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DECLARATION OF CONDOMINIUM
OF
COBBLESTONE TRACE CONDOMINIUM

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TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
1. PURPOSE: NAME, ADDRESS AND LOCATION: LEGAL DESCRIPTION: EFFECT.	
1.1 PURPOSE.....	6
1.2 NAME, ADDRESS AND LOCATION.....	6
1.3 THE SUBMITTED LAND.....	6
1.4 EFFECT.....	6
2. SURVEY AND DESCRIPTION OF IMPROVEMENTS.....	7
3. DEFINITION OF TERMS.	
3.1 ARTICLES OF INCORPORATION.....	7
3.2 ASSESSMENT.....	8
3.3 ASSOCIATION.....	8
3.4 BOARD OR BOARD OF DIRECTORS.....	8
3.5 BYLAWS.....	8
3.6 COMMON ELEMENTS.....	8
3.7 COMMON EXPENSES.....	8
3.8 COMMON PROFITS.....	8
3.9 CONDOMINIUM.....	8
3.10 CONDOMINIUM ACT.....	8
3.11 CONDOMINIUM INSTRUMENTS.....	8
3.12 CONDOMINIUM PROPERTY.....	8
3.13 CONDOMINIUM UNIT.....	8
3.14 DECLARANT.....	9
3.15 CONVERTIBLE LAND.....	9
3.16 DECLARATION.....	9
3.17 INSTITUTIONAL LENDER.....	9
3.18 LIMITED COMMON ELEMENTS.....	9
3.19 OCCUPANT.....	9
3.20 PERSON.....	9
3.21 SUBMITTED LANDS.....	9
3.22 UNIT.....	9
3.23 UNIT OWNER.....	9
3.24 WITHDRAWABLE LAND.....	9
4. INTEREST IN COMMON ELEMENTS, OWNERSHIP AND BOUNDARIES OF UNITS.	
4.1 INTEREST IN COMMON ELEMENTS.....	9
4.2 BOUNDARIES.....	10
4.2.1 UPPER AND LOWER BOUNDARIES.....	10
4.2.2 VERTICAL BOUNDARIES.....	10
4.2.3 BOUNDARIES OF OTHER TYPE UNITS.....	11
4.2.4 PATIOS AND PRIVACY FENCES; OTHER APPURTENANCES.....	11
4.2.5 STRUCTURAL INTEGRITY EASEMENT.....	12
4.2.6 MAINTENANCE EASEMENT.....	12
4.2.7 AIR CONDITIONING/HEATING.....	12
4.3 RIGHT TO ALTER.....	12
4.4 PARKING.....	12
5. RESTRICTION AGAINST FURTHER SUBDIVIDING OF UNITS.....	12
6. OPTION TO INCREASE THE NUMBER OF UNITS IN THE CONDOMINIUM BY CONVERTING CONVERTIBLE LAND.....	12
6.1 RESERVATION OF RIGHT.....	12
6.2 DECLARANT'S OPTION.....	13

TITLE	PAGE
6.3	DURATION OF OPTION.....13
6.4	THE CONVERTIBLE LAND.....13
6.5	ADDITION OF UNITS ON PORTIONS OF CONVERTIBLE LAND.....13
6.6	IMPROVEMENTS ON CONVERTIBLE LAND.....13
6.7	MAXIMUM NUMBER OF UNITS ON CONVERTIBLE LAND.....13
6.8	RESIDENTIAL USE.....13
6.9	COMPATIBLE STRUCTURES.....13
6.10	OTHER IMPROVEMENTS.....13
6.11	ADDITIONAL UNITS.....14
6.12	LIMITED COMMON ELEMENTS.....14
6A. OPTION TO CONTRACT THE CONDOMINIUM.	
6A.1	RESERVATION OF RIGHT.....14
6A.2	DECLARANT'S OPTION.....14
6A.3	DURATION OF OPTION.....14
6A.4	THE WITHDRAWABLE LAND.....14
6A.5	WITHDRAWAL OF PORTIONS OF WITHDRAWABLE LAND.....14
6A.6	LAND TO WHICH OPTION DOES NOT EXTEND.....14
7. EASEMENTS.	
7.1	PERPETUAL NON-EXCLUSIVE EASEMENT.....14
7.2	EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS.....15
7.3	UTILITY EASEMENTS.....15
7.4	INGRESS AND EGRESS.....15
7.5	USE.....15
7.6	CREATION AND MAINTENANCE OF EASEMENTS.....15
7.7	EASEMENT TO FACILITATE EXPANSION.....15
7.8	EASEMENT FOR USE OF PIPE CLEAN-OUT.....15
7.9	ADDITIONAL EASEMENTS.....15
7.10	PARTY WALLS.....16
8. COMMON EXPENSE; COMMON PROFITS.....16	
9. ADMINISTRATION OF THE CONDOMINIUM: THE ASSOCIATION, MEMBERSHIP, REPORTS TO MEMBERS AND LENDERS, VOTING.	
9.1	THE ASSOCIATION.....17
9.2	MEMBERSHIP.....17
9.3	POWERS OF ASSOCIATION.....17
9.4	REPORTS TO LENDERS.....17
9.5	INSURANCE REPORTING.....17
9.6	VOTING.....18
9.7	MANAGEMENT AGREEMENT.....18
10. USE AND OCCUPANCY.	
10.1.1	RESIDENTIAL USE.....18
10.1.2	OWNERSHIP BY ENTITY.....18
10.1.3	GENERAL USE RESTRICTION.....18
10.1.4	LAWFUL USE.....18
10.1.5	ALTERATIONS AND ADDITIONS BY UNIT OWNERS OTHER THAN DECLARANT.....18
10.1.6	NUISANCES.....19
10.1.7	APPLICABILITY TO DECLARANT.....19
10.2	RULES AND REGULATIONS.....19
10.3	CONTROL OF COMMON ELEMENTS; ASSESSMENT OF CHARGES FOR VIOLATIONS.....19

<u>TITLE</u>	<u>PAGE</u>
11. MAINTENANCE AND REPAIR OF THE CONDOMINIUM PROPERTY, ALTERATIONS AND IMPROVEMENTS.	
11.1 MAINTENANCE BY ASSOCIATION.....	19
11.2 MAINTENANCE BY UNIT OWNER.....	20
11.3 CONFORMITY OF MAINTENANCE, STYLE AND MATERIALS.....	20
11.4 LIABILITY OF UNIT OWNER.....	20
11.5 INSURANCE PROCEEDS.....	20
11.6 RIGHT OF ENTRY BY ASSOCIATION.....	20
12. APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED OR ASSESSED AGAINST THE CONDOMINIUM PROPERTY.	
12.1 RESPONSIBILITY.....	21
12.2 PERSONAL PROPERTY TAXES.....	21
13. LEASING OF CONDOMINIUM UNITS.....	21
13.1 LEASING BY DECLARANT.....	21
14. INSURANCE PROVISIONS.	
14.1 PURCHASE OF INSURANCE.....	22
14.2 COST AND PAYMENT OF PREMIUMS.....	22
14.3 UNIT OWNERS' RESPONSIBILITY.....	22
14.4 COVERAGE.....	22
14.5 INSURANCE TRUSTEE.....	23
14.6 DISTRIBUTION OF PROCEEDS.....	24
14.7 ASSOCIATION AS AGENT.....	24
14.8 RESPONSIBILITY.....	24
14.9 NATURE OF RECONSTRUCTION.....	24
14.10 ESTIMATES.....	24
14.11 ASSESSMENTS.....	24
14.12 DISPOSITION OF PROCEEDS.....	25
14.13 EFFECT OF MORTGAGEE ENDORSEMENTS CONCERNING INSURANCE PROCEEDS.....	26
14.15 AUTHORITY OF ASSOCIATION.....	26
15. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT.	
15.1 GENERAL AUTHORITY.....	26
15.2 UNIT OWNER'S GENERAL LIABILITY.....	27
15.3 PAYMENT.....	27
15.4 EMERGENCIES.....	27
15.5 RESERVES.....	27
15.6 SEPARATE PROPERTY.....	27
15.7 DEFAULT.....	28
15.8 NO WAIVER.....	28
15.9 LIEN.....	28
15.10 LATE CHARGE.....	28
15.11 PROVISIO.....	28
15.12 CERTIFICATE OF STATUS OF ASSESSMENTS.....	28
15.13 EVIDENCE OF ASSESSMENTS PAID.....	29
15.14 NO ELECTION OF REMEDIES.....	29
15.15 LIENS--MECHANICS.....	29
16. TERMINATION.	
16.1 AGREEMENT.....	29
16.2 CERTIFICATE.....	30
16.3 SHARES OF OWNERS AFTER TERMINATION.....	30
16.4 EXCLUSIVE RIGHTS EXTINGUISHED BY TERMINATION.....	30
16.5 AMENDMENT.....	30

TITLE	PAGE
17. AMENDMENTS.	
17.1 NOTICE.....	30
17.2 PROPOSAL OF AMENDMENT.....	30
17.3 OMISSION OR ERROR.....	31
17.4 PROVISIO.....	31
18. REMEDIES.	
18.1 RELIEF.....	31
18.2 COSTS AND ATTORNEYS' FEES.....	31
18.3 NO WAIVER.....	32
18.4 RIGHTS CUMULATIVE.....	32
18.5 VENUE: WAIVER OF TRIAL BY JURY.....	32
18.6 APPOINTMENT OF AGENT: PROVISIO.....	32
19. MISCELLANEOUS RIGHTS OF DECLARANT.	
19.1 CONFLICT OF INTERESTS.....	32
19.2 RIGHT TO USE FACILITIES.....	33
20. NOTICES.....	33
21. CONSTRUCTION.....	33
22. GENDER.....	33
23. CAPTIONS.....	33
24. SEVERABILITY.....	33
25. ASSIGNMENT.....	33
26. DECLARANT'S MORTGAGEE.....	33
EXHIBITS	
Exhibit A (Submitted Land).....	
Exhibit B (Convertible and Withdrawable Land).....	
Exhibit C (Phase 1).....	

DECLARATION OF CONDOMINIUM
OF
COBBLESTONE TRACE CONDOMINIUM

Terry/Peterson Development Corporation, a corporation duly organized under the laws of the Commonwealth of Virginia, being the owner of record of the fee simple title to the real property situate, lying and being in the City of Virginia Beach, Virginia, more particularly described in Exhibit A, and being more particularly shown and depicted as "Terry/Peterson Development Corporation, Area = 3.487 Acres" on that certain plat entitled "Plat Showing Right of Way Hereby Dedicated to the City of Virginia Beach From Terry/Peterson Development Corporation", made by Talbot & Associates, Ltd., and recorded in the Office of the City of Virginia Beach, Virginia, in Deed Book 2599, at page 1536, a copy of said plat being Exhibit D-1 hereto, does hereby state and declare that the realty described in Exhibit A, together with improvements thereon, is submitted to condominium ownership pursuant to the Condominium Act of the Commonwealth of Virginia, Title 55, Section 55-79.39 et seq., Code of Virginia of 1950, as the same exists at the time of recording this Declaration in the Clerk's Office of the Circuit court of the City of Virginia Beach, Virginia, in order to create a plan of condominium ownership.

1. PURPOSE: NAME, ADDRESS AND LOCATION:
LEGAL DESCRIPTION: EFFECT.

1.1 PURPOSE. The purpose of this Declaration is to submit the realty and improvements described above to condominium ownership and use in the manner prescribed by the Laws of the Commonwealth of Virginia.

1.2 NAME, ADDRESS AND LOCATION. The name of this Condominium is Cobblestone Trace Condominium. The Condominium is located in the City of Virginia Beach, Virginia. The business address of the Condominium is 1520 Stone Moss Court, Suite 201, Virginia Beach, Virginia 23462. The Unit Numbers for the Units in Phase 1 are shown on Exhibit C-1. Future phases, as presently planned, will have Unit numbers shown on phase plats and are expected to be as shown on the "Master Plan of Cobblestone Trace", Exhibit C-16. Additional Units and Limited Common Elements may, but need not, be created on the Convertible Land as hereinafter provided. The Convertible Land on which additional Units and Limited Common Elements may be created is shown on said Master Plan (Exhibit C-16).

1.3 THE SUBMITTED LAND. The real property described in Exhibit A and depicted as "Terry/Peterson Development Corporation, Area = 3.487 Acres" on Exhibit D-1 is the land hereby submitted to condominium ownership. Such property is subject to such easements, restrictions, reservations and rights of way as are of record, together with those contained or provided in this instrument and the Exhibits attached hereto.

1.4 EFFECT. All of the provisions of this Declaration of Condominium and all Exhibits attached hereto shall be binding upon all Unit Owners and are enforceable equitable servitudes running with the Land and existing in perpetuity until this Declaration is revoked and the Condominium is terminated as provided herein. In consideration of receiving, and by acceptance of a grant, devise or mortgage, all grantees, devisees or mortgagees, the heirs, personal representatives, successors and assigns, and all parties claiming by, through, or under such persons agree to be bound by the provisions hereof. Both the burdens imposed and the

benefits granted by this instrument shall run with each Unit as herein defined.

2. SURVEY AND DESCRIPTION OF IMPROVEMENTS. The plats and plans submitted as Exhibits to this Declaration are as follows:

Exhibit A-1 is an elevation plan for Model B-230, and depicts the salt entrance elevation.

Exhibit A-2 is an elevation plan for Models B-230 and A-230, and depicts a federal entrance elevation for B-230, an entrance elevation for A-230 and the building section.

Exhibit A-3 depicts an A-230 rear elevation, a B-230 federal entrance elevation, a side elevation and building section.

Exhibit A-4 depicts a B-230 federal entrance elevation, an A-230 entrance elevation and the building section.

Exhibit A-5, depicts a B-230 federal entrance elevation, a side elevation and the building section.

Exhibit A-6 depicts an A-230 rear elevation.

Exhibit A-7 depicts an A-230 rear elevation.

Exhibit B-1 depicts the first and second floor dimensions for a 4-unit building.

Exhibit B-2 depicts the first and second floor dimensions of a 4-unit building.

Exhibit B-3 depicts the first and second floor dimensions for a 4-unit building.

Exhibit C-1 is the plat of Phase 1 showing the land of Phase 1 and Units #1700, #1702, #1704 and #1706.

Exhibit C-16 is the Master Plan of Cobblestone Trace showing the present plan for development in 15 phases, but as hereinafter stated, there is no obligation on the part of Declarant to build any phase beyond Phase 1 or, if additional phases are built, to build them in the order of their numbers or in the design and layout shown.

Exhibit D-1 is a plat showing the Submitted Land (3.487 acres) and also a 10-foot wide strip along Indian River Road dedicated to the City of Virginia Beach. The 3.487 acres are exclusive of the 0.115 acre dedicated for road widening.

No Unit bears or will bear the same number as any other Unit. In the event that Units and Limited Common Elements are constructed on the Convertible Land and are to be included as a part of the Condominium, amendments and additional plats will be recorded to provide full information, including Unit numbers.

3. DEFINITION OF TERMS. The terms used in this Declaration and the Exhibits attached hereto shall have the meanings stated as follows, unless the context otherwise requires.

3.1 "Articles of Incorporation" means the Articles of Incorporation of the Association, heretofore filed with the State Corporation Commission.

3.2 "Assessment" means a share of the funds required for the payment of Common Expenses which is assessed against the Unit Owners from time to time.

3.3 "Association" means the Cobblestone Trace Condominium Association, Inc., a non-stock, non-profit Virginia corporation which is the entity responsible for the operation of the Condominium.

3.4 "Board" or "Board of Directors" means the Board of Directors of the Association responsible for the administration of the Association.

3.5 "Bylaws" means the Bylaws of the Association as they exist from time to time. The initial Bylaws are to be recorded with this Declaration.

3.6 "Common Elements" means all portions of the Condominium Property other than the Units.

3.7 "Common Expenses" means all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation and/or maintenance of reserves pursuant to the provisions of the Condominium Instruments.

3.8 "Common Profits" means the excess of all receipts of the Association, including but not limited to, assessments, rents, profits, and revenues on account of the Common Elements, in excess of the amount of Common Expenses.

3.9 "Condominium" means that form of ownership of real property which is created pursuant to the laws of the Commonwealth of Virginia and which is comprised of Units that may be owned by one or more persons, and in which there is appurtenant to each Unit an undivided share in the Common Elements. The term shall also mean Cobblestone Trace Condominium, as established by this Declaration.

3.10 "Condominium Act" means the Condominium Act of the Commonwealth of Virginia as set forth in Section 55-79.39, et seq. of the Code of Virginia of 1950, as the same exists at the time of recording this Declaration in the Clerk's Office of the Circuit court of the City of Virginia Beach, Virginia.

3.11 "Condominium Instruments" shall be a collective term referring to this Declaration, Bylaws, and plats and plans, recorded pursuant to the provisions of the Condominium Act. Any exhibit, schedule, or certification accompanying a Condominium Instrument and recorded simultaneously therewith shall be deemed an integral part of that Condominium Instrument. Any amendment or certification of any Condominium Instrument shall, from the time of the recordation of such amendment or certification, be deemed an integral part of the affected Condominium Instrument, so long as such amendment or certification was made in accordance with the provisions of the Condominium Act and this Declaration.

3.12 "Condominium Property" means and includes all lands and personal property hereby or hereafter subjected to condominium ownership and all improvements thereon and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

3.13 "Condominium Unit" means a unit together with the undivided interest in the Common Elements appertaining to that Unit.

3.14 "Declarant" means Terry/Peterson Development Corporation, a Virginia corporation duly organized under the laws of the Commonwealth of Virginia, its successors and assigns, which has created this Condominium.

3.15 "Convertible Land" shall be that land described in Exhibit "B" attached hereto upon which additional Units and/or Limited Common Elements may be constructed as herein provided.

3.16 "Declaration" means this instrument and all Exhibits attached hereto.

