of which the Declarant or such Persons are the Owner (or any other Lot with the permission of the Owner thereof) or any portion of the Common Area, as sales offices, rental offices, management offices and as model or display units.

Section 8.2. Restrictions. Except as otherwise approved by the Covenants Committee, each Lot and the Common Area shall be occupied and used as follows:

(a) Except as otherwise provided in the Association Documents, no Lot shall be used for other than the purposes for which such Lot is zoned and designed. Nothing in the Association Documents shall be construed to prohibit the Declarant or its designees from using any Lot owned by the Declarant (or any other Lot with the permission of the Owner thereof) or any portion of the Common Area for promotional, marketing, display or customer service purposes (such as a visitors' center) or for the settlement of sales of Lots. Further, the Declarant specifically reserves the right to operate a construction office or a rental, brokerage and management office at any time on Lots owned or leased by the Declarant (or any other Lot with the permission of the Owner thereof) and on any portion of the Common Area, to the extent permitted by law. The Declarant may assign its rights under this subsection to or share such rights with one or more other Persons, exclusively, simultaneously or consecutively with respect to the Common Area and Lots owned or leased by the Declarant or such Persons.

(b) Nothing shall be done or kept on the Property which will increase the rate of insurance for the Common Area or any part thereof applicable for permitted uses without the prior written consent of the Board of Directors; including without limitation any activities which are unsafe or hazardous with respect to any person or property. No Owner shall permit

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

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

(d) There shall be no emissions of dust, sweepings, dirt, cinders, odors, gases or other substances into the atmosphere, no production, storage or discharge of hazardous wastes on the Property or discharges of liquid, solid wastes or other harmful matter into the ground or any body of water, if such emission, production, storage or discharge may adversely affect the use or intended use of any portion of the Property or may adversely affect the health, safety or comfort of any Person, nor of microwave and/or electromagnetic transmissions from any Lot(s) that affect any other Owner or occupant of any other Lot, or any equipment or machinery upon any Lot.

(e) No Person shall cause any unreasonably loud noise (except for security devices) anywhere on the Property, nor shall any Person permit or engage in any activity, practice or behavior for the purpose of causing annoyance, discomfort or disturbance to any Person lawfully present on any portion of the Property; but this provision shall not be construed as forbidding any work involved in the construction or Upkeep of any portion of the Property so long as such work is undertaken and carried out (i) with the minimum practical disturbance to Persons occupying other portions of the Property; (ii) in such a way as does not violate the rights of any Person under other provisions of this Declaration; and (iii) in accordance with all applicable restrictions in the Rules and Regulations, the resolutions of the Board of Directors and the other provisions of this Declaration.

(f) No Owner shall obstruct any of the Common Area or otherwise impede the rightful access of any other Person on any portion of the Property upon which such Person has the right to be. No Owner shall place or cause or permit anything to be placed on or in any of the Common Area without the approval of the Board. Nothing shall be altered or constructed in or removed

from the Common Area except with the prior written approval of the Board of Directors.

(g) The Common Area shall be used only for the furnishing of the services and facilities for which the same is reasonably suited and which are incident to the use and occupancy of the Lots. Any improvements located on the Common Area shall be used only for their intended purposes. Except as otherwise expressly provided in the Association Documents, no Owner shall make any private, exclusive or proprietary use of any of the Common Area (except those areas, if any, designated as Limited Common Area or Reserved Common Area by the Board of Directors) without the prior written approval of the Board of Directors and then only on a temporary basis. No Owner shall engage or direct any employee of the Association on any private business of the Owner or otherwise direct, supervise or in any manner attempt to assert control over such employee during the hours such employee is employed by the Association.

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

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

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

(k) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight lines for vehicular traffic on public streets. No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes line, shed or other temporary accessory buildings shall be erected, used or maintained on any Lot except in connection with construction activities. Pavement, plantings and other landscape materials shall not be placed or permitted to remain upon any Lot: (i) if such materials may damage or interfere with any easement for the installation or maintenance of utilities; (ii) in violation of the requirements of such easements; (iii) unless in conformity with public utility standards; or (iv) if such materials may unreasonably change, obstruct or retard direction or flow of any drainage channels. Otherwise, the installation of such materials

within utility easements shall be encouraged. Except for hoses and the like which are reasonably necessary in connection with construction activities or normal landscape maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground.

