

maintenance and upkeep of the Cluster Common Area shall be borne equally by all lot owners in the Cluster Sections, but no lot owner in a Detached Section shall be entitled to use nor shall he or she be responsible for the maintenance and upkeep of the Cluster Common Areas.

Section One of the PUD Plan shall be the first section to be recorded, and as provided hereinafter, the balance of the Property as shown on said PUD Plan or certain other properties as described hereinafter may be annexed. Upon such annexation being made as provided hereinafter, such succeeding sections or properties shall be made subject to all of the terms and conditions hereof upon such Annexation being made.

Section One of the PUD Plan may be more fully described as follows:

All those certain pieces, parcels or tracts of land as shown on that certain plat entitled, "MEADOW LAKE FARMS, SECTION ONE, COUNTY OF YORK, VIRGINIA", prepared by Coenen & Associates, Inc., Engineers-Planners-Surveyors, Newport News, Virginia dated June 19, 1985, which plat is made a part hereof by reference thereto and is recorded in the Clerk's Office for the Circuit Court for the County of York, Virginia at Plat Book 10, Page 199, said plat containing a total area of 24.9080 acres of which the "area within lot" is 12.2637 acres and the "area within R/W" is 5.0830 acres and the "common area" is 7.5613 acres. (Said plat shall be referred to herein as the "Subdivision Plat" and the property as Section One.)

It is the further purpose of these Covenants, Conditions and Restrictions to provide a method of annexation so that the additional properties may be annexed and thereby made subject to the terms and conditions hereof.

NOW, THEREFORE, Declarant hereby declares that all of the property as shown in Section One as described above together with any Section or properties which may be annexed pursuant to the terms hereof shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to MEADOWLAKE FARMS HOMES ASSOCIATION, its successors and assigns, "Cluster Association" shall mean and refer to Meadowlake Farms Cluster Homes Association, its successors and assigns; both such Associations shall be non-stock, non-profit corporations organized under the laws of the State of Virginia.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any detached single family home type lot or any attached single family townhouse for sale type lot which are a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to Section One hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. A. "General Common Area" shall mean all real property, including the improvements thereto, exclusive of the Cluster Common Area together with the facilities related thereto as hereinafter defined and the improvements thereon, owned or to be owned by the Association for the common use and enjoyment of all of the owners. For example, the General Common Area is duly shown on the Section One Plat and is identified thereon as the "Common Area", containing 7.5613 acres.

B. "Cluster Common Area" shall mean all real property, including the improvements thereon, owned or to be owned by the Cluster Association, the purpose of which is to serve exclusively Cluster Sections consisting of attached or townhouse-for-sale lots.(and being shown in Sections 2 and 3 of the PUD Plan). The Cluster Common Area shall include facilities or improvements which are designed for use by the lot owners in the Cluster Sections such as (1) curbing and paved areas containing the driveways and parking lots for the lots contained in said Sections Two and Three; (2) the sidewalks/walkways located or to be located within said Sections Two and Three; (3) the dumpsters or other garbage collection devices together with the pads or improvements upon which they are situated, whose purpose is to serve the lot owners in the Cluster Sections and (4) any improvement or facility whose sole use or purpose is

to serve the lot owners in the Cluster Sections. Any common area or facility which is designed for the joint use of both the lot owners in the Detached Sections and the Cluster Sections shall be deemed a part of the General Common Area and not the Cluster Common Area.

C. "Cluster Development" shall mean and refer to a section wherein there are only townhouse-for-sale Lots (and no detached single family Lots), together with the appurtenant Cluster Common Area.

Section 5. "Lot" shall mean and refer to the numbered lots as shown on the Subdivision Plat of Section One. Lot shall also mean and refer to similar detached single family lots on annexation plats with respect to Sections Four and Five and to the townhouse-for-sale lots shown on the annexation plats for Sections Two and Three or to any similar lots of any similar sections which may be annexed.