3.17 "Institutional Lender" means a state or federal savings or commercial bank or savings and loan association or trust company, insurance company, real estate investment trust, pension fund, or an agency of the United States Government, mortgage company or like entity holding a mortgage on a Unit, and their successors and assigns.

3.18 "Limited Common Element" means a portion of the Common Elements reserved for the exclusive use of those entitled to the use of one or more, but less than all of the Units.

3.19 "Occupant" means the person or persons other than the Unit Owner in actual possession of a Unit.

3.20 "Person" means a natural person, corporation, partnership, association, trust, or other entity capable of holding title to real property, or any combination thereof.

3.21 "Submitted Lands" means those lands which are hereby and herein submitted to condominium ownership and described in Exhibit A.

3.22 "Unit" means a portion of the Condominium designed and intended for individual ownership and use.

3.23 "Unit Owner" means one or more persons who own a Condominium Unit.

3.24 "Withdrawable Land" means land that may be withdrawn from the Condominium pursuant to the provisions hereof.

The definitions herein contained shall prevail as the context requires whether or not the same are capitalized in their usage herein.

4. INTEREST IN COMMON ELEMENTS, OWNERSHIP AND BOUNDARIES OF UNITS.

4.1 INTEREST IN COMMON ELEMENTS. Each Unit Owner shall own, as an appurtenance to his Unit, an undivided 1/4 interest in the Common Elements. The percentage of undivided interest of each Unit shall not be changed without the unanimous consent of all Unit Owners, or unless the number of Units in the Condominium is increased as provided in paragraphs 6.1 through 6.12 of this Declaration. Upon the recordation of amendments to the Declaration increasing the number of Units in the Condominium to include Units within the Convertible Land, the undivided interests in all of the Common Elements shall be re-allocated so that at any point in time each Owner will own an undivided interest in the Common Elements equal to a fraction of which the number one (1) is the numerator and the total number of Units then a part of the Condominium is the denominator. If the number of Units in the Condominium is increased to include all Units that may be constructed on the

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Convertible Land, then each Owner would own a 1/60 interest in the Common Elements. No Unit Owner shall bring an action for partition or division of his undivided interest in the Common Elements.

4.2 BOUNDARIES. A Unit consists of an individual apartment within the boundaries described in the following paragraphs:

4.2.1 HORIZONTAL BOUNDARY OF UNITS:

UPPER AND LOWER BOUNDARIES. The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the perimetrical boundaries:

(1) UPPER BOUNDARY--The plane of the lower surface of the plywood that is the foundation of the roof of the building containing the Unit; the upper boundary as to the shed shall be the plane of the lower surface of the plywood that is the foundation of the roof of the shed; if a skylight is installed, the upper boundary shall be the plane of the inner surface of the glass or other similar material that is used. (NOTE: Wherever in this Declaration or its amendments, the words "plywood", "drywall" or "plasterboard" are used, the materials to which reference is made, and the words themselves, shall be interchangeable.)

(2) LOWER BOUNDARY -- The horizontal plane of the top surface of the concrete slab over which the first floor of the Unit, including the shed, is located.

4.2.2 VERTICAL BOUNDARIES OF UNITS:

The vertical boundaries of the Unit shall be the vertical planes of the unfinished interior surface of the drywall on the inside of the outside walls, and the center of the interior party walls bounding the Unit, or to the point between the interior walls if each Unit has a separate wall, as the case may be, extended to intersections with each other and with the Upper and Lower Boundaries, and where necessary extended along the concrete slab and attic space to such intersections. Whenever there is an overhang created by a second floor extending out beyond the vertical plane of the exterior of the first floor, the vertical boundary of the first floor and the vertical boundary of the second floor shall be joined by the upper plane (interior) of the soffit. The vertical boundaries of the shed shall be the vertical plane of the unfinished interior of the stud walls that are outside walls. The wall between the shed and the main portion of the Unit shall be treated as any other wall in the interior of a Unit.

(1) Where there is an opening in any vertical boundary, including, but not limited to, windows and doors, the vertical boundary shall be extended at all such places, at right angles, to the dimension of such opening, so that the vertical boundary at such places shall be coincident with the exterior finished surface of such opening, including the framework thereto. Where the vertical boundary is extended at a right angle as aforesaid, the interior surface of the horizontal drywall, or other furnishing material, shall be the boundary. Exterior doors and frames, exterior walls made of glass, exterior windows and frames, exterior glass sliding doors, frames and casings, shall be included within the Unit and shall not be deemed a Common Element. Fireplaces shall be a part of the Unit in which they are located.

(2) The patio, privacy fence bordering the patio and storage shed, and the land located outside of the Unit but within the (privacy) fenced area immediately to the rear of the Unit, and which service a particular Unit, are Limited Common Elements for the use and benefit of that Unit. The storage shed is part of the Unit. The perimeter fence around the project, the entranceway structure and the decorative fence along the front are Common Elements. If the buildings in all phases are constructed as shown on Exhibit C-16, then as to Phases 2 through 7, both inclusive, and 9 through 14, both inclusive, the area between the rear line of each building and the perimeter fence shall be a Limited Common Element appurtenant to the Unit to which it is immediately adjacent, and shall be maintained by that Unit Owner. The area between the end (being a narrower dimension than the rear line) of any such building and the perimeter fence shall be Common Element, maintained by the Association.

(3) A Unit shall not include any chutes, flues, ducts, conduits, pipes, wires or other utility facilities or installations which serve more than one Unit. Any chutes, flues, ducts, conduits, pipes, wires or other utility facilities or installations serving only one Unit shall be deemed to be a part of the Unit served. Subject to the foregoing provisions, all space, non-bearing, interior partitions and other fixtures and improvements within the boundaries of a Unit shall be deemed a part of that Unit. The exterior face of any structure enclosing a flue or extending beyond the boundaries of a Unit shall be a Common Element.

(4) The lights in the parking lots shall be maintained and the power paid for by the Association. Doorway lights for individual Units shall be maintained and bulbs and power supplied by the Unit Owner. Exterior lights attached to buildings and/or fencing to light the general area shall be maintained, and bulbs supplied by the Association, but the power for same shall be furnished by and paid for by the Owner of the Unit for which the light is attached. The individual Unit Owner shall keep the electric circuit functioning and supplied with current (at all times that electric current is available to the Unit).

(5) In the event that there is a burglar alarm installed for a Unit, it shall be a part of that Unit and maintenance and replacement shall be the responsibility of the Owner of that Unit, even if the alarm or parts of it are located so that they would normally be Common Elements.

4.2.3 BOUNDARIES OF OTHER TYPE UNITS. Declarant may build other styles or types of dwellings, such as apartments or flats. In such event, this Declaration will be amended to define the boundaries of such Units. If the boundaries are defined to be such that the maintenance costs to the Association will be materially greater on a per-Unit basis, then this Declaration will be amended to provide for increased assessments as to those Units to cover the increased expenses to the Association.

4.2.4 PATIOS AND PRIVACY FENCES; OTHER APPURTENANCES. At any time that there is a patio, deck, or privacy fence that has been constructed by Declarant or by or with the consent of the Association, the same, together with any land between a privacy fence and the Unit, shall be Limited Common Elements for the use and benefit of the Unit which they serve. Any chutes, flues, ducts, conduits, pipes, wires or other utility facilities or installations serving only one Unit shall deemed to be a part of the Unit served.

4.2.5 STRUCTURAL INTEGRITY EASEMENT. There shall exist, as a Common Element, an easement for structural integrity affecting all of the partitions and floors within each Unit, so that none will be altered, rearranged or removed in any manner which would harmfully affect the structural integrity of the building of which it and other Units are a part.

4.2.6 MAINTENANCE EASEMENT. There shall exist, as a Common Element, an easement through each Unit for the ducts, pipes, conduits, plumbing, wiring or other facilities for the furnishing of utility services to the Units and the Common Elements, and for maintaining, repairing, servicing and replacing same. Any pipes, ducts, wires, conduits, electrical panels, plumbing, drains, or any utility services serving only one Unit are appurtenant to and a part of such Unit and are not part of the Common Elements.

4.2.7 AIR CONDITIONING/HEATING. Notwithstanding any of the provisions of this paragraph 4 to the contrary, the air conditioning, refrigerating, heating, and electrical lines within the Unit, and the heating/air conditioning unit (heat pump, if any), fan units, compressor and other apparatus in connection therewith, which serve an individual unit, shall be owned by the Unit Owner as a part of the Unit and are not part of the Common Elements. If located outside of the Unit boundaries, they shall be Limited Common Elements for the use and benefit of the Unit they serve, and shall be the responsibility of that Unit owner.

4.3 RIGHT TO ALTER. Declarant reserves the right to alter the interior design, boundaries and arrangements of all Units as long as Declarant owns the Units so altered. Said alteration shall be accomplished by an amendment to this Declaration, which need only be signed by Declarant without the approval of any other party. Declarant shall collaterally reapportion, if necessary, the shares of ownership in the Common Elements appurtenant to the Units concerned.

4.4 PARKING. Parking spaces located on the Common Elements shall be available to Unit Owners, their guests and invitees on a first-come, first-served basis, but the Board of Directors, by the Rules and Regulations adopted by it from time to time, may limit the number of cars owned or operated by the occupants of any Unit that may be parked on the Condominium premises. This number shall be at least 2. The Board of Directors shall have the right but not the obligation to assign parking spaces. Parking spaces which have been assigned shall not be conveyed as a part of a Unit, but shall always be subject to reassignment by the Association.

5. RESTRICTION AGAINST FURTHER SUBDIVIDING OF UNITS. No Unit may be divided or subdivided into a smaller Unit, but Units may be combined and used as if they were one. This shall not affect their Owner's interest in the Common Elements, the Owner's responsibility for payment of assessments nor the Owner's voting rights. These shall remain as if the Units continued to be separate.

6. OPTION TO INCREASE THE NUMBER OF UNITS IN THE CONDOMINIUM BY CONVERTING CONVERTIBLE LAND.

6.1 RESERVATION OF RIGHT. Declarant hereby expressly reserves unto itself and its successors and assigns, the option and right to increase the number of Units, with their Limited Common Elements in the Condominium pursuant to the Condominium Act and subject to the provisions hereof.

6.2 DECLARANT'S OPTION. The option to increase the number of Units in the Condominium shall be at the sole and exclusive option of Declarant and shall not require the consent of any Unit Owner or Mortgagee.

6.3 DURATION OF OPTION. This option to increase the number of Units in the Condominium by converting Convertible Land shall expire five (5) years from the date of recordation of this Declaration if not sooner exercised. At any time prior to the expiration of such period, however, Declarant may terminate its option to increase the number of Units or lessen the period within which it can be exercised by recording among the land records wherein this Declaration is recorded, an executed and notarized document terminating this option or altering the date this option shall expire. No such alteration, however, shall extend said five year period.

6.4 THE CONVERTIBLE LAND. The real property described in Exhibit B and depicted on Exhibit D-1, except Phase 1, is the land on which Units may be added to the Condominium pursuant to Declarant's option, which land is hereafter and heretofore referred to as "Convertible Land". Until such time as an amendment to this Declaration is recorded to provide for Units to be constructed on any portion(s) of the Convertible Land, the real estate taxes on that portion(s) of the Convertible Land shall be paid by Declarant.

6.5 ADDITION OF UNITS ON PORTIONS OF CONVERTIBLE LAND. Declarant expressly reserves the right to add Units on any, all, or any portion or portions of the Convertible Land at any time, at different times, in any order, without limitation.

6.6 IMPROVEMENTS ON CONVERTIBLE LAND. Declarant may (but shall not be obligated to) place structures and vehicular parking areas and thoroughfares to be located on the Convertible Land in the locations shown on Exhibit C-16, as well as on other portions of the Convertible Land; however, Declarant reserves the right to make any or all improvements on the Convertible Land in any or all locations on the Convertible Land, without limitation, and no assurances are made in that regard.

6.7 MAXIMUM NUMBER OF UNITS ON CONVERTIBLE LAND. The maximum number of Units which may be created on the Convertible Land is fifty-six (56).

6.8 RESIDENTIAL USE. All Units to be created on any portion of the Convertible Land shall be restricted exclusively to residential use, except as otherwise provided in paragraph 19.2 of this Declaration.

6.9 COMPATIBLE STRUCTURES. The structures which may be constructed on any portion of the Convertible Land will be compatible with the structures on Phase 1 of the Submitted Land in terms of quality of construction, the principal materials to be used, and architectural style, but Declarant reserves the right to construct different structures than those in Phases 1, including structures that are commonly called "apartments" and structures that are commonly called "flats". Any units of any of these or other styles may be retained by Declarant as rental properties, or may be sold.

6.10 OTHER IMPROVEMENTS. In addition to any structures which may be erected on the Convertible Land, Declarant may (but shall not be obligated to) construct improvements thereon for vehicular parking areas and thoroughfares. Declarant reserves the right to construct such facilities as it desires; however, Declarant makes no

assurances that any improvements will be made on any portion of the Convertible Land.

6.11 ADDITIONAL UNITS. The Units which may be created on any Convertible Land may be as shown on the plan attached hereto; however, Declarant makes no assurances as to the type or types of Units that may be created thereon, or that such Units will be substantially identical to the Units in Phase 1. At such time as Units are created on Convertible Land, detail plats similar to those recorded herewith will be recorded.

6.12 LIMITED COMMON ELEMENTS. Declarant expressly reserves the right to create Common Elements upon the Convertible Land which may subsequently be assigned as Limited Common Elements. Declarant makes no assurances as to the type, size or maximum number of such Common Elements or Limited Common Elements.

6.A OPTION TO CONTRACT THE CONDOMINIUM.

6A.1 RESERVATION OF RIGHT. Declarant hereby expressly reserves unto itself and its successors and assigns, the option and right to contract the Condominium pursuant to the Condominium Act and subject to the provisions hereof.

6A.2 DECLARANT'S OPTION. The option to contract the Condominium shall be at the sole and exclusive option of Declarant and shall not require the consent of any Unit Owner or Mortgagee.

6A.3 DURATION OF OPTION. This option to contract the Condominium shall expire seven (7) years from the date of the recording hereof, if not sooner exercised. At any time prior to the expiration of such period, however, Declarant may terminate its option to contract, or lessen the period within which it can be exercised by recording among the land records wherein this Declaration is recorded, an executed and notarized document terminating this option or altering the date on which this option shall expire. No such alteration, however, shall extend said seven (7) year period.

6A.4 THE WITHDRAWABLE LAND. All or any portion of the land described in Exhibit B hereto, which land is also shown on Exhibits C-16 and D-1 (except for Phase 1), shall be withdrawable.

6A.5 WITHDRAWAL OF PORTIONS OF WITHDRAWABLE LAND. All or any portion of the land described in Exhibit B hereto may be withdrawn from the Condominium at the same time or at different times and portions may be withdrawn in any order whatsoever.

6A.6 LAND TO WHICH OPTION DOES NOT EXTEND. The option to contract does not extend to Phase 1 as shown on the plat marked Exhibit C-1 and bounded and described in the Exhibit C attached hereto.

7. EASEMENTS.

7.1 PERPETUAL NON-EXCLUSIVE EASEMENT. The Common Elements are hereby declared to be subject to a perpetual nonexclusive easement in favor of all of the Unit Owners in the Condominium for their use and the use of their immediate families, guests and invitees, for all proper and normal purposes, including the providing of services for the benefit of all Units.

7.2 EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS. In the event that any Unit or Common Element shall encroach upon any other Unit or Common Element for any reasons other than the purposeful act of any person, then an easement appurtenant to such shall exist for so long as such encroachment shall naturally exist and so long as it does not unreasonably interfere with the use of such other Unit or Common Element.

7.3 UTILITY EASEMENTS. Utility easements may be reserved and granted by Declarant or the Association through the Condominium Property as may be required for construction and maintenance of utility services in order to adequately serve the Condominium.

7.4 INGRESS AND EGRESS. A non-exclusive easement for ingress and egress is hereby created for pedestrian traffic over, through and across sidewalks, paths, walks, driveways, passageways and lanes as the same, from time to time, may exist upon the Common Elements; and for vehicular traffic over, through and across such portions of the Common Elements as, from time to time, may be paved and intended for such purposes.

7.5 USE. The use of any easement by a Unit Owner shall be subject to all of the provisions of this Declaration, as the same may exist from time to time.

7.6 CREATION AND MAINTENANCE OF EASEMENTS. The Declarant shall have the right in its own name or in the name of the Association to create for others or reserve unto itself, such easements as are necessary to accomplish the purposes referred to in this Paragraph 7. Further, Declarant shall have the unequivocal right without the joinder of any other party to grant such easements (ingress, egress, utilities, service and maintenance) to such parties as Declarant deems fit. If such easement is granted, as of the date hereof, the portion thereof that falls within the confines of the Condominium Property shall be governed by the language thereon or may be created by separate document. The responsibility for the maintenance of such easements, if any, shall be as provided for therein, and if no such provision is made, the Association shall be responsible for the maintenance and care thereof. Declarant, or its designee, shall have the right but not the obligation to enter the Condominium Property for the purpose of constructing, maintaining and repairing said easements and the equipment thereon. Should the Declarant grant additional easements which connect with or are intended to supplement, replace or relocate the easements, the same shall automatically be part of the easements provided therein as if originally set forth.

7.7 EASEMENT TO FACILITATE EXPANSION. The Declarant shall have, as to all of the Submitted Land, including the Convertible Land, a transferable easement over and on the Common Elements for the purpose of making improvements on the Submitted Land, including the Convertible Land pursuant to the provisions of this Declaration and the Condominium Act, and for the purpose of doing all things reasonably necessary and proper in connection therewith.

7.8 EASEMENT FOR USE OF PIPE CLEAN-OUT. The Association shall have an easement for access to and use of, water meters and/or any sewer line clean-outs whether said water meters or clean-outs be located in the common area or in a part of the Unit. This easement shall be exercised in the same manner as provided in Section 11.6 hereof.