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

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

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

(o) Except in connection with construction activities, trucks, trailers, campers, recreational vehicles, boats and other large vehicles may be parked on the Property only if expressly permitted by the Board of Directors and only in such parking areas (if any) as may be designated for such purpose. However, grounds maintenance equipment may be stored and maintained on the Property with the prior written approval of the Covenants Committee. No junk or derelict vehicle or other vehicle on which current registration plates and current county and state inspection permits are not displayed shall be kept upon any portion of the Property. Vehicle repairs and storage of vehicles are not permitted on the Property without the prior written approval of the Covenants Committee.

(p) No Owner shall damage the portions of the Property adjacent to such Owner's Property during, and each Owner shall take all steps reasonably necessary to protect such adjacent portions of the Property from damage and from delay during the development or construction of such adjacent Property. Each Owner shall restore any off-site property disturbed by such Owner's development or construction activities to the condition existing prior to the undertaking of such work. Each Owner shall be responsible for the cleanliness of all construction vehicles leaving Owner's Property during said site's development and construction. In the event that any soil or debris is deposited on any portion of the Property not owned by such Owner in connection with an Owner's development or construction, particularly on any private or public roads, such Owner, at its sole cost and expense, shall be responsible for the removal of same and if such Owner fails to clean the streets or other Property, then the Declarant or the Association may perform such cleaning and charge the cost thereof to such Owner. Each Owner hereby indemnifies and holds the Declarant and its successors,

assigns and transferees, and the Association, harmless and shall defend the Declarant, its successors, assigns and transferees, and the Association, as applicable, from and against any and all lawsuits, liability, cost, damage, expense, claims and judgments incurred or suffered by them by reason of or in any way related to any development and/or construction activities that violate or breach any provision of the Association Documents or of any applicable Guidelines, including any attorney's fees incurred by the Declarant (its successors, assigns and transferees) and/or the Association. Any amount that an Owner is obliged to pay under this paragraph that is not reimbursed to the Declarant or the Association, as applicable, within five (5) days after the date of the demand shall accrue interest at the rate of eighteen percent (18%) per annum.

(q) Owners, other than the Declarant, shall not make any request or application to any governmental or quasi-governmental authority having jurisdiction over the Property or Owner's Lots, or over both, to change or alter the zoning or to seek other governmental or quasi-governmental approvals for the Property or any Additional Real Estate, including any changes to the Development Plan, that in any manner adversely affects or reasonably could be expected to affect adversely the zoning, densities or Development Plan for all or any portion of the Property, except with the consent of the Declarant or, after the Development Period, of the Association, to be granted or withheld in their respective sole discretion.

(r) During the Development Period, Owners covenant and agree that, if requested by the Declarant to do so, they shall not oppose, shall cooperate with and join in requests for rezonings, land use approvals, and other land use changes sought of or within the Property or the Additional Real Estate, provided only that such rezonings or other changes or approvals being sought could not reasonably be expected to materially adversely affect the Owner receiving such request(s) or its Lot(s).

(s) No Owner shall use the "Lansdowne" name or logo in any advertising of or for Lots or the Property in print, radio, television or other media, except pursuant to all of the following conditions: (i) the Declarant shall have approved in advance the typeface of the name "Lansdowne"; (ii) the Declarant shall have approved in advance the appearance of the logo; and (iii) the Declarant shall retain the right at all times to modify the appearance of the logo, except that any exercise of such right after an approval of the previous appearance of the logo must occur reasonably and with reasonable notice to the Owner of the requirement that the logo be changed. The Declarant also reserves the rights to prohibit and to enjoin any advertising whatsoever which the Declarant determines contains any false or misleading facts, information or representations with respect to the Property or any part thereof. Upon the expiration of the Development Period, the rights provided to the Declarant in this paragraph shall become vested in the Association.

Section 8.3. Rules and Regulations. The Board of Directors shall have the power to adopt, amend and repeal Rules and Regulations restricting and regulating the use and enjoyment of the Property or of any portion thereof, which may supplement, but may not be inconsistent with the provisions of the Association Documents. The Board of Directors shall also review and approve the rules and regulations proposed by any Subassociation located on the Property; provided, however, that any rules and regulations submitted to the Board shall be deemed approved if not disapproved within ten days after the first meeting of the Board after such rules and regulations are submitted. The Property shall be occupied and used in compliance with the Rules and Regulations, as well as the rules and regulations established by any Subassociation. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each member. Changes to the Rules and Regulations shall be published prior to the time when the same shall become effective and copies thereof shall be provided to each member. The Rules and Regulations shall not unreasonably interfere with the use or enjoyment of the Lots or Common Area or the reasonable conduct of business on the Lots. Also, the Board of Directors may issue exceptions to any prohibitions expressed or implied by this Article, for good cause shown.