Section 6. "Declarant" shall mean and refer to ATLANTIC HOMES DEVELOPMENT CORPORATION, a Virginia Corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development. Declarant may also include the parties set forth in Article VIII, Section 4. Annexation.

Section 7. "Mortgage" as used herein shall mean a mortgage or deed of trust, said terms having the same meaning and may be used interchangeably.

ARTICLE II

PROPERTY RIGHTS as to

GENERAL COMMON AREAS AND CLUSTER COMMON AREAS

A. AS TO GENERAL COMMON AREAS, the following provisions apply:

Section 1. Owners' Easements of Enjoyment. Every Owner, including detached single family lot owners and townhouse-for-sale lot owners, shall have a right and easement of enjoyment in and to the General Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the General Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an

Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the General Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to or be authorized by the Board of Directors of the Association.

(d) the right of the Association acting through its Board of Directors to enter into short term or long term (1) contracts with individuals, or with similar home owners associations acting on behalf of their respective lot owners, for the purpose of permitting such individuals or lot owners to use and enjoyment of the recreational facilities located in the General Common Area such as the swimming pool and bath house and ballfield as shown on the PUD Plan upon payment to the Association of such fees and charges as may be mutually agreed and (2) contracts with individuals, similar homes associations, or firms, partnerships or corporations for the maintenance and upkeep of the lake as shown on the PUD Plan together with all equipment or facilities related thereto including without limitation so that the same shall be included as part of a larger drainage system with costs for maintenance, upkeep or replacement to be as mutually agreed.

(e) the transfer of a lot automatically transfers membership in the Association and all rights of the transferror with respect to the General Common Areas and facilities to which ownership of such lot relate.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the General Common Area facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Leasing. Any owner may lease or rent his Lot as long as the use of the Lot is consistent with the restrictions herein and provided that the lease agreement between owner and lessee shall be written and shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and all other documents of

the Association and that failure of the lessee to comply with the terms of such documents shall constitute a default under the lease.

B. AS TO THE CLUSTER COMMON AREAS, the following provisions apply:

Section 1. Owners' Easements of Enjoyment. Every Owner of a Cluster Section lot (for example the townhouse-for-sale lots as shown in Sections 2 and 3 of the PUD Plan) shall have a right and easement of enjoyment in and to the Cluster Common Area (and to the improvements and facilities when they are a part thereof) located within Cluster Sections where such Lot is situated which shall be appurtenant to and shall pass with the title to every such Lot as to such section, subject to the following provisions:

(a) the right of the Cluster Association to charge or impose Cluster Assessments as fees provided hereinafter in Article IV B.

(b) the right of the Cluster Association to suspend the voting rights and right to use of the recreational facilities by a Cluster Section lot Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Cluster Association to dedicate or transfer all or any part of the Cluster Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to or be authorized by the Board of Directors of the Association.

(d) the transfer of a Cluster Section lot automatically transfers membership in the Cluster Association and all rights of the transferror with respect to the Cluster Common Areas and facilities to which ownership of such lot relate.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Cluster Common Area facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Leasing. Any owner may lease or rent his townhouse-for-sale Lot as long as the use of the Lot is consistent with the restrictions herein and provided that the lease agreement between owner and

lessee shall be written and shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and all other documents of the Association and that failure of the lessee to comply with the terms of such documents shall constitute a default under the lease.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

A. As to the Association, the following membership and voting rights shall apply:

Section 1. Every Owner of a Detached Section lot and of a Cluster Section lot shall be subject to assessment in the manner herein set forth and shall be a member of the Association with each such lot Owner having an equal voting right with every other lot Owner. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

CLASS A. Class A members shall be all Owners of a Detached Section lot or a Cluster Section lot, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