7.9 ADDITIONAL EASEMENTS. Declarant reserves unto itself, or its designee, the unequivocal right to create

additional easements over, upon, or through the Condominium Property, at any time, for any purpose, without the joinder of the Association or any Unit Owners whomsoever, provided, that said easements so created shall not cause a taking of part of the actual buildings. However, if requested, the Association and Unit Owners shall join in the creation thereof.

7.10 PARTY WALLS. (a) The Owners of contiguous Units who have a party wall shall both equally have the right to use such wall, provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

(b) In the event that any party wall is damaged or destroyed through the intentional or negligent act of an Owner or any person for whom he is legally responsible, it shall be the obligation of such Owner to rebuild and repair the party wall without cost to the other adjoining Unit Owner or Owners.

(c) In the event that any such party wall is destroyed or damaged, or deteriorates from ordinary wear and tear and lapse of time, other than by the act of an adjoining Unit Owner, his agents, guests or family, it shall be the obligation of all Owners whose Units adjoin such wall to rebuild and repair such wall at their joint and equal expense.

(d) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any party wall without the prior written consent of all Owners of any interest therein.

(e) In the event of a dispute between Owners with respect to the construction, repair, rebuilding or use of a party wall, or with respect to the sharing of the cost thereof, such Owners shall submit the dispute to the Board of Directors of the Association, the decision of which shall be binding.

8. COMMON EXPENSE; COMMON PROFITS. Subject to other provisions hereof, each Unit shall share in the Common Profits and be liable for the Common Expenses in the same percentage as the percentage representing the undivided interest of each Unit in the Common Elements. The right to share in the Common Profits does not include the right to withdraw or to require payment or distribution thereof except upon termination and dissolution of the Condominium. Notwithstanding the foregoing, (i) any Common Expenses paid or incurred in making available paid subscription television service to some or all of the Unit Owners shall be assessed equally against the Units involved, (ii) any Common Expenses paid or incurred in providing metered utility services to some or all of the Units shall be assessed against, or charged directly to, each Unit involved based upon its actual consumption of such services, and (iii) if at any time master water meters are in place the bills may be assessed on an equal basis to the Owners in the phase served by the master meter, or the Declarant while it owns one or more Units in the Condominium and the Association thereafter, may have individual meters read and the Unit Owners assessed based upon the Owner's actual consumption of such services. In the latter instance, any amount by which the total bill exceeds the total of the individual assessments will be absorbed by the Association and assessed as a part of the Common Expenses. The sewer bills will be handled in the same manner.

9. ADMINISTRATION OF THE CONDOMINIUM: THE ASSOCIATION, MEMBERSHIP, REPORTS TO MEMBERS AND LENDERS, VOTING.

9.1 THE ASSOCIATION. The Association shall administer the operation and management of the Condominium Property and undertake and perform all acts and duties incident thereto in accordance with the provisions of this Declaration and the Condominium Act.

9.2 MEMBERSHIP. Each Unit Owner shall automatically become a member of the Association upon his acquisition of title to any Unit, and said membership shall terminate automatically upon said Unit Owner being divested of title to such Unit, regardless of the means by which such ownership may be divested. No person holding any lien, mortgage or other encumbrance upon any Unit shall be entitled, by virtue thereof, to membership in the Association or to any of the rights or privileges of such membership.

9.3 POWERS OF ASSOCIATION. In the administration of the Condominium, the Association shall have, and is hereby granted, the authority and power to enforce the provisions of this Declaration, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such Rules and Regulations governing the use of the Units and Common Elements as the Board of Directors of the Association may deem to be in the best interest of the Condominium. The Association shall have all of the powers and duties set forth in the Condominium Act. Further, the Association shall have the right, when determined by the Board of Directors to be in the best interests of the Condominium, to grant exclusive licenses, easements, permits, leases or privileges to any individual or entity, including Non-Unit Owners, which affect Common Elements and to alter, add to, relocate or improve Common Elements, provided that the rights and the exercise thereof are not in abrogation of the requirements of the Condominium Act.

9.4 REPORTS TO LENDERS. So long as an Institutional Lender is the owner or holder of a mortgage or deed of trust encumbering a Unit in the Condominium, the Association shall furnish said Institutional Lender with one (1) copy of the annual financial statement and report of the Association pertaining to the Unit upon which the mortgage is held, provided said Institutional Lender requests same. The holder, insurer or guarantor of the mortgage on any Unit shall be entitled, upon written request stating, specifically, the Unit number it has a mortgage on, to timely written notice of (i) any condemnation or casualty loss that affects either a material portion of the Condominium or the unit securing its mortgage, (ii) any 60-day delinquency in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage, (iii) a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, and (iv) any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

9.5 INSURANCE REPORTING. In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the Unit Owners, the Association shall give notice of the exposure within a reasonable time to all Unit Owners who may be exposed to the liability and they shall have the right to intervene and defend.

A copy of each insurance policy obtained by the Association shall be made available for inspection by Unit Owners at reasonable times.

9.6 VOTING. The voting of each Unit Owner shall be governed by the provisions of the Bylaws.

9.7 MANAGEMENT AGREEMENT. The Association shall enter into an agreement with an appropriate person, firm or corporation for the administration, maintenance and repair of the Condominium Property and the management of the business of the Association, and may delegate to such contractor or manager such of the powers and duties of the Association as the Association and such person, firm or corporation shall agree. In lieu of entering into such an agreement the Association may manage its own affairs but only if it obtains the written approval of at least 51% of the eligible holders of first mortgages on the Units, allowing one vote for each Unit upon which a holder holds a lien, an "eligible" holder being hereinafter defined. Any management agreement effective for any period after control of the Association has passed to Unit Owners other than the Declarant shall be for a period not to exceed two (2) years and shall provide for termination by either party without cause and without payment of a termination fee ninety (90) days or less after written notice.

10. USE AND OCCUPANCY.

10.1.1 RESIDENTIAL USE. Each Unit is hereby restricted to residential use as a single-family residence by the owner or owners thereof, their immediate families, guests, invitees, and tenants. The number of occupants per Unit may be regulated by the Board of Directors by Rules and Regulations to be adopted from time to time. This provision is subject to the provisions of Section 19.2 hereof.

10.1.2 OWNERSHIP BY ENTITY. In the event that other than a natural person is a Unit Owner, all provisions of the Declaration shall apply to the occupant(s) as though they had title to such Unit, and the entity owning such Unit shall be bound thereby. These provisions of Paragraph 10 of the Declaration shall not be applicable to Declarant or to any Corporation or other entity formed or controlled by Declarant or its stockholders.

10.1.3 GENERAL USE RESTRICTION. No person shall use the Condominium Property or any part thereof, in any manner contrary to the Condominium Instruments.

10.1.4 LAWFUL USE. No immoral, improper, offensive or unlawful use shall be made of any or all the Condominium Property, and all laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

10.1.5 ALTERATIONS AND ADDITIONS BY UNIT OWNERS OTHER THAN DECLARANT. No Unit Owner shall cause any fence to be erected and no Unit Owner shall make or permit to be made any material alteration, addition or modification to his Unit without the prior written consent of the Association. No Unit Owner shall cause any improvements or changes to be made on the exterior of the Unit, including painting or other decoration, without the written permission of the Association and Declarant (so long as Declarant still owns any Units). Such permission shall not be unreasonably withheld so long as the intended improvements or change is in substantial conformity with the exterior of the other Units in the Condominium in terms of color, quality of construction, the principal materials to be used and architectural style. No Unit Owner shall cause to be made any modification or installation of electrical wiring, television antenna systems or connections whether inside or outside the Unit or in any manner change the appearance of any

portion of the Condominium Property without the written permission of the Association and Declarant. No Unit Owner may cause any material puncture or break in the boundaries of his Unit without the written permission of the Association and Declarant. Notwithstanding the foregoing, the Unit Owner may make cosmetic changes on the interior of walls even though nails or other fastening devices may penetrate the wall, but the Owner shall be responsible for any damage caused, such as by puncturing a pipe or breaking a wire.

10.1.6 NUISANCES. No nuisance or any use or practice that is the source of unreasonable annoyance to other Unit Owners or which interferes with the peaceful possession and proper use of the Condominium Property by the Unit Owners is permitted. No Unit Owner or Occupant shall permit or suffer anything to be done or kept upon the Condominium Property or his Unit which will increase the rate of insurance on the Condominium.

10.1.7 APPLICABILITY TO DECLARANT. Neither the Unit Owners nor the Association, nor their use of the Condominium, shall interfere with the Declarant's sale of the Condominium Units. Anything contained herein to the contrary notwithstanding, the Declarant may make such use of any unsold Unit and the Common Elements as may facilitate the sale or leasing of any Unit in the Condominium. This shall include the right to use Units for a sales office and/or for model homes.

10.2 RULES AND REGULATIONS. All Unit Owners and other persons shall use the Condominium Property in accordance with the Rules and Regulations promulgated by the entity in control thereof and the provisions of this Declaration and the Bylaws of the Association.

10.3 CONTROL OF COMMON ELEMENTS; ASSESSMENT OF CHARGES FOR VIOLATIONS. The Association and the Association's Board of Directors shall have all of the powers allowed by Section 55-79.80 of the 1950 Code of Virginia, as amended from time to time. This shall specifically include the power to assess charges against any Unit Owner for any violation of the Condominium Instruments or of the Rules or Regulations promulgated pursuant thereto for which such Unit Owner or his family members, tenants, guests or other invitees are responsible. Before any such charges may be assessed, the Unit Owner shall be given an opportunity to be heard and to be represented by counsel before the Board of Directors or such committee as may be designated by the Board to conduct such hearings. Notice of such hearing shall, at least fourteen days in advance thereof, be hand delivered or mailed by registered or certified United States mail, return receipt requested, to such Unit Owner at the address or addresses required for notices of meetings. The amount of any charges so assessed may be established by the Board of Directors but shall not exceed fifty dollars for a single offense or ten dollars per diem for any offense of a continuing nature (but these amounts may be increased if allowable charges are increased in the future by amendment of the state law governing such charges), and shall be treated as an assessment supported by a lien for enforcement and collection purposes.

11. MAINTENANCE AND REPAIR OF THE CONDOMINIUM PROPERTY, ALTERATIONS AND IMPROVEMENTS.

11.1 MAINTENANCE BY ASSOCIATION. The Association, at its expense, shall be responsible for and shall maintain, repair and replace all of the Common Elements. It shall also be responsible for the painting of the exterior of the Units

when it determines that such painting is necessary. Exterior lights on the storage rooms or sheds or otherwise attached to the exterior of the Units, shall be maintained and the bulbs supplied by the Association. These lights shall not be cut off by the Unit Owners. This provision referring to lights is intended to relate only to those exterior lights which are for the purpose of lighting areas of the Common Elements and not lights such as the light at the front door of some of the Units.

A portion of the drainage will run through underground pipes and it shall be the responsibility of the Association to repair and maintain such pipes.

11.2 MAINTENANCE BY UNIT OWNER. Each Unit Owner shall, subject to the other provisions of this Declaration, maintain, repair, and replace, at his expense, all portions of his Unit including, but not limited to, all doors, windows, glass, screens, patios or balconies, electric panels, electric wiring, electric outlets and fixtures, refrigerators, dishwashers and other appliances, drains, plumbing fixtures and connections, walls, floors, and ceilings and all other portions of his Unit. Each Unit Owner shall keep the exterior of his Unit and the fence if there is one that is a part of his Unit cleaned at all times. Each Unit Owner shall keep exterior doorways well painted and clean and shall maintain and repair the patio, privacy fence and balcony, as the case may be, that are part of the Limited Common Elements appurtenant to his Unit.

11.3 CONFORMITY OF MAINTENANCE, STYLE AND MATERIALS. All repairs, painting, replacements and maintenance, whether made by Unit Owners or the Association, to the doors, windows, fences, gates or the exterior surface of any building, including roofs, or to any generally visible portion of the Common Elements shall be carried out in such a manner so as to conform to the materials, architecture, style, color and quality of construction initially provided by the Declarant. The exterior surface of all privacy fences shall be painted the same color, shade and tone as that initially provided by Declarant in those instances, if any, where fences have been painted, unless the Association elects to change the color of all such fences.

11.4 LIABILITY OF UNIT OWNER. Should a Unit Owner undertake unauthorized additions and modifications to his Unit, as specified above, or refuse to maintain, paint and make repairs as required, or should a Unit Owner cause any damage to the Common Elements, the Association may undertake such repairs, painting, replacements or maintenance, and levy a special assessment for the cost thereof against said Unit Owner. In the event a Unit Owner threatens to violate or does violate the provisions hereof, the Association shall also have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof.

11.5 INSURANCE PROCEEDS. Whenever any maintenance, repair and replacement of any items for which a Unit Owner is responsible is made necessary by any loss covered by insurance maintained by the Association, the proceeds of the insurance received by Association, or the Insurance Trustee, shall be used for the purpose of accomplishing such maintenance, repair or replacement. The Unit Owner shall be required to pay all of the costs thereof that exceed the amount of the insurance proceeds.

11.6 RIGHT OF ENTRY BY ASSOCIATION. Whenever it is necessary to enter any Unit for the purpose of inspection, including inspection to ascertain a Unit Owner's compliance

with the provisions of this Declaration, or for performing any maintenance, alteration or repair to any portion of the Common Elements or Unit, the Unit Owner shall permit an authorized agent of the Association to enter such Unit, or to go upon the Common Elements PROVIDED, that such entry shall be made only at reasonable times and with reasonable advance notice. In the case of emergency such as, but not limited to, fire or hurricane, entry may be made without notice or permission. Each Unit Owner does hereby appoint the Association as his agent for the purpose herein provided and agrees that the Association shall not be liable for any alleged property damage or theft caused or occurring on account of any entry.

12. APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED OR ASSESSED AGAINST THE CONDOMINIUM PROPERTY.

12.1 RESPONSIBILITY. If any taxing authority levies or assesses any tax or special assessment against the Condominium Property as a whole, and not the individual Units, the same shall be paid as a Common Expense by the Association and assessed to the Unit Owners. In such event, the amount due shall constitute a lien prior to all mortgages and encumbrances upon any Unit to the same extent as though such tax or special assessment had been separately levied by the taxing authority upon each Unit.

12.2 PERSONAL PROPERTY TAXES. All personal property taxes levied or assessed against personal property owned by the Association shall be paid by the Association and shall be a Common Expense.

13. LEASING OF CONDOMINIUM UNITS. The leasing of Condominium Units shall be subject to such reasonable Rules and Regulations as may be established, from time to time, by the Association. The Association shall not have the right, however, to restrict, regulate or determine the period, rent or lessees of any lease of a Condominium Unit except that any lease or rental agreement must be on a written form of lease renting the property for a period of not less than six (6) months and: (i) requiring the lessee to comply with the Condominium Instruments and Rules and Regulations, (ii) providing that failure to comply constitutes a default under the lease; and (iii) providing that the Board of Directors has the power to terminate the lease or bring summary proceedings to evict the tenant in the name of the lessor thereunder after forty-five days prior written notice to the Unit Owner, in the event of a default by the lessee in the performance of the lease. The Board of Directors may suggest or require a standard form lease for use by Unit Owners. Each Unit Owner of a Condominium Unit shall, promptly following the execution of any lease of a Condominium Unit, forward a conformed copy thereof to the Board of Directors. It shall be the responsibility of the lessor of a Condominium Unit to transfer to his Lessees all of the Condominium Instruments originally provided to said Lessor. Notwithstanding this paragraph 13, the Lessee shall be bound by the terms of these instruments even though the lessor has failed to comply herewith. None of the provisions of this Paragraph 13 shall apply to any Unit owned, initially or reacquired, by the Declarant or any corporation or entity that is a parent, subsidiary, or affiliate of the Declarant, and said firms may lease any such Units as they deem fit.

13.1 LEASING BY DECLARANT. It is not the present plan of Declarant to hold any Units for investment as rental apartments, but Declarant shall have the right to do so.

Declarant shall retain the voting right appurtenant to each Unit so long as Declarant is the owner of the Unit.

14. INSURANCE PROVISIONS. The insurance which shall be purchased and maintained for the benefit of the Condominium shall be governed by the following provisions:

14.1 PURCHASE OF INSURANCE. All insurance purchased pursuant to this Paragraph 14 shall be purchased by the Association for the benefit of the Association, the Unit Owners and their respective mortgagees, as their interest may appear, and shall provide for the issuance of certificates of insurance and mortgage endorsements to any or all of the holders of first mortgages. The policies shall provide that the insurer waives its rights of subrogation as to any claims against Unit Owners and the Association, their respective servants, agents and guests. Each Unit Owner and the Association hereby agree to waive any claim against each other and against other Unit Owners for any loss or damage for which insurance hereunder is carried where the insurer has waived its rights of subrogation as aforesaid. All Institutional Lenders which hold first mortgages on Units totaling more than \$500,000.00 shall, if they so request, have the right to reasonably approve the policies and the amount of insurance thereof. In the event the Association fails to refuse to provide the insurance herein provided, said Institutional Lenders shall have the right to pay for same and be subrogated to the lien rights of the Association as herein provided against all the Units in order to recover any such payments.

14.2 COST AND PAYMENT OF PREMIUMS. The cost of obtaining all insurance hereunder, excluding only the insurance as may be purchased by individual Unit Owners, is declared to be a Common Expense, as are any other fees or expenses incurred which may be necessary or incidental to carry out the provisions hereof.

14.3 UNIT OWNERS' RESPONSIBILITY. Each Unit Owner shall obtain insurance, at his own expense, affording coverage upon his own Unit for damage caused by fire and other similar hazards, such coverage to be the maximum insurable replacement value thereof, and may obtain coverage for his own liability, personal property and living expenses as he deems advisable. All such insurance shall contain the same waiver of subrogation that is referred to herein and shall waive any right to contribution. The Association shall be entitled, upon its request, to be given by each Unit Owner an insurance company certificate as to that Owner's insurance coverage. In the event that any Unit is not properly insured against damage by fire and other similar hazards, the Association may obtain such coverage and assess the Unit Owner for its costs and expenses, including the premium, in doing so. Each Unit Owner, upon destruction, or partial destruction, of that Owner's Unit by fire or any other cause, shall promptly proceed to reconstruct the Unit. If it does not, the Association may do so and may assess the Unit Owner for its costs and expenses in restoring the Unit.