Section 8.4. Exclusion for the Declarant and Designees of the Declarant. Notwithstanding any other provision of the Association Documents, neither the restrictions in this Article nor the Rules and Regulations of the Association shall apply to any otherwise lawful acts or omissions of (i) the Declarant, or (ii) any Person designated by the Declarant from time to time in notices to the Association as being exempt (from all or only designated portions of such Rules and Regulations and the restrictions of this Article 8); provided, however, in any such event only for as long as the exempted party, whether the Declarant or a designee, is engaged in construction or sales, or activities related thereto, anywhere within the Property or on any Additional Real Estate.

ARTICLE 9

COVENANTS COMMITTEE

Section 9.1. Covenants Committee.

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

the Owners, such Owners' tenants and such Owners' (or tenants') households, guests, employees, customers, agents and invitees. If the Board of Directors fails to appoint a Covenants Committee, then the Board of Directors shall perform the duties of the Covenants Committee. Notwithstanding the foregoing, the Declarant during the Development Period reserves the right to appoint any or all of the Covenants Committee members, who need not be representatives of any particular Class. ||

(b) Powers.

(1) The Covenants Committee shall regulate the external design, signage, appearance, use and maintenance of the Lots; provided, however, that the Covenants Committee shall not have the power to regulate the activities of the Association or the Declarant on the Common Area or any Lot owned by the Declarant. In addition, and notwithstanding anything contained herein, except for review and approval of the initial construction plans, with respect to Lots (including condominium units) which are also subject to the jurisdiction of a Subassociation, the Covenants Committee shall not have the power to regulate or exercise any approval rights over the activities of such Subassociation; provided, however, that such Subassociation shall enforce its design guidelines and/or rules and regulations in a manner consistent with the Association Documents. If the Board of Directors, after notice to the Subassociation and an opportunity for a hearing, determines that a Subassociation has failed to enforce its design guidelines and/or rules and regulations in a manner consistent with the Association Documents, the Board of directors may direct the Covenants Committee to enforce the Association's Design Guidelines and Rules and Regulations against an individual Owner(s) or condominium unit owner(s), as the case may be.

(2) The Covenants Committee may from time to time establish requirements regarding the form and content of plans and specifications to be submitted for approval. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses or consultations required in connection with improvements or changes proposed by an Owner. Such fees shall be assessed against the Owner; provided, however, that the Covenants Committee shall first notify the Owner of a good faith estimate or range of such potential costs, and the applicant Owner shall be entitled to withdraw the application in writing within ten (10) days of such notice without incurring responsibility for any such costs.

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

(4) Subject to the review of the Board of Directors, the Covenants Committee shall from time to time pro-

vide interpretations of the Association Documents pursuant to the intents, provisions and qualifications thereof when requested to do so by an Owner, a member or the Board of Directors. The Committee may publish and record such interpretations in order to establish precedents for application of the Association Documents or the Design Guidelines or other matters relative to architectural control and protection of the aesthetic or property values of the Property. The Covenants Committee has proposed Design Guidelines which have been approved by the Board of Directors, which may be amended from time to time, and which are incorporated herein by this reference and shall be enforceable as though set forth herein in their entirety; provided, however, that no amendments or additions thereto, or exceptions or waivers therefrom, shall occur during the Development Period without the written approval of the Declarant. Furthermore, no Design Guidelines administered by the Initial Construction Subcommittee shall be enforced against an Owner which are more restrictive than those in effect when the Owner purchased the Lot. The Covenants Committee shall also review the architectural guidelines proposed by the board of directors, covenants committee or similar committee of any Subassociation operating within the Property and shall determine whether such guidelines are in keeping with the overall architectural character of the Property. Any such guidelines which are submitted to the Covenants Committee shall be deemed approved if not disapproved within forty-five days.

(5) A Majority Vote of the Covenants Committee shall be required in order to take any action except as otherwise provided in Subsection 12.1(i) hereof. The Covenants Committee shall keep written records of all its actions. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision. The Covenants Committee and the Board of Directors shall have no authority to regulate construction by the Declarant.

(c) Conduct of Business. The Covenants Committee shall not exercise its powers and authority to interfere with the reasonable conduct of business on the Property or the development of the Property in accordance with the Development Plan. Reasonable signs, modifications, alterations and changes of use which are consistent with Design Guidelines and needed for the proper conduct of business shall be permitted.

(d) Authority. The Covenants Committee shall have such additional duties, powers and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in accordance with Subsections 12.1(i) and (j) hereof and in the manner provided for in the Rules and Regulations adopted by the Board of Directors or

by resolution of the Board of Directors. The Covenants Committee shall act on all matters properly before it within forty-five days; failure to do so within the stipulated time shall constitute an automatic referral to the Board of Directors.