CLASS B. The Class B member(s) shall be the Declarant, and shall be entitled to three (3) votes for each Detached Section lot and/or Cluster Section lot owned now or in any section which may be hereafter annexed. Such entitlement to three (3) votes shall be in effect at any time hereafter when the total votes outstanding in the Class A membership is less than the total votes outstanding in the Class B membership. At such time as the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, then the Class B membership shall be entitled to only one (1) vote for each Lot owned provided, however, that in the event of subsequent annexation or annexations Lot ownership of the Class A and Class B members shall be counted in the aggregate and based upon said aggregate Lot ownership, the entitlement as hereinabove set forth shall apply or re-apply as the case

may be; provided, however, that in any event on the earlier to occur of December 1, 1995 or 66 per cent of the total lots of the PUD having been platted in an approved sub-division plat of York County and built upon, the Class B membership shall cease and be converted to Class A membership and thereafter the Class B member and the Class A members shall be entitled to one (1) vote for each Lot ownership thereafter.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

B. As to the Cluster Association, the following membership and voting rights shall apply:

Section 1. Every Owner of a Cluster Section lot shall be subject to assessment in the manner herein set forth and shall be a member of the Cluster Association with each such cluster lot Owner having an equal voting right with every other cluster lot Owner. Membership shall be appurtenant to and may not be separated from ownership of any Cluster Lot which is subject to assessment.

Section 2. The Cluster Association shall have two classes of voting membership:

CLASS A. Class A members shall be all Owners of a Cluster Section lot, with the exception of the Declarant, and shall be entitled to one vote for each Cluster Lot owned. When more than one person holds an interest in any Cluster Lot, all such persons shall be members. The vote for such Cluster Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Cluster Lot.

CLASS B. The Class B member(s) shall be the Declarant, and shall be entitled to three (3) votes for each Cluster Section lot owned now or in any section which may be hereafter annexed. Such entitlement to three (3) votes shall be in effect at any time hereafter when the total votes outstanding in the Class A membership is less than the total votes outstanding in the Class B membership. At such time as the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, then the Class B membership shall be entitled to only one (1) vote for each Cluster Lot owned provided, however, that in the event of subsequent annexation or annexations Lot ownership of the Class A

and Class B members shall be counted in the aggregate and based upon said aggregate Lot ownership, the entitlement as hereinabove set forth shall apply or re-apply as the case may be; provided, however, that in any event on the earlier to occur of December 1, 1995 or 66 per cent of the total lots of the PUD having been platted in an approved sub-division plat of York County and built upon, the Class B membership shall cease and be converted to Class A membership and thereafter the Class B member and the Class A members shall be entitled to one (1) vote for each Cluster Lot ownership thereafter.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

A. AS GENERAL ASSESSMENTS FOR ALL LOTS:

Section 1. Creation of the Lien and Personal Obligation of General Assessments. The Declarant, for each Detached Section Lot and/or Cluster Section Lot owned within the Properties, (including without limitation Properties which may be annexed hereunder), hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association as general assessments, the following: (1) general annual assessments or charges, and (2) general special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The general annual and general special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of General Assessments. The general assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all of the residents in the Properties and for the improvement and maintenance of the General Common Area, provided, however, that no part thereof shall be used for the

improvement and maintenance of the Cluster Common Area, or any part thereof.

Section 3. Maximum General Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum general annual assessment shall not exceed FOUR HUNDRED EIGHTY and no/100 Dollars per year (\$480.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum general annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum general annual assessment may be increased above ten percent (10%) by a vote of more than two-thirds (2/3rds) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the general annual assessment at an amount not in excess of the maximum.

Section 4. General Special Assessments for Capital Improvements.

In addition to the general annual assessments authorized above, the Association may levy, in any assessment year, a general special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the General Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of more than two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class

of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both general annual and general special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7. Date of Commencement of General Annual Assessments: Due Dates. The general annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first lot by the Declarant to an Owner not a Declarant as herein defined. The first general annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the general annual assessment against each Lot at least thirty (30) days in advance of each general annual assessment period. Written notice of the general annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of General Assessments: Remedies of the Association. Any general assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the general assessments provided for herein by non-use of the General Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to

mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

B. AS CLUSTER ASSESSMENTS FOR CLUSTER SECTION LOTS:

Section 1. Creation of the Lien and Personal Obligation of Cluster Assessments. As cluster assessments for Cluster Section lots, Declarant, for each Cluster Section Lot owned within the Properties, hereby covenants, and each Owner of any Cluster Section Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Cluster Association, in addition to the general annual and general special assessments as provided hereinabove in Article IV A, as cluster assessments, the following: (1) cluster annual assessments or charges, and (2) cluster special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The cluster annual and cluster special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Cluster Assessments. The cluster assessments levied by the Association shall be used exclusively:

- (a) to provide for the maintenance and improvement of the Cluster Common Area within such Cluster Section; including the establishment of reasonable reserves in connection therewith (which shall be segregated and shall not be commingled with other funds of the Association).

Section 3. Maximum Cluster Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot in a Cluster Section to an Owner, the maximum cluster annual assessment shall be FOUR HUNDRED EIGHTY and no/100 Dollars (\$480.00) per year per Cluster

(which said amount shall be in addition to the assessments set forth in Article IV A hereinabove for such Cluster Section lot owner).

(a) From and after January 1 of the year immediately following the conveyance of the first Cluster Section Lot to an Owner, the maximum cluster annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Cluster Section Lot to an Owner, the maximum cluster annual assessment may be increased above ten percent (10%) by a vote of more than two-thirds (2/3rds) of each class of the townhouse-for-sale lot owners who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the cluster annual assessment at an amount not in excess of the maximum.

Section 4. Cluster Special Assessments for Capital Improvements.

In addition to the cluster annual assessments authorized above, the Association may levy, in any assessment year, a cluster special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Cluster Common Area or improvement or facility related thereto, provided that any such assessment shall have the assent of more than two-thirds (2/3rds) of the votes of each class of Cluster Section members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members of such Cluster Section not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of Cluster Section membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at

the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Cluster Assessment. Both cluster annual and cluster special assessments must be fixed at a uniform rate for all Cluster Section Lots within such Cluster Section and may be collected on a monthly basis.

Section 7. Date of Commencement of Cluster Annual Assessments: Due Dates. The cluster annual assessments provided for herein shall commence as to all Cluster Section Lots within such Cluster Section on the first day of the month following the conveyance of the first Cluster Section lot by the Declarant to an Owner not a Declarant as herein defined. The first cluster annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the cluster annual assessment against each Cluster Section Lot at least thirty (30) days in advance of each cluster annual assessment period. Written notice of the annual assessment shall be sent to every Cluster Section Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Cluster Assessments: Remedies of the Association. Any cluster assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the cluster assessments provided for herein by non-use of the Cluster Common Area or abandonment of his Cluster Section Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to

mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

ARCHITECTURAL CONTROL AND PROPER MAINTENANCE

Except as to any construction by the Declarant upon the property subject to the within Declaration of Covenants, Conditions and Restrictions, including any Properties subsequently annexed in accordance with the terms hereof, no building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made or change in any exterior color be made, until the plans and specifications showing the nature, kind, shape, height, materials, location or design or color of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Any lot Owner may re-paint any exterior surface using the same color without having the same approved as hereinabove provided.

The Cluster Association may, from time to time, within the Cluster Section (but not the detached Section) determine to re-paint all exterior areas in need of such re-painting or to repair or replace the roofs or exterior walls of the townhouses situated thereon, if necessary, provided, however, (1) all such costs shall be paid by funds derived from the Cluster Section lot owners under cluster annual or cluster special assessments previously collected; and (2) this right and privilege by the Cluster Association to paint, repair or replace shall be at the option of

the Cluster Association, and shall not be deemed a liability or responsibility so to do.

The Cluster Association shall have the duty to insure that the Cluster Common Area and the facilities and improvements related thereto are properly maintained.

ARTICLE VI

PROPERTY RESTRICTIONS

Section 1. Vehicle and Traffic Control. The Board of Directors of the Association as to the General Common Area and the Board of Directors as to the Cluster Common Area, from time to time, may make and enforce rules and regulations relating to the parking or storage on the Properties of all types of motor vehicles, including without limitation, passenger automobiles, trucks, vans, motorcycles, recreational vehicles, or boats and trailers.

Section 2. Repair and Storage of Automotive Vehicles. The Board of Directors of the Association as to the General Common Area and the Board of Directors as to the Cluster Common Area, from time to time, may make Rules and Regulations relating to, or prohibiting the parking or storage of inoperable, unlicensed or abandoned motor vehicles of any type or the repairing, overhauling, painting, or work of a similar nature on any motor vehicle, routine maintenance being specifically permitted.

Section 3. Pets and Domestic Animals. The Board of Directors of the Association as to the General Common Area and the Board of Directors as to the Cluster Common Area may, from time to time, as necessary, promulgate rules and regulations regarding the size, number, activities and control of pets and domestic animals upon the Properties. Such rules may differ between the Cluster Section lot Owners and the Detached Section lot Owners.

Section 4. Recreational Facilities. The Board of Directors of the Association as to the General Common Area and the Board of Directors as to the Cluster Common Area shall promulgate Rules and Regulations for the use, security, maintenance, cleaning and operation of the General Common Area or Cluster Common Area and any recreation areas and facilities in the Properties or in any annexed areas.

Section 5. Restricted Uses. No Detached Section Lot or Cluster Section Lot shown on said plat shall be used except for residential purposes. Every dwelling unit constructed within the subdivision shall be connected to the public sewerage disposal system. Easements for the installation, repair and maintenance of utilities (including but not limited to water and sanitary sewer) and drainage facilities and for egress and ingress thereto are reserved in the General Common Area and in the Cluster Common Area as shown on said recorded plat or as may be necessary in the future to serve any Lots within the PUD Plan. No nuisance, noxious or offensive activity shall be carried upon any Lot, nor shall anything be done thereon which may be or become an annoyance to the neighborhood. The Board of Directors may from time to time authorize the granting of public utility easements across, over, upon and under the General Common Area or Cluster Common Area to serve such areas or for the benefit of any Owner or Owners or Declarant.

ARTICLE VII

PARTY WALLS

The following provisions shall be applicable to the Cluster Section Lots:

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Cluster Section upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators; if the arbitrators cannot agree upon the additional arbitrator to be appointed, then either party may petition the Circuit Court for the County of York for the appointment of such additional arbitrator.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association or the Cluster Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity in the Circuit Court for the County of York, Virginia, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or the Cluster Association, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Court is hereby specifically empowered and authorized to use of its equitable powers and authorities to correct any arbitrary, capricious or unreasonable act by the Association, or any lot owner, committee connected herewith.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot

Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Annexation. All or any part of the following described Properties may be annexed hereto at any time hereafter solely by Declarant, or by ATLANTIC HOMES CORPORATION, or a corporation or partnership of which ATLANTIC HOMES DEVELOPMENT CORPORATION and/or ATLANTIC HOMES CORPORATION is the principal or general partner thereof (said parties other than Declarant being referred to herein as Additional Declarants) without the consent of the Class A or Class B members of the Association; and upon the same happening, Declarant or such Additional Declarants and shall individually be entitled to and subject to all of the privileges, rights and liabilities herein set for Declarant, and all of said parties being collectively referred to in this Section 4 as the "Declarant" or "Additional Declarants". Said Properties which may so be annexed being described as follows:

(1) All or any portion of the property as shown on the attached Exhibit "B" and "C" which is made a part hereof by reference thereto.

Declarant may cause such annexation to be made by including the provisions of such annexation to be shown on such recordation plat, or by an instrument executed by Declarant and duly recorded, describing the parcel or parcels to be annexed and referring to and making such parcel or parcels subject to the within Covenants, Conditions and Restrictions, or both.

Upon any such annexation being so made, the real estate or "Properties" covered thereby, together with the Declarant and all Owners thereof, and their heirs, successors and assigns, shall be entitled to, and subject to, all of the terms of the within Covenants, Conditions and Restrictions in the same manner as if such annexed parcel had been included within the legal description as contained in said Section One.

It is further understood and agreed that such annexation of all or of any part of the real estate hereinabove described shall be solely at the option of the Declarant or Additional Declarants and Declarant or Additional Declarants may from time to time annex all or any part or parts thereof as determined solely by the Declarant without the necessity of approval of any Lot Owner of the Association, anything to the contrary

notwithstanding in the Articles of Incorporation or By-Laws of the Association.

Section 5. Encroachments. In the event any portion of any improvement on any Lot encroaches upon the Common Areas and facilities, as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion thereof, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

Section 6. Additional Covenants. It is understood and agreed, anything to the contrary contained herein notwithstanding, as follows:

a) A first mortgagee will be provided written notification of any default by the mortgagor of such unit in the performance of such mortgagor's obligations under the Planned Unit Development documents which is not cured within 30 days; as used herein the terms 'first mortgagee', 'mortgage' or 'mortgagor' shall have the same meaning and import as 'first deed of trust noteholder', or 'first deed of trust', or 'grantor of a deed of trust'; the terms 'mortgage' and 'deed of trust' for the purposes herein shall have the same meaning and intent.

b) Any first mortgagee who comes into possession of a unit in the Properties pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any 'right of first refusal', if any.

c) Any first mortgagee who comes into possession of the unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder comes into possession of the unit.

d) Unless at least 75% of the first mortgagees (based upon one vote for each first mortgage) of individual units in the Properties have given their prior written approval, the Association shall not be entitled to:

(1) by act or omission seek to abandon, petition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by such association for the benefit of the Owners and Lots in the Properties.

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

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

(3) fail to maintain fire and extended coverage on insurable general common area or cluster common area property on a current replacement cost basis in an amount not less than one hundred per cent (100%) of the insurable value (based on current replacement cost);

(4) use hazard insurance proceeds for losses to any general common area property or cluster common area property for other than the repair, replacement or reconstruction of such improvements.

e) First mortgagees shall have the right to examine the books and records of the Association or any entity which owns the general common area or the cluster common area property of the Association.

f) First mortgagees of units in the Properties may, jointly or singly, pay taxes or other charges which are in default and which may have become a charge against any general common area or cluster common area property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement is hereby agreed to and this instrument shall constitute an agreement in favor of all first mortgagees of units in the Properties.

g) No provision of the Association Articles of Incorporation, or the declaration of easements, restrictions and covenants, or any similar instrument pertaining to the Properties or to units therein, gives a lot Owner or any other party priority over any rights of first mortgagees of units herein pursuant to their mortgages in the case of a distribution to lot Owners of insurance proceeds or condemnation awards for losses to or taking of the Association's common property.

h) Lot Owners have a right to enjoyment of the common areas as provided herein and such property is owned in fee by the Association. The common area properties were conveyed to the Association unencumbered except

for any easements granted for public utilities or for other public purposes consistent with the intended use of such property by the Association.

i) In the event that management other than self-management is required of the Association, and in the event that the Association elects or decides to terminate said management, then all first mortgagees shall be given at least thirty (30) days' notice of said action.

j) All first mortgagees shall be entitled to receive reasonable written notice of damage to or condemnation of any part of the common areas and facilities.

IN WITNESS WHEREOF, the undersigned Declarant, ATLANTIC HOMES DEVELOPMENT CORPORATION, a Virginia Corporation, has caused this instrument to be executed on its behalf as of the date and year first above written.

ATLANTIC HOMES DEVELOPMENT CORPORATION,
a Virginia Corporation
(Declarant)

By: [Signature]
Its President

STATE OF VIRGINIA

City of Newport News, to-wit:

The foregoing instrument was acknowledged before me this 7th day of December, 1985, by KENNETH L. ALLEN, the President of ATLANTIC HOMES DEVELOPMENT CORPORATION, a Virginia Corporation.

[Signature]
Notary Public

My commission expires: March 13, 1989

EXHIBIT B

ALL that certain parcel of land in the County of York, Virginia consisting of 72.6875 acres designated as Parcel "A" on that certain plat entitled, "Plat of the Property of Bank of Virginia Trust Company, Trustee, etal. Parcels "A" & "B", Bethel District, York County, Virginia", made by Coenen & Associates, Inc., Engineers-Planners-Surveyors, dated August 15, 1983, recorded with the next mentioned deed and being more particularly described with reference thereto as follows:

BEGINNING at a pipe found in the east line of State Route 134, which is south 32 degrees 12' 19" east .9 mile from the south line of State Route 171; thence extending north 26 degrees 20' 05" east 1223.12 feet to a pipe found; thence extending north 24 degrees 44' 37" east 146.30 feet to a pine tree; thence extending north 60 degrees 52' 21" east 382.91 feet to a pipe set in stump; thence extending north 55 degrees 47' 24" east 411.79 feet to a 30-inch Gum tree; thence extending north 6 degrees 16' east 330.15 feet to a point; thence extending north 88 degrees 4' 43" east 61.77 feet to a point; thence extending north 89 degrees 36' 43" east 235.15 feet to a point; thence extending south 86 degrees 34' 23" east 225.5 feet to a point; thence extending north 89 degrees 36' 43" east 65 feet to a point; thence extending south 68 degrees 35' 12" east 37.7 feet to a point; thence extending north 89 degrees 36' 43" east 50 feet to a point; thence extending north 34 degrees 12' 15" east 35.23 feet to a point; thence extending north 89 degrees 36' 43" east 55 feet to a point; thence extending north 81 degrees 38' 32" east 50.49 feet to a point; thence north 89 degrees 36' 43" east 170.66 feet to a point; thence extending south 0 degrees 35' east 72.57 feet to a point; thence extending south 66 degrees 30' east 231 feet to a pipe set; thence extending south 71 degrees 34' 35" east 487.17 feet to a pipe found; thence extending south 18 degrees 54' west 591.3 feet to a Holly tree; thence extending south 12 degrees 16' 31" west 708.16 feet to a pipe found; thence extending south 72 degrees 09' west 578.93 feet to a Gum tree; thence extending north 65 degrees 47' 45" west 1295.69 feet to a pipe found; thence extending south 32 degrees 49' 30" west 764.21 feet to a pipe found; thence south 56 degrees 17' 34" west 463.79 feet to a point in the said east line of State Route 134; thence extending north 33 degrees 12' 19" west along the said east line of State Route 134 150 feet to the point and place of beginning.

EXHIBIT C

All that certain tract or parcel of land situate, lying and being in Bethel District, York County, Virginia, containing 153.764 Acres, more or less, as shown on a certain plat entitled, "PLAT SHOWING PROPERTY OF H. W. ROBERSON COMPANY, INCORPORATED AND THOMAS R. HALL, BEING LOCATED ON STATE ROUTE 134 AND BIG BETHEL ROAD, BETHEL DISTRICT, YORK COUNTY, VIRGINIA," dated November 1, 1974, made by S. J. Glass and Associates, Engineering Services, which plat is duly of record in the Clerk's Office of the Circuit Court of York County, Virginia in Plat Book 10, pages 19 & 20, to which reference is here made.

VIRGINIA: County of York to-wit:

In the Clerk's Office of the Circuit Court for the County of York, the 7th day of January 1976

This deed was presented with the certificate annexed and admitted to record at 2:01 o'clock PM

Teste: Edith M. Elliott, Clerk

By: Nancy Stump Deputy Clerk