14.4 COVERAGE. The following coverage shall be obtained by the Association:

a. All Common Elements and all personal property owned by the Association shall be insured (to the extent that such coverage is reasonably available) in an amount equal to the maximum insurable replacement value thereof (exclusive of excavations and foundations) as determined annually by the Association in consultation with the insurance company providing the coverage. Said coverage

shall afford protection against loss or damage by fire and other hazards, as determined by the Association, including, but not limited to, vandalism, malicious mischief, windstorm, war damage and war risk insurance, if reasonably available.

b. Comprehensive general public liability and property damage insurance in such an amount and in such form as shall be required by the Association in limits of not less than \$500,000.00 for bodily injury or death to any person; not less than \$500,000.00 for bodily injury or death resulting from any one accident or occurrence, and not less than \$500,000.00 for property damage. A commercial umbrella policy in an amount not less than \$1,000,000.00 shall also be maintained. Said coverage shall include, but not be limited to, water damage, legal liability, hired automobile, non-owned automobile, and off-premises employee coverage. All liability insurance shall contain cross liability endorsements to cover liabilities of the Unit Owners as a group to an individual Unit Owner, and one Unit Owner to another, if such endorsements are reasonably available.

c. Fidelity insurance or fidelity bond coverage shall be obtained in such an amount and in such form as required by the Association, but in no event shall such coverage be less than one hundred fifty percent (150%) of the Association's annual budget, including operating expenses and reserves. Such coverage shall afford protection against dishonest acts on the part of directors, trustees, employees or volunteers responsible for handling funds belonging to, or to be administered by, the Association. To the extent that such coverage is reasonably available, it may also be obtained as to managers and managing agents. The bond shall include a provision, if reasonably available, that before the bond can be cancelled or substantially modified for any reason, 10 days' written notice to the Association, the Insurance Trustee and to each servicer of a mortgage on a Unit that notifies the Association or the bonding company that it desires such notice.

d. Workmen's compensation Policies shall be obtained to meet the requirements of law.

e. Such other insurance as the Board of the Association may determine to be necessary from time to time.

f. Flood insurance if any part of the Condominium is in a special flood hazard area as defined by the Federal Emergency Management Agency in the form of a "master" or "blanket" policy of flood insurance. As with all insurance obtained by the Association, the premiums shall be paid as a Common Expense. The amount of flood insurance shall be at least equal to the lesser of (i) 100% of the current replacement cost of all buildings and other property that are Common Elements and other insurable property owned by the Association and located in the flood hazard area, or (ii) the maximum coverage available for the property under the National Flood Insurance Program.

g. The Board of Directors shall maintain an officers and directors liability policy, if reasonably available, in a minimum amount of \$1,000,000.00.

14.5 INSURANCE TRUSTEE. All insurance policies purchased in accordance with Paragraph 14.4 and providing coverage for damage to structures shall provide that all

proceeds payable to the Association as a result of any insured loss, except those specifically herein excluded, shall be paid to such bank doing business in Virginia Beach, Virginia and having trust powers as shall be designated from time to time by the Association as Insurance Trustee. Such appointment is subject to the reasonable approval by the Institutional Lender holding the greatest dollar amount of first mortgages on the Units. The Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency or content of the policies, or for failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive said proceeds, as paid, and to hold the same in trust for the benefit of the Association, the Unit Owners and their respective mortgagees, as follows:

a. Proceeds received on account of damage to Common Elements shall be held for the Owners in the same proportion as the share in the Common Elements which is appurtenant to each of the Units.

b. Proceeds on account of damage to the Units shall be held in undivided shares for the benefit of the Unit Owners of the damaged Units in proportion to the cost of restoring the same suffered by each damaged Unit. Upon the request of the Insurance Trustee, the Association shall certify to the Insurance Trustee the appropriate proportions. Each Unit Owner shall be bound thereby and the Insurance Trustee may rely upon said certification.

14.6 DISTRIBUTION OF PROCEEDS. Proceeds of insurance policies received by the Insurance Trustee shall be held and distributed by the Insurance Trustee pursuant to said certificate.

14.7 ASSOCIATION AS AGENT. The Association is irrevocably appointed agent for each Unit Owner, for each owner of a mortgage upon a Unit and for each owner of any other interest in the Condominium Property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

14.8 RESPONSIBILITY. If the damage is only to those parts of a Unit for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction after casualty. The Unit shall be repaired immediately. In all other instances, the responsibility of reconstruction after casualty shall be that of the Association.

14.9 NATURE OF RECONSTRUCTION. Any reconstruction included hereunder shall be substantially in accordance with the plans and specifications of the original building, or as the building was last constructed, subject to modification to conform with the then current governmental restrictions and codes, if required, or as may otherwise be agreed upon by the Association and all Institutional Lenders holding liens on the Units affected.

14.10 ESTIMATES. In all instances hereunder, immediately after a casualty causing damage to the property for which the Association has the responsibility of maintenance and repair, the Association shall obtain a reliable, detailed estimate of the cost to reconstruct. Such cost may include professional fees and premiums for such bonds as the Board may desire or those required by any Institutional Lender involved.

14.11 ASSESSMENTS. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction.

by the Association, or if, at any time during reconstruction or upon completion of reconstruction, the funds for the payment of the costs of reconstruction are insufficient, assessments shall be made against all Unit Owners in sufficient amounts to provide funds for the payment of such costs. Such assessments against Unit Owners for damage to Units shall be in proportion to the cost of reconstruction of their respective Units. Such assessments on account of damage to Common Elements shall be in proportion to the Unit Owner's share in the Common Elements. If, prior to commencement of any reconstruction, the insurance proceeds are not sufficient to defray the estimated costs of reconstruction, the special assessments against the Unit Owners as herein provided must be paid in full before any of said insurance proceeds may be disbursed as hereinafter provided, so as to ensure there are sufficient funds currently available to complete said reconstruction. This requirement may be waived by the Association, but only upon approval by all Institutional Lenders who have liens upon the affected property.

14.12 DISPOSITION OF PROCEEDS. The proceeds of insurance and any special assessments, if any, collected on account of a casualty and deposited with the Insurance Trustee by the Association shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction in the following manner:

a. That portion of insurance proceeds representing damage for which the responsibility of reconstruction lies with the Unit Owner; to such contractors, suppliers, and personnel for work done, materials supplied or services required for such reconstruction. Payments shall be in such amounts and at such times as the Unit Owners may direct, or if there is a mortgagee endorsement to such payee as the Unit Owner and the mortgagee direct. Nothing contained herein shall be construed to limit or modify the responsibility of the Unit Owner to make such reconstruction.

b. If the amount of the estimated cost of reconstruction is less than \$25,000.00, and is the responsibility of the Association: The construction fund shall be disbursed directly to the Association in payment of such costs and upon the Association's order, provided, however, that upon the request of a mortgagee which is a beneficiary of the insurance policy, the construction fund shall be disbursed as the Association and such mortgagee may properly direct.

c. If the amount of the estimated costs of reconstruction is \$25,000.00 or more, and is the responsibility of the Association, then the reconstruction funds shall be applied by the Insurance Trustee to the payment of such costs and shall be paid for the account of the Association, from time to time, as the work progresses. Said Trustee shall make payments upon the written request of the Association accompanied by an appropriate certificate signed by both an officer of the Association and by the architect or engineer in charge of the work, setting forth:

(1) That the sum then requested either has been paid by the Association or is justly due and certifying that the sum requested does not exceed the value of the services and materials described in the certificate.

(2) That except for the amounts stated in said certificate to be due as aforesaid, there is no

outstanding indebtedness known which may become the basis of vendor's, mechanic's or materialman's liens.

(3) That the cost, as estimated, or work remaining to be done subsequent to the date of said certificate, does not exceed the amount of funds remaining in the hands of the Insurance Trustee after the payment of the sum so requested.

d. It shall be presumed that the first monies disbursed in payment of such costs of reconstruction shall be from insurance proceeds and shall first be applied to reconstruction of the Common Elements and then to the Units. If there is a balance in a construction fund after the payment of all costs of reconstruction, said balance shall be distributed to the Association.

e. Payment for any reconstruction made under Subparagraphs a., b. and c. of this Paragraph shall be made by the Insurance Trustee and the Unit Owner, or the Association, only upon presentation of bills for materials in place, and upon supplying or furnishing labor, services and materials or work covered and included in such statements for which failure to pay might result in a lien on the Common Elements.

14.13 EFFECT OF MORTGAGEE ENDORSEMENTS CONCERNING INSURANCE PROCEEDS. In the event a mortgagee endorsement has been issued relative to any Unit, the share of the Unit Owner shall be held in trust for the mortgagee as heretofore provided; provided, however, that no mortgagee shall have the right to determine or participate in the determination as to whether or not the damaged property shall be reconstructed, and no mortgagee shall have the right to apply, or have applied to, the reduction of its mortgage debt any insurance proceeds except distributions of such proceeds made to the Unit Owner and mortgagee where the responsibility for reconstruction is that of the Unit Owner. All mortgagees agree to waive the rights to said proceeds if the same are used pursuant to the provisions of this Declaration to pay for the restoration of such damage. The provisions hereof shall not affect the rights of the mortgagee, if any, to require any surplus proceeds to be distributed to it, over and above the amounts actually used for such restoration. All covenants contained herein for the benefit of any mortgagee may be enforced by such mortgagee. Nothing contained herein, however, shall be construed as relieving the Unit Owner from his duty to reconstruct damage to his Unit as heretofore provided.

14.14 AUTHORITY OF ASSOCIATION. In all instances herein, except when a vote of the membership of the Association or of a particular building is specifically required, all decisions, duties and obligations of the Association hereunder, may be made by the Board. The Association and its members shall jointly and severally be bound thereby.

15. ASSESSMENTS; LIABILITY, LIEN AND ENFORCEMENT.

15.1 GENERAL AUTHORITY. The Association shall have the power to make, levy and collect regular and special assessments for Common Expenses and such other assessments as are provided for by the Condominium Act and the provisions of this Declaration and all other expenses declared by the Directors of the Association to be Common Expenses from time to time. Assessments shall commence when the first Unit is conveyed.

15.2 UNIT OWNER'S GENERAL LIABILITY. Except as herein specified to the contrary, all assessments levied against Unit Owners and Units shall be on an equal basis. Should the Association be the owner of any Unit(s), the assessment, which would otherwise be due and payable to the Association by the owner of such Unit(s), shall be a Common Expense.

15.3 PAYMENT. The assessment levied against the Unit Owner and his Unit shall be payable in such installments, and at such times, as may be determined by the Board of Directors of the Association.

15.4 EMERGENCIES. If assessments levied are, or may prove to be insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessment or assessments as it shall deem necessary.

15.5 RESERVES.

a. RESERVE FUND. The Board of Directors of the Association in assessing for Common Expenses may include therein a sum to be collected as a reserve fund for replacement of Common Elements for the purpose of enabling the Association to replace structural elements and mechanical equipment for which it has the responsibility to maintain and repair, as well as the replacement of personal property which may be a portion of the Condominium Property.

b. OPERATING RESERVE FUND. The Board of Directors of the Association in assessing for Common Expenses may include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial security during periods of special stress. Such sums may be used to meet deficiencies from time to time existing as a result of delinquent payment of assessments by Unit Owners or as a result of emergencies. There shall be established a working capital fund for the initial months of operation of the project equal to at least two months' estimated assessment for each Unit. Each Unit's share is to be collected at closing. If necessary for the financial stability of the Association, after closing on the first Unit in a phase, Declarant shall pay the share of the unsold Units and then be reimbursed as Units are closed.

15.6 SEPARATE PROPERTY. All monies collected by the Association shall, unless the same is collected for the benefit of others, be the separate property of the Association. Such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of the provisions of this Declaration. All monies received from assessments may be commingled with other monies held by the Association. All assessments received by the Association shall be for the benefit of the Unit Owners. No Unit Owner shall have the right to assign, hypothecate, pledge or in any manner transfer his interest therein, except as an appurtenance to his Unit. Such funds shall not be subject to attachment or levy by a creditor or judgment creditor of a Unit Owner. When the owner of a Unit shall cease to be a member of the Association by the divestment of his ownership of such Unit by whatever means, the Association shall not be required to account to such owner for any share of the funds or assets of the Association.

15.7 DEFAULT. The payment of any assessment or installment thereof due to the Association shall be in default if such payment is not paid to the Association when due. In the event that any Unit Owner is in default in payment of any assessments or installments thereof, owed to the Association, said Unit Owner shall be liable for all costs of collecting the same, including reasonable attorney's fees and court costs.

15.8 NO WAIVER. No Unit Owner may exempt himself from liability for any assessment levied by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Unit for which the assessments are made or in any other manner.

15.9 LIEN. The Association is hereby granted a lien upon each Condominium Unit, together with a lien on all tangible personal property located within said Unit (except that such lien upon the aforesaid tangible personal property shall be subordinate to prior bona fide liens of record), which lien shall secure the payment of monies from each Unit Owner for which he is liable to the Association, including all assessments, interest and expenses provided for in this Declaration and sums advanced on behalf of the Unit Owner in payment of his obligations as set forth in the Condominium Instruments and reasonable attorney's fees incurred as an incident to the enforcement of said lien. The lien granted to the Association may be foreclosed as provided in the Condominium Act. The lien granted to the Association shall further secure such advances for taxes and payments on accounts of Institutional Lenders, liens or encumbrances which may be advanced by the Association in order to preserve and protect its lien. The lien shall be effective, have priority, and be collected as provided by the Condominium Act, unless, by the provisions of this Declaration, such liens would have a greater priority or dignity; in which event, the lien rights in favor of the Association having the highest priority and dignity shall be the lien of the Association.

15.10 LATE CHARGE. If any monies from a Unit Owner, including assessments, are not paid within ten days from their due date there shall automatically be assessed a late charge of \$10.00 (but not less than 10%) for each thirty days during which such monies are not paid. Each monthly assessment or other sum due from a Unit Owner shall be considered a different obligation for the purposes of this paragraph.

15.11 PROVISIO. In the event that any person or Institutional Lender shall acquire title to any Unit by virtue of either foreclosure of a first mortgage or deed of trust, or a deed in lieu thereof, such acquirer of title, his successors and assigns, shall not be liable for the share of Common Expenses or assessments by the Association pertaining to the Condominium Unit or chargeable to the former Unit Owner to the Unit which became due prior to acquisition of title as a result of the foreclosure, unless the share is secured by a claim of lien for assessments that is recorded prior to the recording of the foreclosed mortgage or deed of trust. Nothing herein contained shall be construed as releasing the party liable for such delinquent assessments from the payment thereof or the enforcement of collection of such payment by means other than foreclosure. Following said acquisition, all Unit Owners of any nature, including, without limitation, a purchaser at a judicial sale or Institutional Lender, shall be liable for all assessments coming due while they are Unit Owners.

15.12 CERTIFICATE OF STATUS OF ASSESSMENTS. Any Unit Owner, mortgagee or lienor may require the appropriate certificate as set forth in Section 55-79.84(h) of the

Condominium Act. The Association may charge a fee for such certificate as allowed by the Condominium Act.

15.13 EVIDENCE OF ASSESSMENTS PAID. Any person who acquires an interest in a Unit, including acquisition through foreclosure of a first mortgage, deed of trust or by deed in lieu thereof, and including without limitation, persons acquiring title by operation of law, may request the certificate as set forth in Section 55-79.34(h) of the Condominium Act as evidence of the status of unpaid assessments levied against the Unit, and such statement shall be binding upon the Association and all Unit Owners. The personal obligation for delinquent assessments shall not pass to successors in title or interest unless assumed by them or required by law.

15.14 NO ELECTION OF REMEDIES. The institution of a suit at law for collection of any delinquent assessment may be maintained without waiving the lien securing the same. Proceeding by foreclosure to attempt to effect such collection shall not be deemed an election precluding the institution of suit at law for collection of the same. All Unit Owners do hereby waive pleading the theory of "election of remedies" in any such proceedings.

15.15 LIENS -- MECHANICS. The creation and enforcement of mechanic's, and other, liens against the Units and Condominium Property, except those created by this Declaration, shall be governed by the provisions of the Condominium Act.

16. TERMINATION. The Condominium may be terminated in the following manner.

16.1 AGREEMENT. The Condominium may be terminated at any time by the approval in writing of all Unit Owners and all record owners of mortgages on Units.

If the proposed termination is submitted to a meeting of the Association, and if the approval of the owners of not less than eighty percent (80%) of the Common Elements and their Institutional Lenders is obtained, in writing, not later than sixty (60) days from the date of such meeting, then the approving Unit Owners (through the Association), shall have an option to buy all of the Units of the disapproving Unit Owners for the period of one hundred twenty (120) days from the date of such meeting. The vote of those Unit Owners approving the termination shall be irrevocable until the expiration of the option. Any Unit Owner voting against termination, or not voting, may, within fifteen (15) days from the date the vote was taken, change or cast his vote in favor of termination by delivering written notification thereof to the Secretary of the Association. The option shall be upon the following terms:

a. EXERCISE OF OPTION: The option may be exercised by delivery, or the mailing by registered mail, of an agreement to purchase, signed by the Association, to each of the Unit Owners of the Units voting against termination. The agreement shall be subject to the purchase of all Units owned by Unit Owners not approving the termination.

b. PRICE. The sale price for each Unit shall be the fair market value as determined between the Unit Owner and the Association within thirty (30) days from the delivery of said agreement. In the absence of agreement on the price of any Unit, the price shall be determined by an appraiser appointed by the Chairman of the local Board of Realtors. A judgment of specific performance of the sale,

at the price determined by the appraiser may be entered in any court of competent jurisdiction.

c. PAYMENT. The purchase price shall be paid in cash.

d. FORM. The contract shall be in the form of the Board of Realtors Contract for Sale and Purchase then in use in Virginia Beach, Virginia.

e. CLOSING. The sale of all Units shall be closed simultaneously and within thirty (30) days following the determination of the sale price of the last Unit to be purchased.

16.2 CERTIFICATE. The termination of the Condominium shall be evidenced by a certificate of the Association executed by its President and Secretary certifying the fact of the termination, which shall become effective upon the certificate being recorded in the Public Records.

16.3 SHARES OF OWNERS AFTER TERMINATION. After termination of the Condominium the Unit Owners shall own the Condominium Property and all assets of the Association as tenants in common of undivided shares that shall be equal to the sum of the undivided shares of the Common Elements appurtenant to the Units prior to termination so that the sum total of the ownership shall equal one hundred percent (100%).

16.4 EXCLUSIVE RIGHTS EXTINGUISHED BY TERMINATION. All exclusive rights of use of Common Elements shall be extinguished by virtue of the termination of the Condominium.

16.5 AMENDMENT. This Paragraph 16 concerning termination cannot be amended without written consent of all Unit Owners and all record owners of mortgages upon the Units.

17. AMENDMENTS. Except as herein or elsewhere provided, this Declaration may be amended in the following manner:

17.1 NOTICE. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

17.2 PROPOSAL OF AMENDMENT. An amendment may be proposed by either a sixty-six and two thirds percent (66-2/3%) vote of the entire Board of Directors of the Association, or by a sixty-six and two thirds percent (66-2/3%) vote of the members at a duly called and noticed meeting. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the Secretary within ten (10) days after the meeting. Except as elsewhere provided, a resolution adopting the proposed amendment must be approved by either:

a. Not less than sixty-six and two thirds percent (66-2/3%) of the entire membership of the Board of Directors and by not less than sixty-six and two thirds percent (66-2/3%) of the votes of the entire membership of the Association, or

b. Not less than ninety percent (90%) of the entire membership of the Association. This shall require the agreement of at least 51% of the eligible holders of first mortgages on the Units, allowing one "vote" for each Unit upon which the holder holds a lien. An "eligible" holder

shall be one who has requested the Owner's Association to notify them of any proposed action that requires the consent of a specified percentage of eligible mortgage holders. When an eligible holder fails to submit a response to a notice concerning the proposed amendment within thirty (30) days after such notice, such failure shall be deemed to be an implied approval of such amendment.

c. By the Board of Directors of the Association until a majority of the Board is elected by the Unit Owners.

17.3 OMISSION OR ERROR. Whenever it shall appear that there is an omission or error in the Condominium Instruments the correction of which would not materially or adversely affect the property rights of any Unit Owners, the Condominium Instruments may be amended in the following manner: Such amendment may be proposed by the Board of Directors at any duly called and noticed regular or special meeting of the Board and shall become effective when unanimously approved by the entire Board. In the event the property rights of any Unit Owners are materially or adversely affected, the error or omission may be adopted in this manner if such affected Unit Owner(s) joins in the execution of the Certificate of Amendment to be recorded.

17.4 PROVISIO.

a. Except as otherwise provided in this document, no amendment shall alter a Unit Owner's percentage in the Common Elements, alter his proportionate share in the Common Expense or Common Surplus, change a Unit Owner's voting rights, or alter the basis for apportionment of assessment which may be levied by the Association against a Unit Owner without the written consent of the Unit Owner.

b. No amendment shall be passed which shall impair or prejudice the rights and priorities of any Institutional Lender without the written consent of the Institutional Lender affected.

c. No material amendment shall be passed without the prior written approval of the Institutional Lender having the maximum number of first mortgages on Condominium Units in the Condominium as provided in Paragraph 14.7 of the Bylaws.

18. REMEDIES.

18.1 RELIEF. Each Unit Owner and the Association shall be governed by and shall comply with the provisions of the Condominium Instruments as they may exist from time to time. A violation thereof shall entitle the appropriate party to the following relief: An action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, or any other action available pursuant to the Condominium Act or law. Suit may be sought by the Association, the managing agent, if any, Declarant, or, if appropriate, by one or more Unit Owners, and the prevailing party shall be entitled to recover reasonable attorney's fees. Each Unit Owner acknowledges that the failure to comply with any of the provisions of the Condominium Instruments shall or may constitute an injury to the Association, the managing agent, if any, Declarant or the other Unit Owners, and that such injury may be irreparable.

18.2 COSTS AND ATTORNEYS' FEES. In any proceeding arising because of an alleged default, act, failure to act, or violation by the Unit Owner or Association, including the

enforcement of any lien granted pursuant to this instrument or its exhibits, the Association, the managing agent, if any, or the Declarant, whichever is appropriate, shall be entitled to recover the costs of the proceedings, including reasonable attorney's fees. In any action by or against Declarant, where Declarant is the prevailing party, arising out of or concerning the Condominium Instruments or Declarant's obligations thereunder, Declarant shall be entitled to recover all costs of the proceedings, including reasonable attorney's fees at all levels including the trial and appellate level.

18.3 NO WAIVER. The failure of Association, the managing agent, if any, a Unit Owner, or the Declarant to enforce any right, provision, covenant, or condition created or granted by the Condominium Instruments shall not constitute a waiver of the right of said party to enforce such right, provision, covenant or condition in the future.

18.4 RIGHTS CUMULATIVE. All rights, remedies and privileges granted to Association, the managing agent, if any, Declarant, or Unit Owner pursuant to any of the provisions of this Declaration shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be available to such party at law or in equity. Each Unit Owner agrees in any proceeding brought pursuant to the provisions hereof not to plead or defend the same on the theory of "election of remedies".

18.5 VENUE; WAIVER OF TRIAL BY JURY. Every Unit Owner or Occupant and all persons claiming any interest in a Unit does agree that in any suit or proceeding brought pursuant to the provisions of this Declaration, such suit shall be brought in the Circuit Court in and for the City of Virginia Beach, Virginia, as the same is now constituted or any court in the future that may be the successor to the court contemplated herein. All such parties do further waive the right to trial by jury and consent to a trial by the court without a jury.

18.6 APPOINTMENT OF AGENT; PROVISIO. Should suit be instituted, the Unit Owners or Occupants do hereby irrevocably appoint the Secretary of the Commonwealth of Virginia as their Agent for the acceptance of service of process should, at the time of such service of process, any such person not be residing in this Condominium and if service cannot be accomplished in any other reasonable fashion. The provisions hereof shall not be applicable to service upon the Declarant.

19. MISCELLANEOUS RIGHTS OF DECLARANT.

19.1 CONFLICT OF INTERESTS. No representative of the Declarant serving on the Board of Directors of the Association shall be required to disqualify himself upon any vote upon any management contract, lease, or other matter between the Declarant, or managing agent, if any, and the Association where Declarant, or managing agent, if any, may have a pecuniary or other interest. Declarant, as a member of Association, shall not be required to disqualify itself in any vote which may come before the membership of the Association upon any management contract, lease, or other matter where Declarant may have a pecuniary or other interest, nor shall any conflict of interests be a cause of partial or total invalidity of the matter voted upon whether or not such vote was necessary for the adoption, ratification, or execution of the same.

19.2 RIGHT TO USE FACILITIES. Notwithstanding any provisions of this Declaration to the contrary, the Declarant shall have the right to use and occupy any, all, or any number of unsold Units and the Common Elements, the exclusive use of which have not been assigned, for the purpose of a Sales Office, Model Unit, or for any other purpose. Until the Declarant has conveyed the last Unit in the Condominium, or Units in other condominiums on the Withdrawable Land developed by Declarant, the Declarant shall not be subject to the use or other restrictions contained in any of the provisions of this Declaration or Exhibits attached hereto. Notwithstanding this paragraph, Declarant must pay assessments on Units owned by Declarant, just like any other Unit Owner.

20. NOTICES. Whenever notices are required to be sent hereunder, the same may be delivered to Unit Owners, either personally or by mail, at their place of residence in the Condominium or to their Unit. Notices to the Association shall be delivered or mailed to the Secretary of the Association, or in case of the Secretary's absence, then to the President of the Association.

Notices to the Declarant shall be made by delivery to Declarant at: 1520 Stone Moss Court, Suite 201, Virginia Beach, Virginia 23462.

21. CONSTRUCTION. All of the provisions of this Declaration shall be construed in accordance with the Laws of the Commonwealth of Virginia.

22. GENDER. Unless the contrary appears to have been intended, words in the plural number shall include the singular and words in the singular shall include the plural, and words of the male gender shall include the female gender and the neuter gender.

23. CAPTIONS. The captions to the paragraphs of this Declaration are intended for convenience only and are not deemed to be all inclusive as to the matters contained in such paragraphs or considered in connection with the construction of any of the provisions of this Declaration.

24. SEVERABILITY. If any term or provision of this Declaration, or the application thereof to any person or circumstance, shall, to any extent, be determined to be invalid or unenforceable, the remainder of this Declaration, or the application of such term or provision to persons or circumstances other than those to which such term may be held invalid or unenforceable, shall not be affected thereby and each term and provision of this Declaration shall be valid and enforceable to the fullest extent permitted by law.

25. ASSIGNMENT. The Declarant may, upon conveyance of all or a portion of the Units it owns and/or all or a portion of the Convertible Land, prior or subsequent to any such conveyance, designate the grantee thereof as a successor Declarant or Declarant who shall then be deemed to have all rights granted and reserved to Declarant herein.

26. DECLARANT'S MORTGAGEE. Any person or entity which holds a mortgage executed by Declarant, either prior to or subsequent to the recordation of this Declaration, encumbering any part or all of the Condominium Property, shall be deemed to be an Institutional Lender for the purposes of this Declaration and shall have all rights and privileges appertaining thereto.

IN WITNESS WHEREOF, the Declarant has executed this Declaration on this 27th day of July, 1987.

TERRY/PETERSON DEVELOPMENT CORPORATION
a Virginia corporation

By: John H. Peterson, Jr., President

STATE OF VIRGINIA
CITY OF VIRGINIA BEACH, to-wit:

I, Dolores F. MARQUETTE, a Notary Public in and for the City and State aforesaid, do certify that John H. Peterson, Jr., President of Terry/Peterson Development Corporation, whose name is signed to the foregoing Declaration bearing date on the 27th day of July, 1987, has acknowledged the same before me in my City and State aforesaid.

GIVEN under my hand this 27th day of July, 1987.

Dolores F. Marquette
Notary Public

My term of office expires:

MY COMMISSION
EXPIRES AUG. 16, 1987

EXHIBIT A

(Submitted Land)

All that certain parcel of land lying in the Kempsville Borough of the City of Virginia Beach, Virginia, shown as "Terry/Peterson Development Corporation, Area - 3.487 Acres" on that certain plat entitled "Plat Showing Right of Way Hereby Dedicated to the City of Virginia Beach from Terry/Peterson Development Corporation", said plat having been made by Talbot & Associates, Ltd., and recorded in the Office of the Clerk of the Circuit Court of the City of Virginia Beach, Virginia, in Deed Book 2599, at page 536; said parcel being bounded and described with reference to said plat as follows:

Beginning at a point in the northeasterly line of Indian River Road located N 49° 09' 48" W 706.71 feet from the point of intersection of said line with the northwesterly line of Indian Lakes Boulevard, and from said point of beginning, running thence along said line of Indian River Road (after the dedication shown on said plat) N 49° 09' 48" W 499.87 feet to a point; thence leaving the line of Indian River Road and running N 40° 58' 31" E 304.68 feet to a point; thence running along the southwesterly line of property now or formerly Barnette-Range Corporation S 48° 58' 59" E 499.77 feet to a point; running thence S 40° 57' 26" W 303.11 feet to the northeasterly line of Indian River Road, the point of beginning.

EXHIBIT B

(Convertible and Withdrawable Land)

All that certain parcel of land lying in the City of Virginia Beach, Virginia, and bounded and described as follows:

Beginning at a point in the northeasterly line of Indian River Road located N 49° 09' 48" W 706.71 feet from the point where said line is intersected by the northwesterly line of Indian Lakes Boulevard, and from said point of beginning running thence along the said line of Indian River Road N 49° 09' 48" W 154.11 feet, more or less, to the southerly corner of Phase 1 of the Cobblestone Trace Condominium, as shown on Exhibit C-1 to the Declaration of Condominium; thence N 40° 50' 12" E 137.04 feet to a point; thence N 49° 09' 48" W 112.94 feet to a point; thence S 40° 50' 12" W 137.04 feet to the said line of Indian River Road; thence along said line N 49° 09' 48" W 232.82 feet, more or less, to the westerly corner of the parcel shown on Exhibit D-1 to the Declaration of Condominium; thence N 40° 58' 31" E 304.68 feet to a point; thence S 48° 58' 59" E 499.77 feet to a point; thence S 40° 57' 26" W 313.11 feet to the northeasterly line of Indian River Road, the point of beginning.

EXHIBIT C

(Phase 1)

All that certain parcel of land located in the City of Virginia Beach, Virginia, and bounded and described as follows:

Beginning at a point in the northeasterly line of Indian River Road, where said line is met by the northwesterly line of a private road shown as "Spring Creek Trail" on Exhibit 2-1 to the Declaration of Condominium of Cobblestone Trace Condominium, and from said point of beginning running thence N 40° 50' 12" E 137.04 feet to a point; thence S 49° 09' 48" E 112.94 feet to a point; thence S 40° 50' 12" W 137.04 feet to the said northeasterly line of Indian River Road; thence along said line N 49° 09' 48" W 112.94 feet to the point of beginning.

C.C. 21 REV. 3/85

VIRGINIA: In the Clerk's Office of the Circuit Court of Virginia Beach 3 day of August 19 87 at 2:38 PM this instrument was received and upon the certificate of acknowledgment thereto annexed, admitted to record. The tax imposed by §58.1-802 of the Code, has been paid, in the amount of \$.....

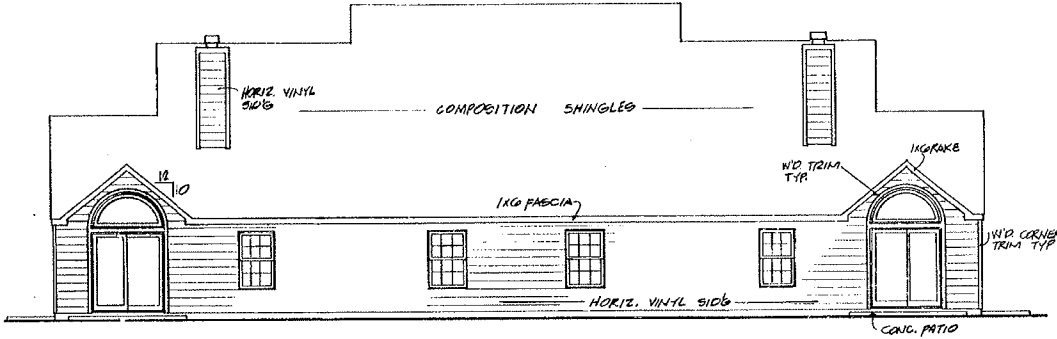
TESTE: J. CURTIS FRUIT, Clerk

By: [Signature] D. C.

0266800190

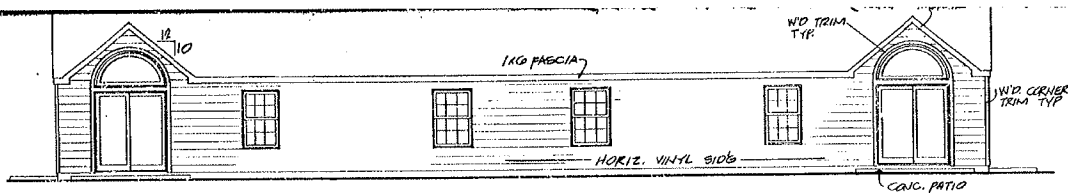
9.1.35

I, RICHARD L. DOWE, A FULLY REGISTERED ENGINEER, DO HEREBY CERTIFY THAT THIS DRAWING IS ACCURATE (WITHIN NORMAL TOLERANCES) AND COMPLIES WITH SECTION 50.78(5) (b) OF THE CONDOMINIUM ACT AND THAT THE UNITS SHOWN HEREON ARE SUBSTANTIALLY COMPLETED IN ACCORDANCE HEREWITH.
R. L. Dowe, Date 7/27/87



A-200 REAR ELEVATION

3/10-1/0




A-290 REAR ELEVATION

3/16" = 1'-0"

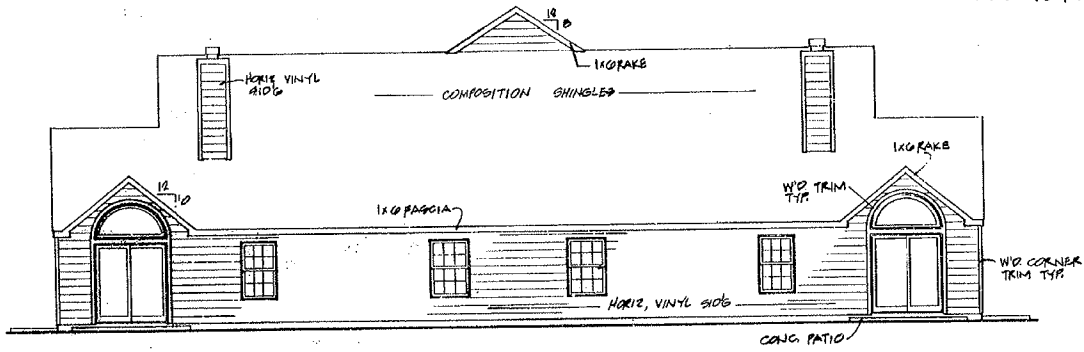
VIRGINIA:
 IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH,
 VIRGINIA, ON THE 28 DAY OF August, 1988, THIS PLAT WAS RECEIVED
 AND ADMITTED TO RECORD IN DEED BOOK _____ AT PAGE _____

TESTE: *[Signature]* CLERK
[Signature]

 Talbot & Associates Ltd. <small>Architects Engineers Planners Surveyors Landscape Architects</small> <small>300 Lakeside Square, Virginia Beach, VA 23462</small> <small>758 Tidewater Plaza, Suite 202, Chesapeake, Virginia, VA 23060</small>	<small>APPROVED BY: T.B.A. DATE: 10/22/88</small> <small>DESIGNED BY: DATE: 10/22/88</small> <small>DRAWN BY: DATE:</small> <small>CHECKED BY: DATE:</small> <small>PROJECT NO: 88-245</small> <small>SCALE:</small> <small>FILE NO: A-7-231</small>	ELEVATION PLAN OF COBBLESTONE TRACE <small>EXHIBIT A-7</small> <small>HEMPHILL BONDURON - VIRGINIA BEACH, VIRGINIA</small>
---	--	---

DX 266000197

I, RICHARD L. BOWME, A DULY REGISTERED ENGINEER, DO HEREBY CERTIFY THAT THIS DRAWING IS ACCURATE (WITHIN NORMAL TOLERANCES) AND COMPLIES WITH SECTION 13-73.56 (b) OF THE CONDOMINIUM ACT AND THAT THE UNITS SHOWN HEREIN ARE SUBSTANTIALLY COMPLETED IN ACCORDANCE HEREWITH.
Richard L. Bowme, DATE 7/27/87



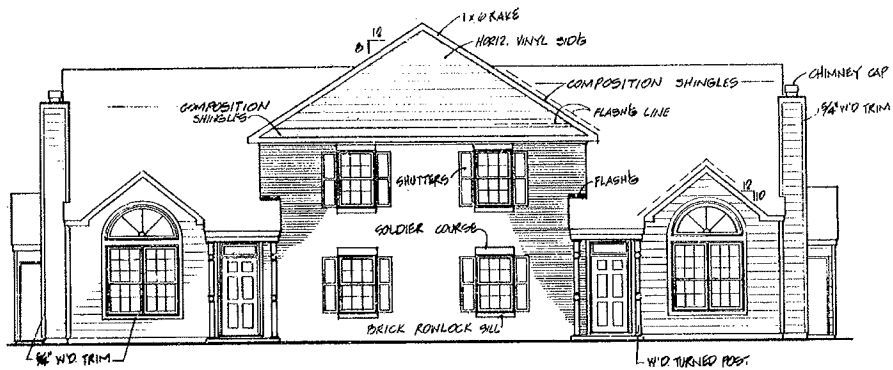
A-190 - REAR ELEVATION

7/27/87

L

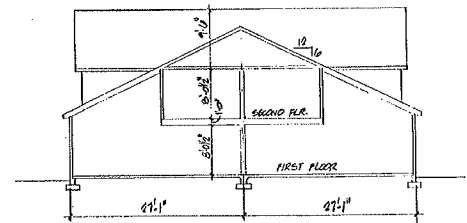
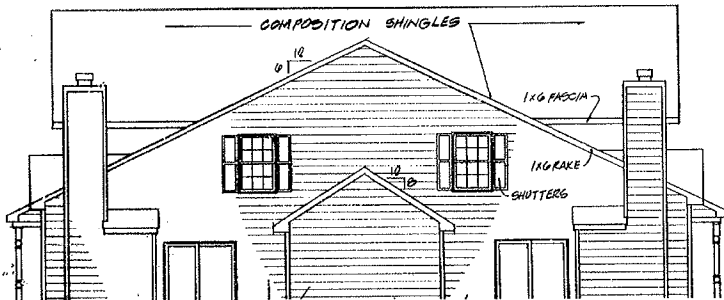
I, RICHARD L. BOWNE, A DULY REGISTERED ENGINEER, DO HEREBY CERTIFY THAT THIS DRAWING IS ACCURATE (WITHIN NORMAL TOLERANCES) AND COMPLIES WITH SECTION 55-1-103 OF THE CONDOMINIUMS ACT AND THAT THE UNITS SHOWN HEREON ARE GENERALLY COMPLETELY FINISHED IN ACCORDANCE HEREWITH.
 Richard L. Bowne, DATE 7/17/82

BK 2660 PG 0198

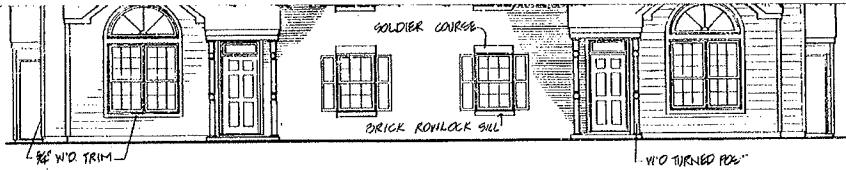


B-230 FEDERAL ENTRANCE ELEVATION

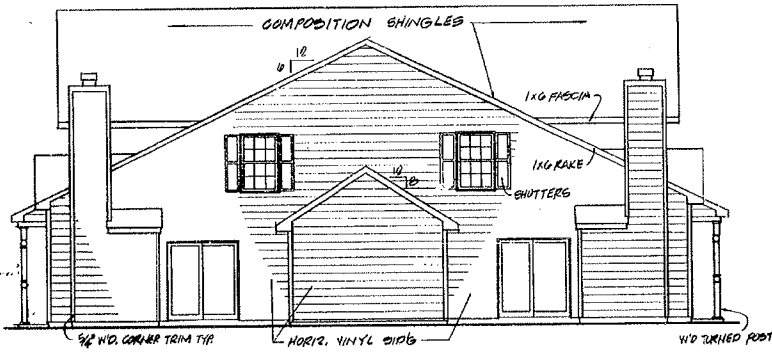
9'11\"/>



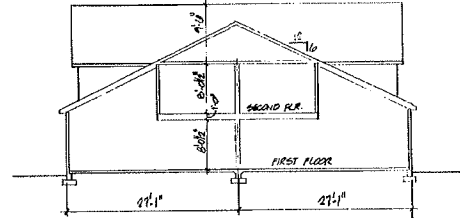
BUILDING SECTION



B-290 FEDERAL ENTRANCE ELEVATION 3/16"=1'-0"



SIDE ELEVATION 3/16"=1'-0"



BUILDING SECTION

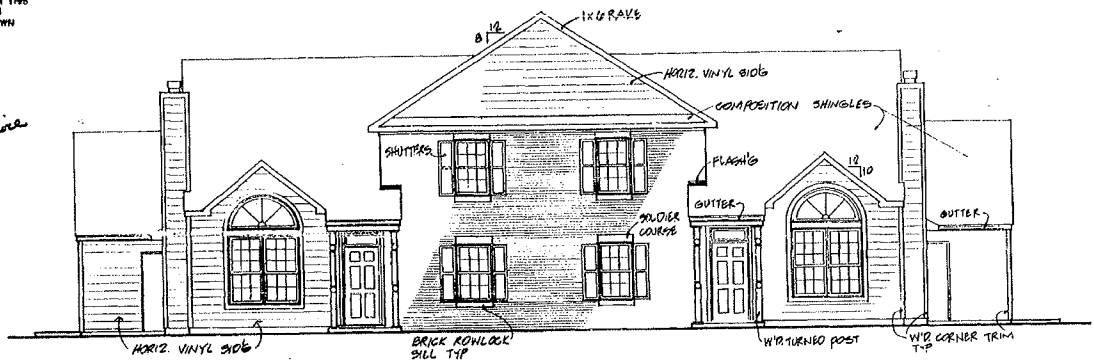
VIRGINIA:
IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH,
VIRGINIA, ON THE 23 DAY OF August, 1982, THIS PLAT WAS RECEIVED
AND ADMITTED TO RECORD IN DEED BOOK _____ AT PAGE _____

TESTE: Carla Auld CLERK
LOI STORER S. JONES

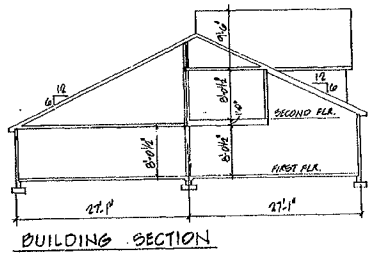
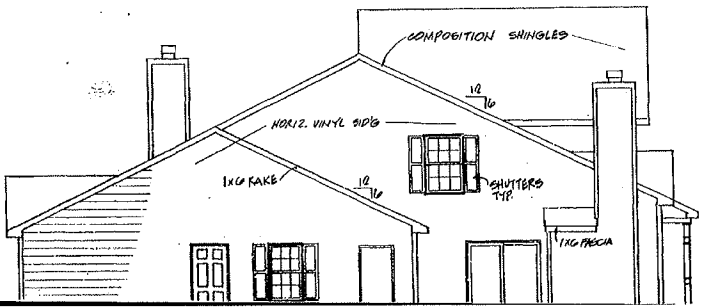
<p>Talbot & Associates Ltd. Architects, Engineers, Planners, Surveyors, Landscape Architects 877 Lakeside Square, Virginia Beach, VA 23462 739 Franklin Street, Suite 200 Newport News, VA 23606</p>	DRAWN BY: T.B.A. DATE: 10-22-82 CHECKED: P.M. DATE: 12-23-82 DESIGNED: DATE: DEPT. HEAD: DATE: PROJECT NO: 821245 SHEET NO: FILE NO. A-7-231	ELEVATION PLAN OF COBBLESTONE TRACE EXHIBIT A-6 NEWPSVILLE BOROUGH - VIRGINIA BEACH, VIRGINIA
---	--	---

I, RICHARD L. BOWNE, A DULY REGISTERED ENGINEER, DO HEREBY CERTIFY THAT THIS DRAWING IS ACCURATE (UPON MY PERSONAL OBSERVATION) AND COMPLES WITH SECTION 55-75.08 (N) OF THE CONDOMINIUM ACT AND THAT THE UNITS SHOWN HEREON ARE SHOWN COMPLETELY IN ACCORDANCE HEREWITH.
 R. L. BOWNE, DATE 7/1/87

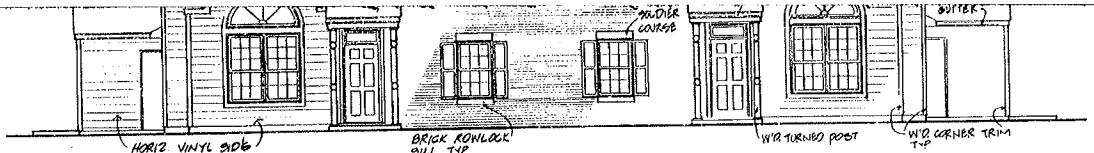
PK 2660P60199



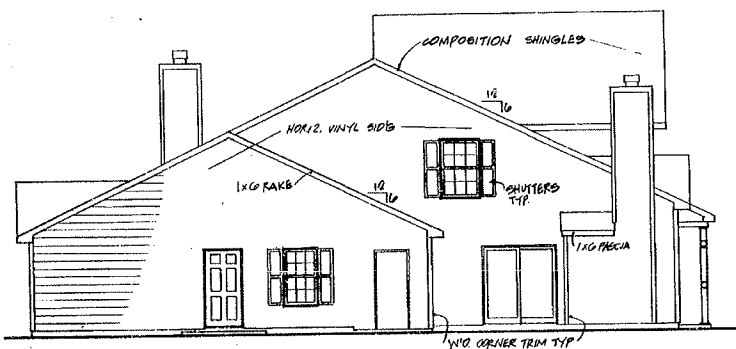
B. 230 FEDERAL ENTRANCE ELEVATION 3/16" = 1'-0"



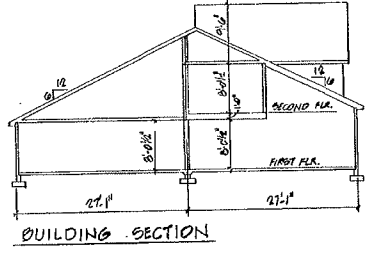
BUILDING SECTION



P. 230 FEDERAL ENTRANCE ELEVATION 3/10-11/8



A. 230 ENTRANCE ELEVATION 3/10-11/8



BUILDING SECTION

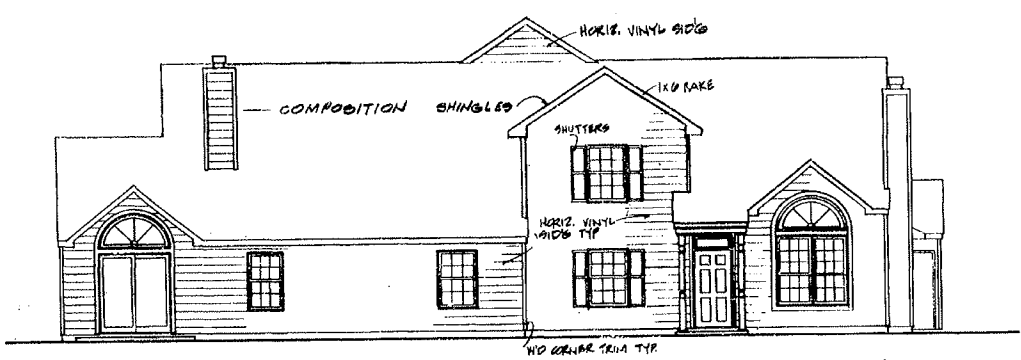
VIRGINIA: IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH, VIRGINIA, ON THE 23 DAY OF August, 1983 THIS PLAT WAS RECEIVED AND ADMITTED TO RECORD IN REED BOOK _____ AT PAGE _____

TESTE: *Carole A. Smith* CLERK
Carole A. Smith

<p>Talbot & Associates, Ltd. Architects, Engineers, Planners, Surveyors, Landscape Architects 800 Lakeside Square, Virginia Beach, VA 23462 234 Thimble Shoals Blvd., Suite 200, Newport News, VA 23606</p>	DESIGNED BY: T.B.A. DATE: 10/29/82	<p>ELEVATION PLAN OF COBBLESTONE TRACE</p> <p>EXHIBIT A-4 KEMPSPVILLE BOROUGH - VIRGINIA BEACH, VIRGINIA</p>
	DRAFT ONE: T.A. DATE: 11/24/82	
	COMP. ONE: DATE: _____	
	FINAL ONE: DATE: _____	
	DRAFT TWO: DATE: _____	
	COMPL. TWO: 8/22/83	
	FILE NO. A-7-231	

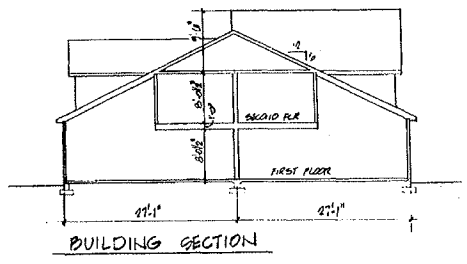
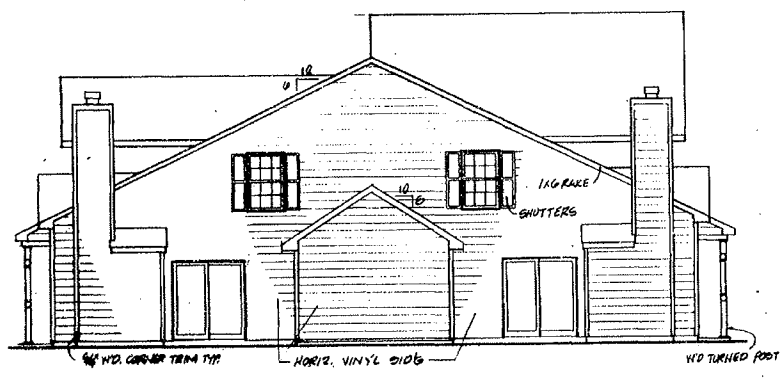
OK 266060200

I, RICHARD L. DOWE, A DULY REGISTERED ENGINEER, DO HEREBY CERTIFY THAT THIS DRAWING IS ACCURATE (WITHIN NORMAL TOLERANCES) AND COMPLIES WITH SECTION 55-78.58 (b) OF THE CONDOMINIUM ACT AND THAT THE UNITS SHOWN HEREON ARE BEING FULLY COMPLETED IN ACCORDANCE HEREWITH.
Richard L. Dowe, DATE 7/27/87

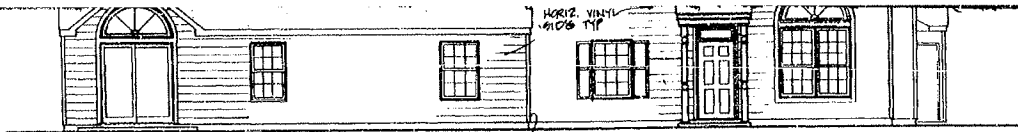


A-230 REAR ELEVATION

B-230 FEDERAL ENTRANCE ELEVATION

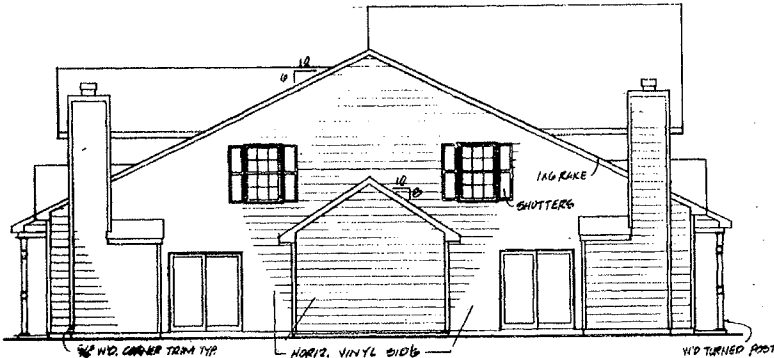


BUILDING SECTION



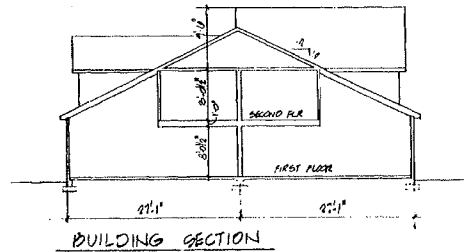
A-130 REAR ELEVATION

B-130 FEDERAL ENTRANCE ELEVATION



SIDE ELEVATION

3/16" = 1'-0"



BUILDING SECTION

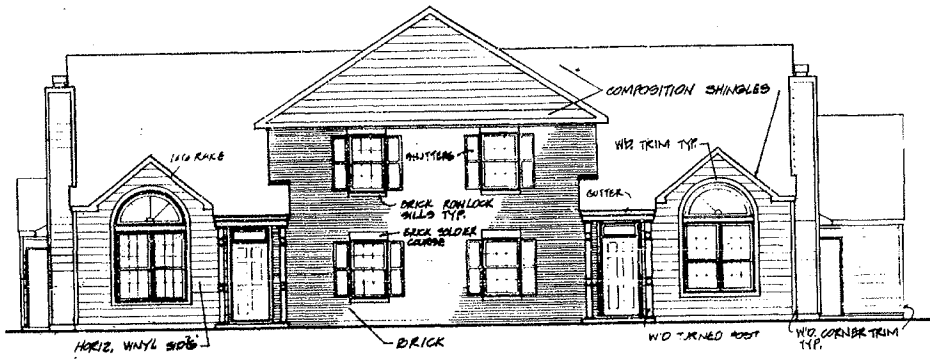
VIRGINIA:
 IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH,
 VIRGINIA, ON THE 23 DAY OF AUGUST, 1983 THIS PLAT WAS RECEIVED
 AND ADMITTED TO RECORD IN DEED BOOK _____ AT PAGE _____

TESTE: *[Signature]* CLERK
[Signature]

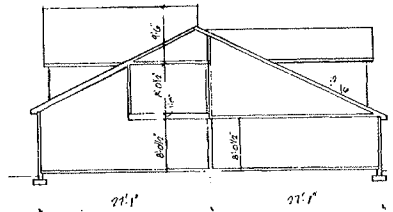
	DRAWN BY: T.A.A. DATE: 10-23-82 CHECKED BY: DATE: 11-12-82 DESIGNED BY: DATE: INSP. BY: DATE: PROJECT NO: 80243 SCALE:	ELEVATION PLAN OF COBBLESTONE TRACE EXHIBIT A-3 KEMPVILLE BOROUGH - VIRGINIA BEACH, VIRGINIA
	PLR NO. A-7-234	

EX266060201

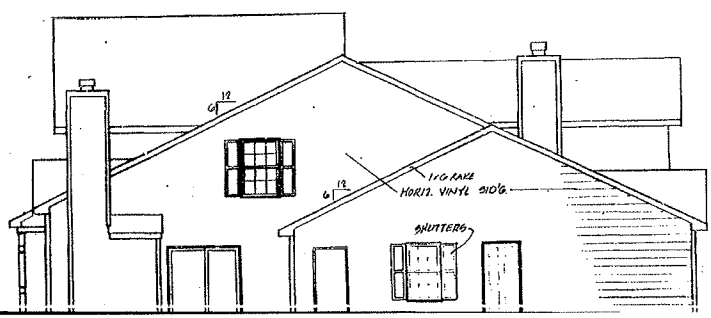
I, RICHARD L. DOWE, A DULY REGISTERED ENGINEER, DO HEREBY CERTIFY THAT THIS DRAWING IS ACCURATE (WITHIN NORMAL TOLERANCES) AND COMPLIES WITH SECTION 85-73.50 (6) OF THE CONDOMINIUM ACT AND THAT THE UNITS SHOWN HEREON ARE SUBSTANTIALLY COMPLETED IN ACCORDANCE HEREWITH.
Richard L. Dowe, DATE 1/27/87

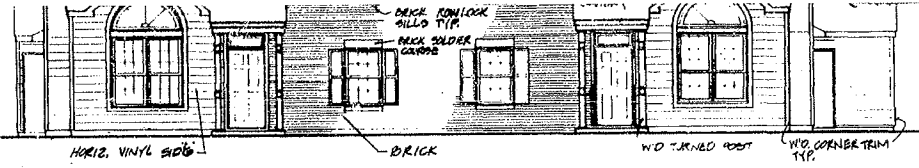


0.290 FEDERAL ENTRANCE ELEVATION 3/10/87

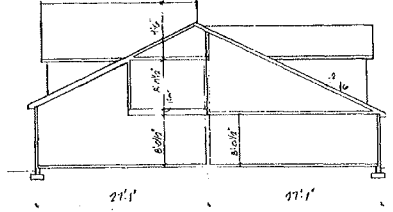


BUILDING SECTION

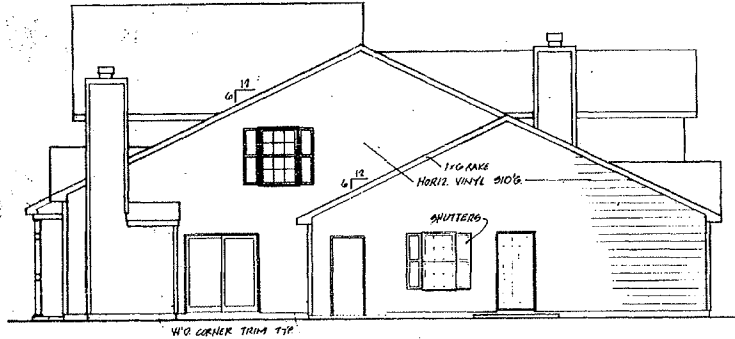




0-290 FEDERAL ENTRANCE ELEVATION 3/16"=1'-0"



BUILDING SECTION



A-290 ENTRANCE ELEVATION 3/16"=1'-0"

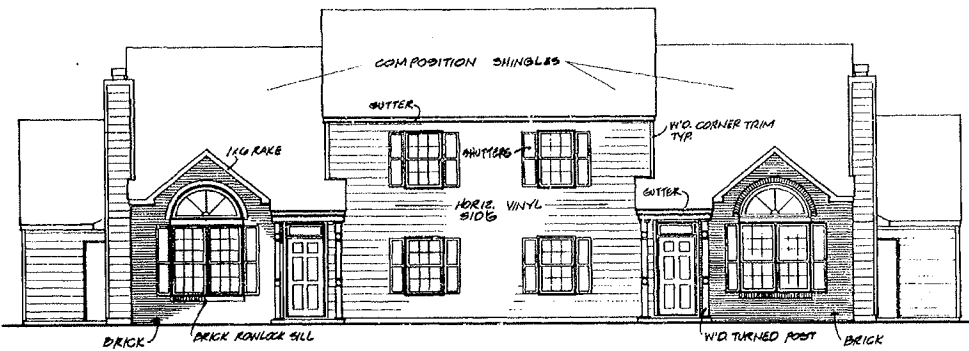
VIRGINIA:
 IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH,
 VIRGINIA, ON THE 20 DAY OF August, 1921 THIS PLAT WAS RECEIVED
 AND ADMITTED TO RECORD IN DEED BOOK _____ AT PAGE _____

TESTE: *Carla A. ...* CLERK
...

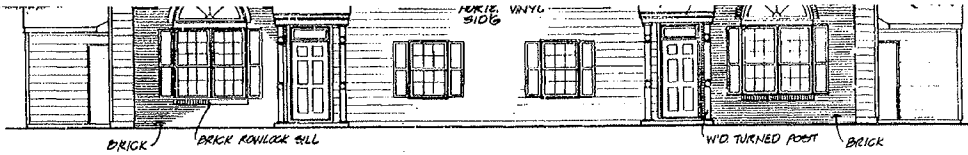
<p>Talbot & Associates Ltd. Architects Engineers Planners Surveyors Landscape Architects 101 Lakeside Square Virginia Beach VA 23462 730 Third St. Suite 200 Virginia Beach VA 23462</p>	CONTRACT NO. T.B.A. DATE 10-29-20 PROJECT NO. 1713 DATE 7-1-21 DRAWING NO. DATE DATE DATE DATE DATE PROJECT NO. 08249 SCALE: FILE NO. A-7-231	ELEVATION PLAN OF COBBLESTONE TRACE EXHIBIT A-2 KEMPSVILLE BOROUGH - VIRGINIA BEACH, VIRGINIA
--	--	---

DK 2660760202

I, RICHARD L. BOWE, A DULY REGISTERED ENGINEER, DO HEREBY CERTIFY THAT THIS DRAWING IS ACCURATE (WITHIN NORMAL TOLERANCES) AND COMPLIES WITH SECTION 85-78.58 (D) OF THE CONDOMINIUM ACT AND THAT THE UNITS SHOWN HEREOF ARE RESPONSIBLY COMPLETED IN ACCORDANCE HERewith.
Richard L. Bowe, DATE 7/2/82




B-290 GALT ENTRANCE ELEVATION 3/4"=1'-0"

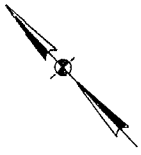


B-290 GALT ENTRANCE ELEVATION 3/10-11/08

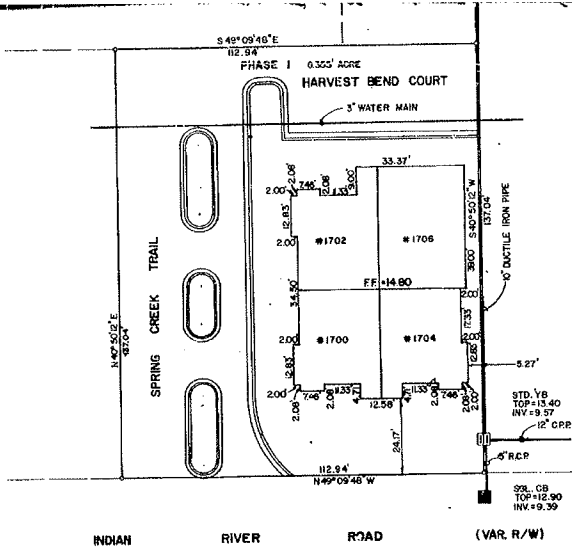
VIRGINIA:
 IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH,
 VIRGINIA, ON THE 23 DAY OF August, 1923 THIS PLAT WAS RECEIVED
 AND ADMITTED TO RECORD IN DEED BOOK _____ AT PAGE _____

TESTE: *Cyril A. Hunt* CLERK.
John Starnes S. VIRGINIA

 Talbot & Associates, Ltd. <small>Architects, Engineers, Planners, Surveyors, Landscape Architects</small> <small>101 Landon Square, Virginia Beach, VA 23462</small> <small>757 480-8800</small>	<small>DESIGNED BY: T.A.</small>	<small>DATE: 10/20/08</small>	ELEVATION PLAN OF COBBLESTONE TRACE EXHIBIT A-1 <small>KEMPEVILLE BOROUGH - VIRGINIA BEACH, VIRGINIA</small>
	<small>DRAFTSMAN: T.A.</small>	<small>DATE: 10/20/08</small>	
	<small>COMP. ENG.</small>	<small>DATE</small>	
	<small>SCALE</small>	<small>DATE</small>	
	<small>COPYRIGHT</small>	<small>DATE</small>	
	<small>FILE NO. 08-293</small>	<small>DATE</small>	
<small>FILE NO. A-7-23</small>			



PHASE 15



PHASE 2

INDIAN RIVER ROAD (VAR. R/W)

NOTE: FIRST FLOOR ELEVATIONS BASED ON NATIONAL VERTICAL DATUM.

VIRGINIA: IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH, VIRGINIA ON THE 17 DAY OF JULY, 1981 THIS PLAT WAS RECEIVED AND ADMITTED TO RECORD IN DEED BOOK _____ AT PAGE _____

TESTE: *[Signature]* CLERK
[Signature]



I HEREBY CERTIFY THAT THIS PLAT IS ACCURATE AND THAT IT COMPLIES WITH THE CODE OF VIRGINIA OF 1950 AS AMENDED, 655-78, 58, AND I FURTHER CERTIFY THAT ALL UNITS OR PORTIONS THEREOF DEPICTED HEREON PURSUANT TO THE CODE OF VIRGINIA, 655-78, 56 (a), HAVE BEEN SUBSTANTIALLY COMPLETED OR ARE PRESENTLY IN STATUS SHOWN ON EACH BUILDING.

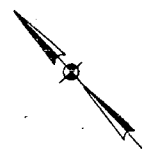
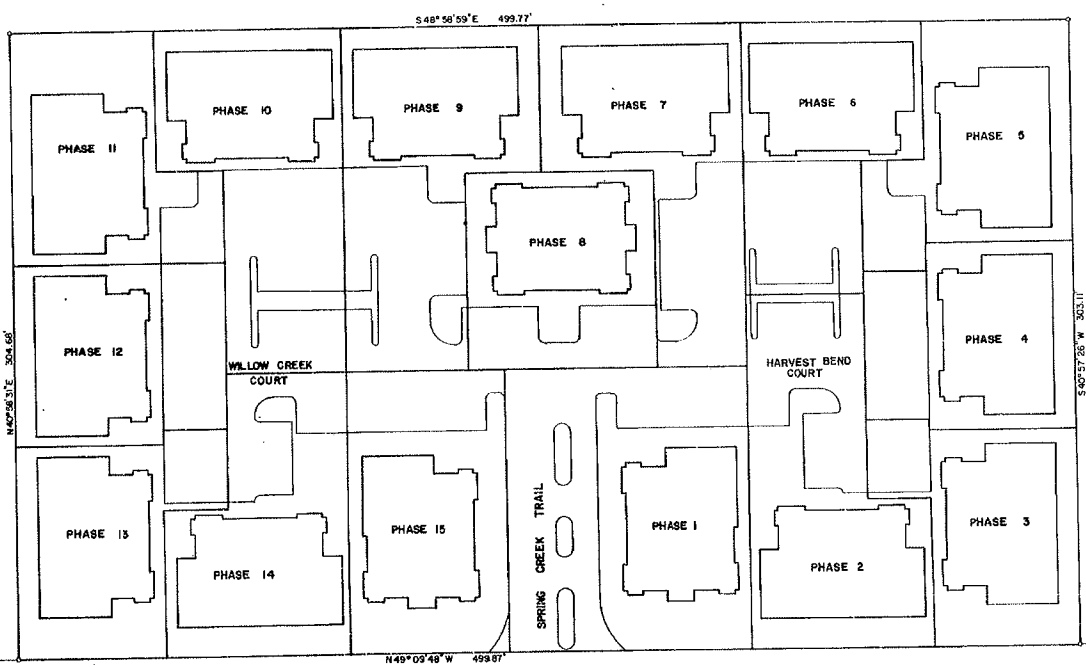
[Signature]
 W. PAUL COWELL, C.L.S. 1367

DATE: 7-27-81

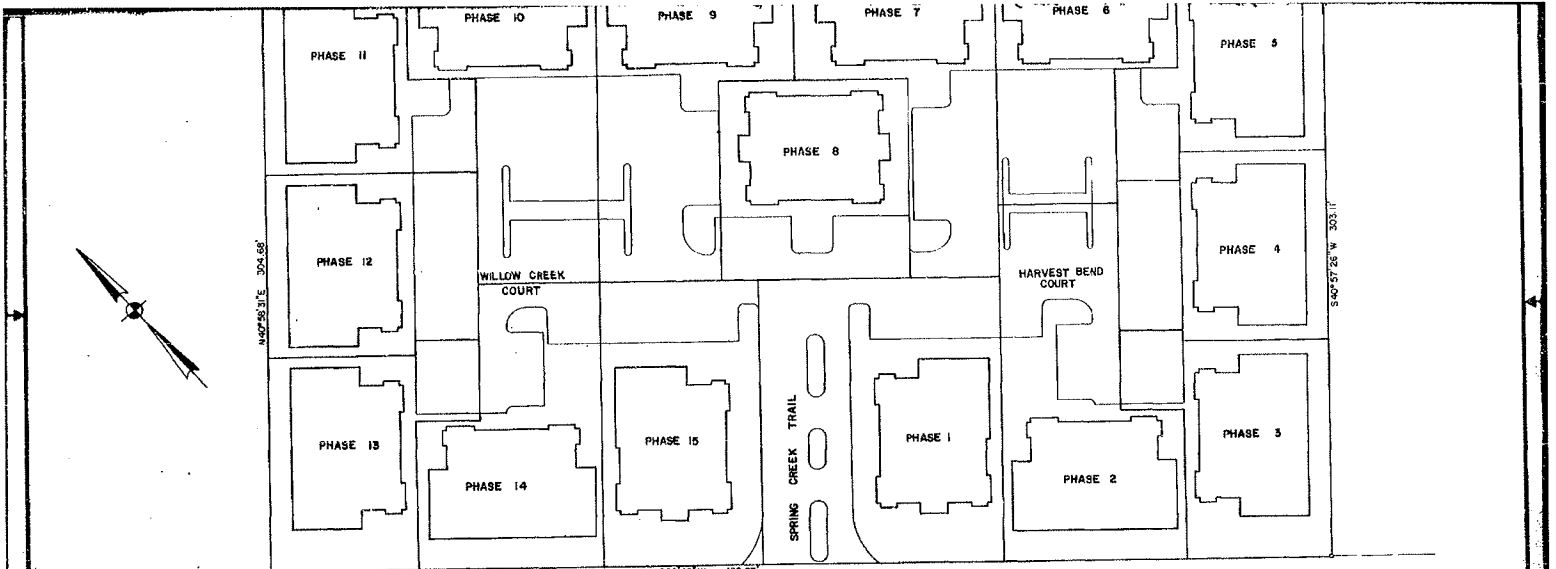
ta
Talbot & Associates, Ltd.
 Architects, Engineers, Planners, Surveyors, Landscape Architects
 1701 Lakeside Square, Virginia Beach, VA 23462
 701 Dundas Street East, Suite 612, Toronto, Ontario, Canada M5G 1R6

CLIENT NO.:	SI 100	DATE:	6-23-81
PROJECT NO.:	731	DATE:	6-23-81
DATE:		DATE:	
DATE:		DATE:	
DATE:		DATE:	
DATE:		DATE:	
PROJECT NO.:	06249A	DATE:	7-27-81
SCALE:	1" = 20'		
FILE NO.:	A-7-234		

PLAT OF
 COBBLESTONE TRACE
 PHASE I
 EXHIBIT C-1
 KEMPVILLE BOROUGH VIRGINIA BEACH, VIRGINIA



INDIAN RIVER ROAD (VAR. R/W)



N42°28'31"E 304.68'

S40°57'26"W 303.11'

N49°02'48"W 499.87'

INDIAN RIVER ROAD (VAR. R/W)

NOTE: PHASES 2-15 ARE CONVERTIBLE AND WITHDRAWABLE LAND.

VIRGINIA: IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH, VIRGINIA, ON THE 03 DAY OF August, 1987, THIS PLAT WAS RECEIVED AND ADMITTED TO RECORD IN DEED BOOK 11, AT PAGE 81.

TESTE: [Signature], CLERK



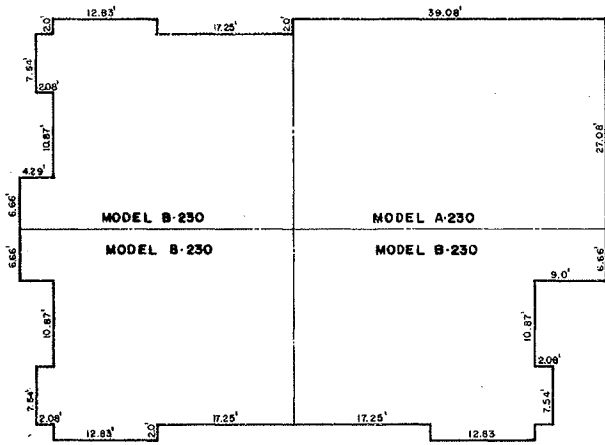
TOTAL AREA = 3.487 ACRES

Talbot & Associates Ltd.
 Architects, Engineers, Planners, Surveyors, Landscape Architects
 728 Third Street, Suite 200, Virginia Beach, VA 23462

DESIGNED BY: R.M.	DATE: 3-3-87
DRAWN BY: C.M.	DATE: 3-3-87
CHECKED BY: C.M.	DATE:
IN CHARGE: C.M.	DATE:
PROJECT NO.: 86242A	
SHEET: 1	OF 30
FILE NO.: A-7-233	

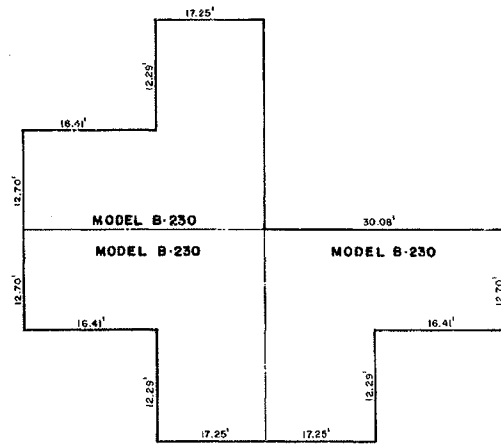
MASTER PLAN OF COBBLESTONE TRACE

EXHIBIT C-16
 KEMPVILLE BOROUGH VIRGINIA BEACH, VIRGINIA

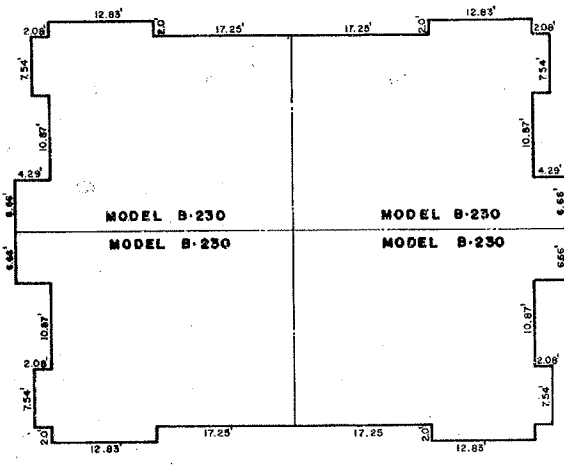


FIRST FLOOR
4 UNIT BUILDING

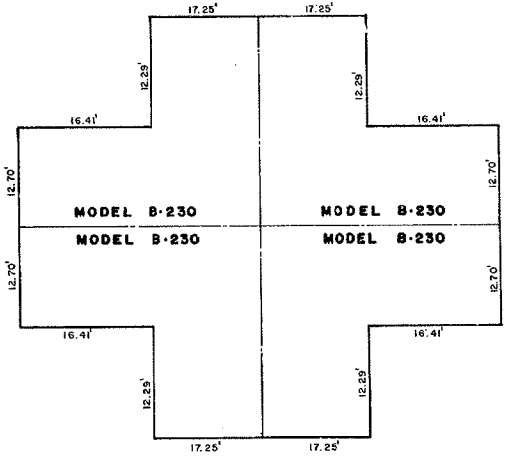
NOTE
ALL BUILDING DIMENSIONS SHOWN HEREON ARE



SECOND FLOOR

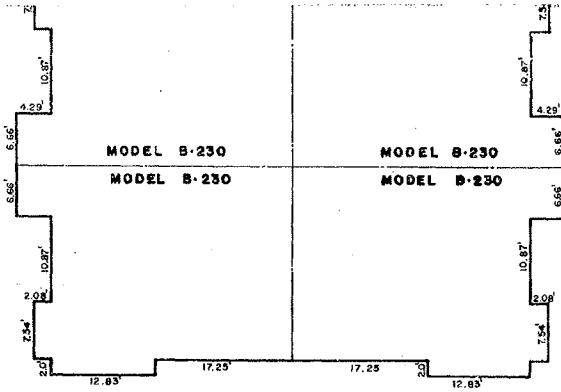


FIRST FLOOR
4 UNIT BUILDING



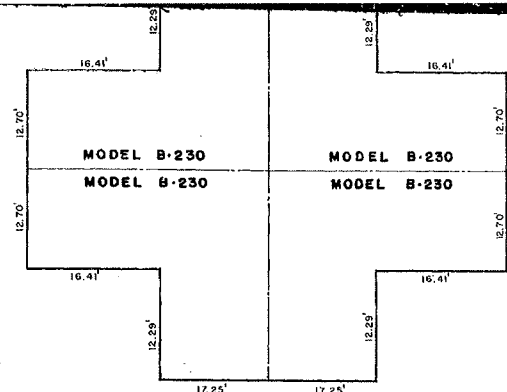
SECOND FLOOR
4 UNIT BUILDING

NOTE
ALL BUILDING DIMENSIONS SHOWN HEREON ARE EXTERIOR DIMENSIONS AND ARE IN FEET



FIRST FLOOR
4 UNIT BUILDING

NOTE
ALL BUILDING DIMENSIONS SHOWN HEREON ARE EXTERIOR DIMENSIONS AND ARE IN FEET



SECOND FLOOR
4 UNIT BUILDING



I HEREBY CERTIFY THAT THIS PLAT IS ACCURATE AND THAT IT COMPLIES WITH THE CODE OF VIRGINIA OF 1950 AS AMENDED 805-79.58, AND I FURTHER CERTIFY THAT ALL UNITS OR PORTIONS THEREOF DEPICTED HEREON PURSUANT TO THE CODE OF VIRGINIA, 805-79.58 (a), HAVE BEEN SUBSTANTIALLY COMPLETED OR ARE PRESENTLY IN STATUS SHOWN ON EACH BUILDING.

[Signature]
H. PAIGE DOCKELL, C.L.S. 1367 DATE: 7-27-77

VIRGINIA:
IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH, VIRGINIA, ON THE 31 DAY OF August, 1977, THIS PLAT WAS RECEIVED AND ADMITTED TO RECORD IN DEED BOOK _____ AT PAGE _____

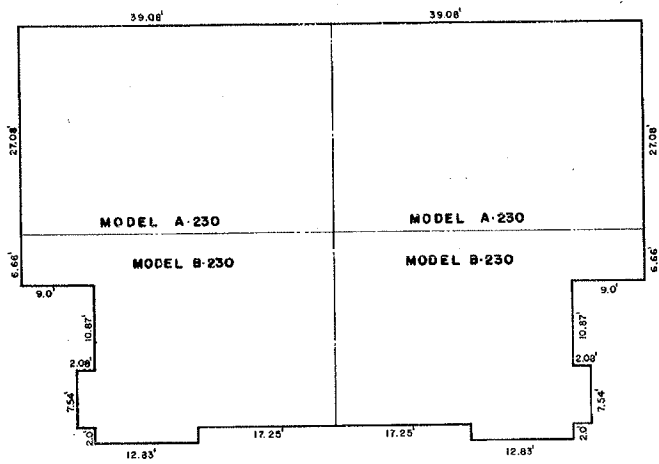
TESTE: *[Signature]* CLERK
[Signature]

Talbot & Associates Ltd.
Architects, Engineers, Planners, Surveyors, Landscape Architects
100 Lakeside Avenue, Virginia Beach, VA 23462
703-461-1111

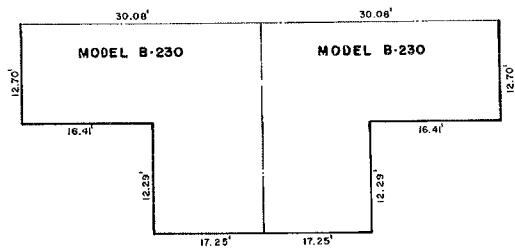
Drawn by: T.B.A.	DATE: 10/23/76
Checked by: T.B.A.	DATE: 10/23/76
Scale:	
Project No.:	
Sheet No.:	
Client:	
Project Name:	
Site No.:	
Survey No.:	
File No.:	

UNIT DIMENSIONS PLAN
OF
COBBLESTONE TRACE

EXHIBIT B-2
KEMPSVILLE BOROUGH - VIRGINIA BEACH, VIRGINIA



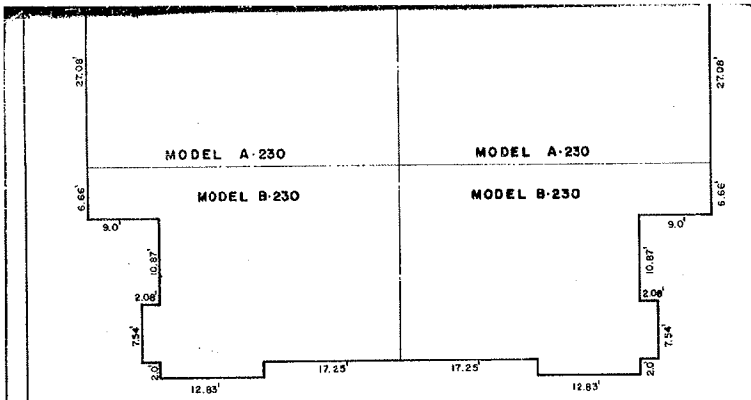
FIRST FLOOR
4 UNIT BUILDING



SECOND FLOOR

NOTE

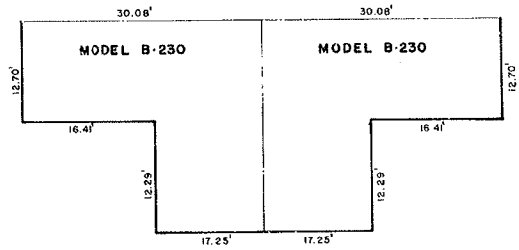
ALL BUILDING DIMENSIONS SHOWN HEREON ARE
EXTERIOR DIMENSIONS AND ARE IN FEET



FIRST FLOOR
4 UNIT BUILDING

NOTE

ALL BUILDING DIMENSIONS SHOWN HEREON ARE EXTERIOR DIMENSIONS AND ARE IN FEET



SECOND FLOOR



I HEREBY CERTIFY THAT THIS PLAT IS ACCURATE AND THAT IT COMPLIES WITH THE CODE OF VIRGINIA OF 1950 AS AMENDED 855-79.59, AND I FURTHER CERTIFY THAT ALL UNITS OR PORTIONS THEREOF DEPICTED HEREON, PURSUANT TO THE CODE OF VIRGINIA, 855-79.59 (b), HAVE BEEN SUBSTANTIALLY COMPLETED OR ARE PRESENTLY IN STATUS SHOWN ON EACH BUILDING.

W. Page Cockrell
W. PAGE COCKRELL, C.L.S. 1367 DATE: 7-22-87

VIRGINIA:
IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH,
VIRGINIA, ON THE 23 DAY OF August, 1987, THIS PLAT WAS RECEIVED
AND ADMITTED TO RECORD IN DEED BOOK _____ AT PAGE _____

TESTE: *W. Page Cockrell* CLERK

<p>Talbot & Associates, Ltd. Architects, Engineers, Surveyors, Landscape Architects 107 Colonial Square, Virginia Beach, VA 23462 779 Middle Street, Norfolk, Virginia, Norfolk VA 23502</p>	DRAWN BY: T.G.A. DATE: 10-29-86 CHECKED BY: DATE: 10-29-86 DATE: 10-29-86 DATE: 10-29-86 DATE: 10-29-86 DATE: 10-29-86 DATE: 10-29-86 DATE: 10-29-86	UNIT DIMENSIONS PLAN OF COBBLESTONE TRACE EXHIBIT B-1 KEMPVILLE BOROUGH - VIRGINIA BEACH, VIRGINIA
	UNIT DIMENSIONS PLAN OF COBBLESTONE TRACE	
	EXHIBIT B-1	
	KEMPVILLE BOROUGH - VIRGINIA BEACH, VIRGINIA	

24496

BK 2678 P01201

FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM
OF COBBLESTONE TRACE CONDOMINIUM

THIS FIRST AMENDMENT OF DECLARATION OF CONDOMINIUM Made this 29th day of September, 1987, by TERRY/PETERSON DEVELOPMENT CORPORATION, a Virginia corporation, (hereinafter referred to as the "Declarant");

W I T N E S S E T H:

WHEREAS, by that certain Declaration of Condominium dated July 27, 1987, and recorded in the Clerk's Office of the Circuit Court of the City of Virginia Beach, Virginia, in Deed Book 2660, at page 159, (hereinafter referred to as the "Declaration"), Declarant did subject certain real property situate, lying and being in the City of Virginia Beach, Virginia, to condominium ownership pursuant to the Condominium Act of the Commonwealth of Virginia, Title 55, Section 55-79.39 et seq., Code of Virginia of 1950, as existing at that time, under the name of COBBLESTONE TRACE CONDOMINIUM (hereinafter referred to as the "Condominium");

WHEREAS, the Declaration provides that Declarant can increase the number of Units in the Condominium by adding Units thereto on all or a portion or portions of certain real property therein more particularly described (hereinafter referred to as the "Convertible Land"), all subject to the terms and provisions thereof, and to the Condominium Act of the Commonwealth of Virginia; and

WHEREAS, the Declarant desires to increase the number of Units in the Condominium by eight (8) pursuant to the Condominium Act of Virginia and paragraph 6 of the Declaration;

NOW, THEREFORE, pursuant to the rights reserved by Declarant, and in accordance with paragraph 6 of the Declaration, and Title 55, Section 55-79.61, of the Code of Virginia of 1950, as the same exists at the time of the recordation of this Amendment in the aforesaid Clerk's Office, Declarant, the owner in fee simple of the property described in Exhibit "A", does hereby amend the Condominium by converting to Units those portions of the convertible land described in Exhibit "A" attached hereto and shown on Exhibits C-4 and C-5 all as more particularly set forth below.

1. THE CONVERTIBLE LAND CONVERTED TO UNITS. The real property described below, and being portions of "Phase 4"

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and Phase "5" of the Condominium, said phases being described in Exhibit "A" attached hereto, are hereby converted to Units:

- a) "#1724", "1726", "1728", and "1730" as shown on plat entitled "Exhibit C-4, Phase 4, Cobblestone Trace Condominium", made by Talbot and Associates, Ltd.
- b) "1732", "1734", "1736", and "1738" as shown on plat entitled "Exhibit C-5, Phase 5, Cobblestone Trace Condominiums", made by Talbot and Associates, Ltd.

2. UNIT BOUNDARIES. The Unit Boundaries for the eight (8) Units added by this First Amendment to the Declaration of Condominium shall be the same as the Unit Boundaries created by the Declaration.

3. REALLOCATION OF UNDIVIDED INTEREST IN COMMON ELEMENTS AND REALLOCATION OF VOTES. Pursuant to Section 55-79.56(b) of the Code of Virginia 1950, the interests in the Common Elements of the Condominium are hereby reallocated to each and every Unit, including units previously submitted to those hereby converted, and votes in the Unit Owners Association and liability for Common Expenses are hereby similarly allocated to each and every unit, as follows: Each Unit Owner shall own, as an appurtenance to this Unit, an undivided one twelfth (1/12) interest in the Common Elements. Each Unit Owner shall be entitled to cast one (1) vote for each Unit owned at any meeting of the Cobblestone Trace Condominium Association, Inc., in accordance with the terms and provisions of the Bylaws of Cobblestone Trace Condominium Association, Inc.

4. LIMITED COMMON ELEMENTS. As to each of the said additional Units (Units #1724, #1726, #1728, #1730, #1732, #1734, #1736, and #1738), the patio, privacy fence bordering the patio and storage shed, and the land located outside of the Unit but within the fenced area immediately to the rear of the Unit, and which serves a particular Unit, are LIMITED COMMON ELEMENTS for the use and benefit of that Unit. The storage shed is part of the Unit.

5. CONFIRMATION OF CONDOMINIUM INSTRUMENTS. Except as modified by this Amendment, all terms and provisions of the Condominium Instruments are hereby expressly ratified and confirmed, and shall remain in full force and effect and shall be applicable to the Condominium Units and Common Elements created hereby.

GUY, CROMWELL, BETZ
& LUSTIG, P.C.
ATTORNEYS AT LAW