(e) Specific Exclusions. Amendments to this Declaration adding Additional Real Estate may exclude certain types of improvements or alterations from Covenants Committee review to the extent such improvements or alterations are not visible from another Lot or any other portion of the Property. The Owner asserting an exemption under Section 7.9 or Section 8.5 shall file a plan showing or describing (as appropriate) the proposed addition, alteration, improvement, modification or change in use with the Covenants Committee at least ninety days before the earlier of filing a request for the change with Loudoun County (if required) or making the change. The purpose of filing the plan or description with the Covenants Committee is to notify the Association of the Owner's proposed exercise of an exemption; if the Owner and the Association disagree on the validity of the exemption, then the Owner and the Association will be left to their respective legal remedies.

Section 9.2. Subcommittees of the Covenants Committee. The Covenants Committee shall establish an Initial Construction Subcommittee, a Modifications Subcommittee and a Rules Enforcement Subcommittee to exercise the powers of the Covenants Committee. The Covenants Committee may in its discretion establish additional subcommittees to carry out its functions. Wherever in the Association Documents reference is made to the Covenants Committee, such reference shall mean the Covenants Committee itself or the appropriate subcommittee thereof.

(a) Initial Construction Subcommittee. The Initial Construction Subcommittee shall adopt Design Guidelines for the Property and review and approve or disapprove the plans for the initial construction of any structure to be located on the Property, including without limitation the site development plan, architectural design, architectural materials, landscaping plan, non-structural improvements and general appearance, in order to ensure the quality and compatibility of style of all the improvements to be located on the Property.

(b) Modifications Subcommittee. The Modifications Subcommittee shall review and approve or disapprove in accordance with the applicable Design Guidelines the plans for any visible additions, alterations or modifications to the exterior of existing improvements located on the Property, including without limitation substantial and material changes to the site development plan, in order to ensure the quality and compatibility of the style of all the improvements on the Property.

(c) Rules Enforcement Subcommittee. The Rules Enforcement Subcommittee shall review possible violations of the Rules and Regulations, recommend appropriate enforcement action and act as the judicial arm of the Covenants Committee as set forth in Subsection 12.1(i) hereof.

(d) Subcommittee Powers. Any subcommittee shall have the right to inspect construction periodically. Any deviation from the approved drawings and specifications which materially changes the exterior appearance or location of the improvement is a violation of the Association Documents. If a subcommittee does not respond within the requisite time periods, the application or drawings and specifications shall be deemed approved. Each subcommittee shall adopt its own requirements, procedures and time periods for action and incorporate the same in the Design Guidelines. This section shall in no way affect any requirement for inspection or approval by any governmental entity.

Section 9.3. Compensation of the Covenants Committee. One or more members of the Covenants Committee may be compensated for their services on the Covenants Committee as may be determined by the Board of Directors.

ARTICLE 10

INSURANCE

Section 10.1. Authority to Purchase; Notice.

(a) The Board of Directors shall have the power on behalf of the Association to (1) purchase insurance policies relating to the Common Area, (2) adjust all claims arising under such policies and (3) execute and deliver releases upon payment of claims. The cost of all insurance policies purchased by the Board relating to the Common Area shall be a Common Expense or Limited Common Expense, as appropriate. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at an unreasonable cost. Exclusive authority to negotiate losses under such policies shall be vested in the Board of Directors or with its authorized representative. The Board of Directors shall promptly notify the members of material adverse changes in, or termination of, insurance coverages obtained on behalf of the Association.

(b) Each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Declarant, the Association, the Board of Directors, the managing agent, any member or the Owners and their respective households, guests, employees, customers, tenants, agents and invitees;

(2) Such policy shall not be canceled, invalidated or suspended due to the conduct of any member or any Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, employees, customers, agents and invitees, or of any member, Officer or employee of the Board of Directors or the managing agent without a prior demand in writing that the Board

or the managing agent cure the defect and neither shall have so cured such defect within sixty days after such demand; and

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

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

(d) The deductible (if any) on any insurance policy purchased by the Board of Directors shall be a Common Expense (or a Limited Common Expense, as appropriate); provided, however, that the Association may, pursuant to Subsection 12.1(a) hereof, assess any deductible amount necessitated by the act, misuse or neglect of an Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, employees, customers, agents or invitees against such Owner.

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

Section 10.2. Physical Damage Insurance.

(a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage (if applicable), cost of demolition, debris removal, and water damage endorsements, insuring any improvements located on the Common Area and covering the interests of the Association, in an amount equal to one hundred percent of the then current replacement cost of any improvements located on the Common Area (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain appropriate coverage on all personal property and real estate other than the Common Area owned by the Association.

(b) Each such policy shall also provide:

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

(2) the following endorsements (or equivalent):
A) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or Owner or their agents or any member when such act or neglect is not within the control of the insured or the Owners collectively, nor by any failure of the insured, any members or the Owners collectively, to comply with any warranty or condition with regard to any portion of the Property over which the insured, the members or the Owners collectively, have no control; B) "cost of

demolition"; C) "contingent liability from operation of building laws or codes"; D) "increased cost of construction"; E) "replacement cost"; and F) "agreed amount" or elimination of co-insurance clause;

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

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

(c) Certificates of physical damage insurance signed by an agent of the insurer, all renewals thereof, and any sub-policies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same, at least ten days prior to expiration of the then current policy. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy arising from damage to improvements located on the Common Area in excess of ten percent of the then current replacement cost of such improvements.

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

property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than three million dollars.

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

(a) adequate fidelity coverage to protect against dishonest acts on the part of directors, Officers, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the managing agent. If the Association has delegated some or all of the responsibility for handling funds to a managing agent, such managing agent shall be covered by its own fidelity bond. Such fidelity bonds (except for fidelity bonds obtained by the managing agent for its own personnel) shall: (i) name the Association as an obligee, and (ii) contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression;

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

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

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

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

Section 10.5. Separate Insurance on Lots.

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

(b) Members and Owners may be required to obtain certain insurance coverages with respect to Additional Real

Estate in amendments to this Declaration adding such Additional Real Estate.

ARTICLE 11

RECONSTRUCTION AND REPAIR

Section 11.1. When Reconstruction or Repair of Common Area Required.

(a) Common Area. Except as otherwise provided in this Article 11, if all or any part of any improvement located in any Common Area is damaged or destroyed by fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof. If the Board determines that the damage is insubstantial, the Board may elect not to repair such insubstantial damage. Otherwise, any decision not to repair or restore improvements in the Common Areas shall be made in accordance with Article 15. If damaged improvements are not repaired, the Board nonetheless shall ensure that the site is restored to as safe and acceptable a condition as its condition prior to the damage, and the balance of any insurance proceeds received on account of such damage shall be placed in the appropriate reserve account. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of improvements located on any Common Area for purposes other than the repair, replacement or reconstruction of such improvements except as permitted by this Section and Article 15.

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

Section 11.2. [Deleted.]

Section 11.3. Disbursement of Construction Funds for Common Area.

(a) Construction Fund and Disbursement. The proceeds of insurance collected by the Association on account of a casualty (if being applied to repair or restoration as otherwise provided in this Declaration), and the sums received from the collection of assessments against Owners pursuant to Subsection 11.3(b) hereof, or any Owner pursuant to Subsection 12.1(a) hereof, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner.

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

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

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

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

Section 11.4. [Deleted.]

ARTICLE 12

COMPLIANCE AND DEFAULT

Section 12.1. Relief. Each Owner and each Subassociation located within the Property shall be governed by, and shall comply with, all of the applicable terms of the Association

Documents as they may be amended from time to time. For the purpose of determining an Owner's liability for the violation of any provision of the Association Documents or for an act or omission of such Owner, each Owner is responsible, regardless of negligence or culpability, for such Owner's own acts or omissions, the acts or omissions of such Owner's tenants, and the acts or omissions of such Owner's (or tenant's) household, guests, employees, customers, agents or invitees. A default by an Owner or Subassociation located within the Project shall entitle the Association, acting through its Board of Directors or through the managing agent, and other Owners (including the Declarant) to the following relief, as well as to any other relief available at law or in equity.

(a) Additional Liability.

(1) Each Owner or each Subassociation within the Project shall be liable to the Association or to any affected Owner for the expense of all Upkeep rendered necessary by such Owner's act or omission or the act or omission of such Subassociation, regardless of negligence or culpability, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including without limitation legal fees, incurred as a result of a failure to comply with the Association Documents by any Owner may be assessed against such Owner's Lot.

(2) If a new Owner does not give the Secretary written notice stating the name and address of the new Owner and the number or address of the Lot within thirty days after acquiring title to such Lot, pursuant to Section 1.3 hereof, then reasonable recordkeeping costs incurred by the Association, as determined by the Board of Directors, may be assessed against such Owner. The Board may set or change the amount of such assessment from time to time. Such assessment shall be a lien against such Owner's Lot as provided in Section 12.2 hereof.

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

(c) No Waiver of Rights. The failure of the Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Association Documents shall not constitute a waiver of the right of the Association, the Board or any Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision,