

EDINBURGH

DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS

THIS DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS (the "Declaration") is made this 29th day of March, 2004 by **PRECON DEVELOPMENT CORPORATION, INC.**, a Virginia corporation, and **EDINBURGH LAND ASSOCIATES, LLC**, a Virginia limited liability company (collectively, "Developer") [each named herein as "Grantor" for purposes of recording].

RECITALS

Developer is the owner of certain real estate in the City of Chesapeake, Virginia, on which it intends to create a planned community to be generally known as "Edinburgh." In order to provide for the preservation and enhancement of property values and the maintenance and care of certain amenities within the community, Developer desires to subject the real estate described in Exhibit A, together with such additions thereto as may be made in the manner hereinafter provided, to the covenants, restrictions, easements, charges and liens hereinafter set forth, all of which are for the benefit of the community and the owners within the community.

NOW, THEREFORE, Developer hereby declares that the real estate described in Exhibit A hereto, and such additions thereto as may hereafter be made pursuant to Article II (but as to such additions, subject to any additions, deletions and modifications to the provisions of this Declaration as are made pursuant to Section 2.2), is and shall be held, transferred, sold, conveyed

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FAYE W. MITCHELL, CLERK

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and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth, as the same may be amended, modified, supplemented or restated from time to time.

ARTICLE I

DEFINITIONS

Section 1.1. "Additional Area" shall have the meaning set forth in Section 2.1 of this Declaration.

Section 1.2. "Annual Assessment" shall have the meaning set forth in Section 5.3 of this Declaration.

Section 1.3. "Architectural Review Committee" means the Edinburgh Architectural Review Committee established pursuant to the Development Criteria.

Section 1.4. "Articles" means the Articles of Incorporation of Edinburgh Community Association, Inc., as the same may be amended from time to time.

Section 1.5. "Association" means the Edinburgh Community Association, Inc., a Virginia nonstock corporation, its successors and assigns.

Section 1.6. "Bylaws" means the Bylaws of Edinburgh Community Association, Inc., as the same may be amended from time to time.

Section 1.7. "Clerk's Office" means the Clerk's Office of the Circuit Court of the City of Chesapeake, Virginia.

Section 1.8. "Common Area" means (i) real estate and/or easements specifically designated as "Common Area" or "Common Area Easement" on recorded plats of the Properties, in any Supplemental Declaration or in any amendment to this Declaration or in any other instrument executed by Developer and recorded in the Clerk's Office; (ii) the portions of the Properties, if any, designated for "open space," "buffer zones," "scenic easements,"

"conservation areas," "landscape easement" and "BMP" or similar purposes on recorded plats of the Properties and conveyed (by deed, plat dedication or easement) to and accepted by the Association; and (iii) all other real property, easements, and improvements or facilities now or hereafter owned by the Association which are intended to be devoted to the common use and enjoyment of the Owners. The Common Area includes or may in the future include, without limitation, entrance signs and entry features, water features, landscaping easements, certain fencing, medians located within or adjacent to streets within the Properties, certain parks and open space areas, gazebos, one or more storm water detention ponds or "BMP's," areas set aside for pedestrian and/or bicycle paths and other recreational facilities intended to be used by the Owners. Portions of the Common Area may be designated by the Developer pursuant to Section 4.4 hereof as "Limited Common Areas" for the exclusive use of one or more but less than all of the Owners.

Section 1.9. "Declaration" means this Declaration of Protective Covenants and Restrictions, as the same may be supplemented, amended or restated from time to time.

Section 1.10. "Developer" means Precon Development Corporation, Inc., a Virginia corporation, and Edinburgh Land Associates, LLC, a Virginia limited liability company, and their successors as "Developer" of the Properties to whom they have assigned their rights hereunder by instrument recorded in the Clerk's Office as provided in Section 9.11.

Section 1.11. "Developer Assessment" shall have the meaning set forth in Section 5.11 of the Declaration.

Section 1.12. "Design Review Committee" or "DRC" shall have the meaning set forth in Section 6.1 of this Declaration.

Section 1.13. "Detailed Standards" means the Detailed Standards for the Edinburgh Planned Unit Development (PUD) adopted by the Architectural Review Committee pursuant to the Development Criteria, as the same may be amended, supplemented or restated from time to time.

Section 1.14. "Development Criteria" means the Development Criteria for the Edinburgh Planned Unit Development (PUD), date stamped October 1, 2003, and approved by the City Council of the City of Chesapeake on November 25, 2003, as the same may be amended, supplemented or restated from time to time.

Section 1.15. "General Assessments" shall have the meaning set forth in Section 5.3 of the Declaration.

Section 1.16. "Governing Documents" means the Articles, the Bylaws, this Declaration and any Supplemental Declaration, as the same may be amended, supplemented or restated from time to time.

Section 1.17. "Improvement" shall have the meaning set forth in Section 6.2 of this Declaration.

Section 1.18. "Limited Common Area" means the portion(s), if any, of the Common Area designated by the Developer pursuant to Section 4.4 hereof for the exclusive use of one or more but less than all of the Owners.

Section 1.19. "Lot" means any lot which is shown on a recorded subdivision plat (or any subsequently recorded subdivision plat) and on which is constructed or is to be constructed a single family, detached residence. The term "Lot" shall not include any portion of the Properties which at the time in question is not included in a recorded subdivision plat, nor shall "Lot"

include Common Areas, Limited Common Areas, public streets or property dedicated to and accepted by a public authority.

Section 1.20. "Member" means every person or entity who holds membership in the Association.

Section 1.21. "Owner" means the record holder, whether one or more persons or entities, of fee simple title to any Lot or Parcel, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.22. "Parcel" means any portion of the Properties subdivided from the residue thereof for the purpose of resubdivision into Lots.

Section 1.23. "Parcel Developer" means any person or entity who purchases a Parcel for the purpose of development and sale of Lots.

Section 1.24. "Person" means any natural person, corporation, limited liability company, joint venture, partnership, association, joint stock company, trust, unincorporated organization or government or any agency or subdivision thereof or any other separate legal entity.

Section 1.25. "Properties" means all property currently subjected to this Declaration, together with such other real property as may from time to time be subjected in whole or in part to this Declaration by Developer pursuant to Article II hereof as and when such other real property is subjected.

Section 1.26. "Supplemental Declaration" shall have the meaning set forth in Section 2.3 hereof.

Section 1.27. "Virginia Code" shall mean the Code of Virginia (1950), as in effect on the first date of recordation of this Declaration and as amended from time to time thereafter. Except as otherwise expressly permitted herein, if any sections of the Virginia Code referred to in this

Declaration are hereafter repealed or recodified, each such reference shall be deemed to apply to the section of the Virginia Code that is the successor to the previous section referred to herein, or, if there is no successor section, such reference shall be interpreted as if the section had not been repealed.

Section 1.28. "Zoning Ordinance" means the ordinance adopted by the City Council of the City of Chesapeake as may hereafter be amended, including all proffered conditions incorporated therein, pursuant to which the real estate described in Exhibit A and Exhibit B hereto located in the City of Chesapeake, Virginia, was rezoned, together with the Development Criteria, the Detailed Standards and all other zoning ordinances, rules and regulations applicable to the Properties. If the Zoning Ordinance, Development Criteria, the Detailed Standards or any other applicable ordinances, rules and regulations in effect on the first date of recordation of this Declaration are subsequently repealed, amended or supplemented in any respect or if any variances or waivers are subsequently granted with respect thereto, the terms "Zoning Ordinance," "Development Criteria" and "Detailed Standards" when used in interpreting or applying this Declaration at any point in time shall mean the Zoning Ordinance, Development Criteria, Detailed Standards and such other ordinances, rules and regulations as they have been repealed, amended, supplemented, varied or waived as of such point in time.

ARTICLE II

ADDITIONS TO THE PROPERTIES

Section 2.1. Additional Area. The real estate which is subject to this Declaration as of the date of its recordation in the Clerk's Office is described in Exhibit A hereto. Developer contemplates the extension of this Declaration to the real estate described in Exhibit B hereto or portions thereof and the possible extension of this Declaration to other real estate owned or

subsequently acquired by Developer and located within a two (2) mile radius of the real estate described in Exhibits A and B (collectively, the "Additional Area"). However, Developer shall not be obligated to bring all or any part of the Additional Area within the scheme of development established by this Declaration, and no negative reciprocal easement shall arise out of this Declaration so as to benefit or bind any portion of the Properties or the Additional Area until such portion of the Additional Area is expressly subjected to the provisions of this Declaration in accordance with Section 2.2 below and then such portion of the Additional Area shall be subject to any additions, deletions and modifications as are made pursuant to Section 2.2.

Section 2.2. Right to Subject Additional Area to Declaration. Developer reserves the right, at its discretion, at such time or times as it shall determine on or before April 1, 2015, to subject the Additional Area, or such portions thereof as Developer shall determine, together with improvements thereon and easements, rights and appurtenances thereunto belonging or appertaining, to the provisions of this Declaration in whole or in part. Any portion of the Additional Area which is not, on or before April 1, 2015, subjected to the provisions of this Declaration in whole or in part pursuant to this Section 2.2 and thereby constituted a part of the "Properties," shall cease to be Additional Area. Each of the additions authorized pursuant to this Section 2.2 shall be made by Developer's recordation in the applicable Clerk's Office of an appropriate instrument describing the portion(s) of the Additional Area subjected to this Declaration. Each such instrument may contain such additions, deletions and modifications to the provisions of this Declaration as may be desired by Developer. However, no negative reciprocal easement shall arise out of any additions, deletions or modifications to this Declaration made in the instruments which subject the Additional Area to this Declaration except as to the real estate expressly subject to such additions, deletions and modifications.

Section 2.3. Supplemental Declarations. In addition to subjecting the Additional Area to this Declaration as provided in Section 2.2, Declarant may, in its discretion, execute and record one or more supplemental declarations (each a "Supplemental Declaration") for the purpose of establishing certain additional or different covenants, easements and restrictions (including without limitation a different level of assessments) applicable to a specific Lot(s) and/or Parcel(s). However, no negative reciprocal easement shall arise out of any Supplemental Declaration so as to bind any real property not expressly subjected thereto.

Section 2.4. Power Not Exhausted by One Exercise, Etc. No exercise of the power granted Developer hereunder as to any portion of the Additional Area shall be deemed to be an exhaustion of such power as to other portion(s) of the Additional Area not so subjected to the provisions hereof or to the provisions of a Supplemental Declaration. The discretionary right of Developer to subject the Additional Area to the provisions of this Declaration or a Supplemental Declaration is not conditioned upon or subject to the approval of other Owners and therefore the requirements set forth in Section 9.2 for amendments to this Declaration shall be inapplicable to this Article II. The failure of Developer to extend the provisions of this Declaration to the Additional Area or any portion(s) thereof shall not be deemed to prohibit the establishment of a separate scheme of development (including provisions substantially similar or identical to those contained herein) for such portion(s) of the Additional Area to which this Declaration is not extended.

Section 2.5. Development of Additional Area. The portion(s) of the Additional Area subjected to the provisions of this Declaration may contain additional Common Areas, Limited Common Areas and facilities to be owned and/or maintained by the Association.

Section 2.6. Withdrawal. Developer shall have the right, in its sole discretion, to remove from the Properties any portion thereof by recording in the applicable Clerk's Office an appropriate instrument describing the portion(s) to be removed from the Properties; provided, however, if such property has been conveyed to an Owner, such Owner must be a party to the instrument effecting such removal.

Section 2.7. Master Plan. The existence of a master plan for the Properties as part of the Zoning Ordinance or as used by Developer in developing and/or selling the Properties and Lots and Parcels therein shall not be deemed to constitute a representation by Developer that the real estate shown thereon shall be developed as depicted on the master plan, and the master plan may be amended from time to time in the sole discretion of Developer with the consent (to the extent required) of the City of Chesapeake, Virginia.

ARTICLE III

OWNERS ASSOCIATION

Section 3.1. Membership. Every Owner of a Lot, and every Owner of a Parcel, shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot and/or Parcel. Upon the recordation in the Clerk's Office of a deed to a Lot or a Parcel, the membership of the selling Owner shall cease and the purchasing Owner shall become a member of the Association.

Section 3.2. Classes of Membership. The Association shall have two classes of voting membership:

Class A. All Owners of Lots and Parcels, including Developer, shall be Class A members.

Class B. Developer shall be the Class B member. The Class B membership shall terminate on the earlier of (i) the date on which Developer ceases to own twenty-five percent (25%) or more of the land (including undeveloped Lots and Parcels) lying within the Properties and the Additional Area, (ii) the date on which Developer executes and records in the Clerk's Office an amendment to this Declaration terminating the Class B membership, or (iii) on April 1, 2015.

Section 3.3. Voting Rights.

(a) Each Class A Member including Developer and any Parcel Developer, shall be entitled to cast one vote for each Lot and Parcel owned.

(b) Developer as the Class B Member shall be entitled to cast three (3) votes for each Lot and Parcel owned.

Section 3.4. Suspension of Voting Rights. The Board of Directors of the Association may suspend the voting rights of any Member (except the Class B Member) during the period when any assessment due pursuant to this Declaration shall be past due, but upon payment in full of such assessment the voting rights of such Member shall be automatically restored.

Section 3.5. Articles and Bylaws to Govern; Property Owners' Association Act. Except to the extent expressly provided in this Declaration, all the rights, powers and duties of the Association and the Members, including the Members' voting rights, shall be governed by the Articles and the Bylaws. The Articles provide, among other things, that the Class B member shall appoint the members of the Board of Directors until the Class B membership terminates. However, in the event of any conflict or inconsistency between the provisions of this Declaration or any Supplemental Declaration and the provisions of the Articles or Bylaws, this Declaration and all Supplemental Declarations (to the extent applicable) shall control. In addition to all of

the rights, powers and duties of the Association provided in this Declaration, the Association shall have all of the rights, powers and duties provided in the Property Owners' Association Act, §55-508 *et seq.*, of the Virginia Code, as the same may be amended from time to time.

ARTICLE IV

COMMON AREA

Section 4.1. Obligations of the Association. The Association, subject to the rights of the Members set forth in this Declaration, shall be responsible for the maintenance, management, operation and control, for the benefit of the Members, of the Common Area and the Limited Common Area conveyed, reserved or dedicated to or for the benefit of the Association and all improvements thereon (including fixtures, personal property and equipment related thereto) and shall keep the Common Area, the Limited Common Area and the improvements thereon in accordance with the requirements of the Zoning Ordinance, this Declaration and any applicable Supplemental Declaration, and the Association shall keep the same in good, clean and attractive condition, order and repair.

The Association shall be responsible for the management, control and maintenance of all street intersection signs (to the extent not maintained by the City of Chesapeake), direction signs, plantings, street lights, entrance features and/or "theme areas," lighting, stone, fencing, wood or masonry wall features and/or related landscaping and bicycle/pedestrian paths erected, installed or planted in the Common Areas and Limited Common Areas by the Developer or the Association, for the benefit of the Members or the Association; provided such items are not maintained by the applicable municipality or the Virginia Department of Transportation at its expense and are located within Common Areas and Limited Common Areas.

Section 4.2. Owners' Rights of Enjoyment and Use of Common Areas. Subject to the provisions of this Declaration, any applicable Supplemental Declaration and the Articles and Bylaws and except to the extent limited by the designation of "Limited Common Area", every Owner shall have a right of enjoyment in and to the Common Areas which right of enjoyment shall be appurtenant to and shall pass with the title to every Lot and Parcel. The Common Areas (including without limitation the Limited Common Areas) shall be used by Owners only for the purpose or purposes for which the Common Areas may have been improved by Developer, the Parcel Developer or the Association and subject to any applicable restrictions in the Zoning Ordinance. Any Common Area (including without limitation Limited Common Area) which has not been improved for a particular use is intended to remain in its natural condition until so improved, and any use thereof by an Owner shall not damage or disturb such natural condition or the enjoyment thereof by other Owners.

Section 4.3. Limited Common Areas. The Developer shall have the power, for so long as the Developer has the right to add Additional Area under Section 2.2 hereof, to restrict portions of the Common Area for the exclusive use of the Owners of one or more specific Lots by designating such portions of Common Area as "Limited Common Area". Developer may either: (1) indicate the locations of the Limited Common Area appertaining to one or more Lots by depicting such Limited Common Area and the Lots to which it is appurtenant on a plat attached to or recorded with a Supplemental Declaration; (2) label a portion of the Common Area as "Common Area that may be assigned as Limited Common Area" on a plat attached as an exhibit to the applicable Supplemental Declaration and thereafter assign such Limited Common Area to one or more specific Lots by unilaterally amending the Supplemental Declaration to indicate the assignment depicting the Limited Common Area being assigned and the Lots to

which it is appurtenant; or (3) indicate that such Common Area is Limited Common Area by a description in the applicable Supplemental Declaration.

Subject to the provisions of this Declaration, any applicable Supplemental Declaration and the Articles and Bylaws, the Owners of Lot(s) to which Limited Common Area has been assigned shall have the exclusive right of enjoyment in and to the Limited Common Area assigned which right of enjoyment shall be appurtenant to and shall pass with the title to every Lot to which such Limited Common Area is appurtenant. The Limited Common Areas shall be used by Owners of Lots to which such Limited Common Areas have been assigned only for the purpose or purposes for which the Limited Common Areas may have been improved by the Developer, the Parcel Developer or the Association and subject to any applicable restrictions in the Zoning Ordinance. Any Limited Common Area which has not been improved for a particular use is intended to remain in its natural condition until so improved, and any use thereof by an Owner of a Lot to which such Limited Common Area is appurtenant shall not damage or disturb such natural condition or the enjoyment thereof by other Owners of Lots to which such Limited Common Area is appurtenant.

Section 4.4. General Limitations on Owners' Rights. The Owners' rights of enjoyment in the Common Areas and the Limited Common Areas shall be subject to the following:

(i) the right of the Association to establish reasonable rules and regulations and to charge reasonable admission and other fees for the use of the Common Areas and the Limited Common Areas;

(ii) subject to the limitation imposed by the last sentence of §55-514C of the Virginia Code as in effect on the date hereof, the right of the Association to suspend the

right of an Owner to use or benefit from any of the Common Areas or the Limited Common Areas for the period during which any assessment against his Lot or Parcel is delinquent;

(iii) the right of the Association to suspend the right of an Owner to use or benefit from any of the Common Areas or Limited Common Areas for any period during which any other violation by the Owner of this Declaration, a Supplemental Declaration or the rules promulgated by the Association pursuant to this Declaration remains uncorrected after the last day of a period established for correction by the Association (such period to be stated in a notice to the Owner together with a statement of the violation complained of and the manner of its correction) and for not more than sixty (60) days after such correction;

(iv) subject to the Bylaws, the right of the Association to mortgage any or all of the Common Areas or the Limited Common Areas for the purpose of making improvements or repairs thereto;

(v) subject to the Bylaws, the right of Developer or the Association to grant utility easements across the Common Areas and the Limited Common Areas as provided in Section 8.1;

(vi) subject to the Bylaws, the right of the Association to dedicate or transfer all or any part of the Common Areas or the Limited Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be desired by the Association;

(vii) all of the other easements, covenants and restrictions provided for in this Declaration and any Supplemental Declaration(s) applicable to the Common Areas and/or the Limited Common Areas; and

(viii) the Developer's designation of certain Common Areas as "Limited Common Areas" for the exclusive use and benefit of the Owners of one or more specified Lots.

Section 4.5. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area or to the Limited Common Area to members of his family living on his Lot and to his guests, and he may transfer such right to his tenants, subject to such rules and regulations and fees as may be established from time to time by the Association.

Section 4.6. Damage or Destruction of Common Area or Limited Common Area by Owner. In the event any Common Area, Limited Common Area or improvement thereon is damaged or destroyed by an Owner, his tenants, guests, licensees, agents or members of his family, the Association may repair such damage at the Owner's expense. The Association shall repair such damage in a good and workmanlike manner in conformance with the original plans and specifications of the area or improvement involved, or as the Common Area, Limited Common Area or improvement may have been theretofore modified or altered by the Association, in the discretion of the Association. The cost of such repairs shall become a special assessment on the Lot of such Owner and shall constitute a lien on such Owner's Lot and be collectible in the same manner as other assessments set forth herein.

Section 4.7. Rights in Common Areas and Limited Common Areas Reserved by Developer and/or a Parcel Developer. Until such time as Developer or a Parcel Developer conveys a parcel of real estate constituting Common Area or Limited Common Area, as the case may be, to the Association, Developer or the Parcel Developer, as the case may be, shall have the right as to that parcel, but not the obligation, (i) subject to the provisions of Article VI hereof, to construct such improvements thereon as it deems appropriate for the common use and enjoyment of Owners, and (ii) to use the Common Area or Limited Common Area for other purposes not

inconsistent with the provisions of this Declaration. Until such time as Developer or a Parcel Developer conveys a parcel of real estate constituting Common Area or Limited Common Area, as the case may be, to the Association, Developer or the Parcel Developer, as the case may be, shall maintain such Common Area or Limited Common Area in neat condition and repair, including mowing and removing underbrush and weeds.

Section 4.8. Title to Common Area and Limited Common Area. Developer or a Parcel Developer may retain legal title to the Common Areas or Limited Common Areas, as the case may be, or portions thereof, but notwithstanding any provision herein to the contrary, Developer or the Parcel Developer shall convey each Common Area or Limited Common Area to the Association, in a condition acceptable to the Association, free and clear of all liens but subject to this Declaration and all other easements, conditions and restrictions of record at such time as such improvements are completed and in a condition acceptable to the Association. Regardless of whether the Common Areas or Limited Common Areas actually have been conveyed by the Developer or the Parcel Developer, as the case may be, Owners and the Association shall have all the rights and obligations imposed by this Declaration, any Supplemental Declaration, the Articles and Bylaws with respect to the Common Areas and the Limited Common Areas from and after the date such Common Areas or Limited Common Areas are designated as such by recordation of an appropriate instrument in the Clerk's Office. The Association shall be liable from the date a deed or deeds to such Common Areas and Limited Common Areas is/are recorded in the Clerk's Office for payment of taxes, insurance and maintenance costs with respect thereto. Until the Common Areas or Limited Common Areas are conveyed to the Association, Developer or the Parcel Developer, as the case may be, shall be liable for payment of taxes, insurance and maintenance costs with respect thereto.

Section 4.9. Reservation of Rights Regarding Common Area and Limited

Common Area. Certain of the open space, conservation areas, and historic resources may be better suited for ownership by a private, nonprofit organization or a governmental agency among whose purposes is the conservation of open space land and/or natural or historic resources.

Notwithstanding anything in this Declaration to the contrary, and regardless of whether such areas have previously been designated as Common Areas or Limited Common Areas, Developer reserves for itself, and its successors and assigns, the right, for so long as Developer has the right to add Additional Area to the Properties pursuant to Section 2.2 hereof, to transfer and convey in fee simple such open space, conservation areas, and historic resources as Developer deems in the best interests of such areas to one or more private, nonprofit organizations or public agencies.

Any transfer and conveyance shall comply with the specific criteria set forth in the Zoning Ordinance.

ARTICLE V

ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation for Assessments. Developer, for each Lot and Parcel owned within the Properties, hereby covenants (subject to Sections 5.5, 5.8, 5.9 and 5.11), and each Owner of any Lot or Parcel by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant to pay to the Association assessments as set forth in this Declaration, any Supplemental Declaration and in the Bylaws. The assessments, together with interest thereon, late charges and costs of collection including attorneys' fees, shall be a continuing lien upon the Lot or Parcel against which each such assessment is made in order to secure payment thereof and shall also be the personal obligation of the party who was the Owner of the Lot or Parcel at the time the assessment fell

due. No Owner may waive or otherwise avoid liability for the assessments provided herein by nonuse of the Common Areas, the Limited Common Areas or abandonment of his Lot or Parcel. Each assessment that is not paid when due shall bear interest at the rate established by the Association, which rate shall not exceed the maximum rate permitted by applicable law. Each assessment that is not paid within ten (10) days of its due date shall, at the option of the Association, incur a late charge in the amount of thirty dollars (\$30.00) or as may be otherwise established from time to time by resolution duly adopted by the Board of Directors of the Association.

Section 5.2. Purpose of Assessments. The assessments levied by the Association shall be used for the management, maintenance, improvement, care, operation, renovation, repair and replacement of the Common Areas and Limited Common Areas and improvements thereon and other property owned or acquired by the Association of whatsoever nature, for the discharge of all taxes and other levies and assessments against the Common Areas and Limited Common Areas and improvements thereon and other property owned or acquired by the Association, for the procurement of insurance by the Association in accordance with the Bylaws, for the provision of certain services by the Association as authorized pursuant to its Articles, Bylaws, this Declaration or any Supplemental Declaration, for the establishment of reserves with respect to the Association's obligations, for the discharge of such other obligations as may be imposed upon or assumed by the Association pursuant to its Articles or Bylaws or this Declaration or any Supplemental Declaration, and for such other purposes as may be authorized by or pursuant to the Articles or Bylaws.

Section 5.3. Annual Assessments. "Annual Assessments" shall mean "General Assessments" and "Limited Common Expense Assessments."

(a) General Assessments.

1. Purpose. "General Assessments" shall mean those assessments used for the general purposes set forth in Section 5.2 above except that the General Assessments shall not be used for those purposes for which Limited Common Expense Assessments shall be used.

2. Basis. The General Assessments shall be established and increased or decreased from time to time by the Board of Directors of the Association pursuant to the Bylaws.

(b) Limited Common Expense Assessments.

1. Purpose. "Limited Common Expenses" are those expenses attributable to managing, maintaining, improving, caring, operating, renovating, repairing, establishing appropriate reserves for, insuring and replacing Limited Common Areas, as well as the cost of providing certain services to individual Lots. The purpose of the "Limited Common Expense Assessment" is to provide a means whereby the Owners of Lots which directly benefit from specific Limited Common Area and/or certain services applicable to individual Lots pay their proportionate share of the Limited Common Expenses attributable to such Limited Common Area and/or services.

2. Basis. Limited Common Expenses may be assessed by the Association only against the Lots benefited in proportion to their relative General Assessment liability, inter se or based on usage, as appropriate. Such Limited Common Expenses shall be determined as follows:

(i) Any expenses designated in a Supplemental Declaration as Limited Common Expenses to be paid by the Owners of Additional Area being submitted to the Declaration thereby;

(ii) Any expenses proposed by the Board of Directors or a specific group of Owners as Limited Common Expenses against a specific group of Lots and agreed to by Members entitled to cast a majority of the total number of votes with respect to such Lots, assessed against such Lots as such Owners may agree or in proportion to their relative General Assessment liability, inter se;

(iii) Any expenses incurred in the upkeep of, or the maintenance of reserves for the upkeep of, Limited Common Area may be assessed only against the Lots served by such Limited Common Area; and

(iv) Any service to individual Lots based on usage.

Section 5.4. Special Assessments. In addition to the General and Limited Common Expense Assessments, the Board of Directors of the Association may levy a periodic special assessment if the purpose in doing so is found by the Board of Directors to be in the best interest of the Association and the proceeds of such assessment are used primarily for the maintenance and upkeep, including capital expenditures, of the Common Area (or the Limited Common Area, provided the special assessment is levied against only those Lots served by such Limited Common Area). If any such special assessment is in an amount greater than the General Assessment (or, with respect the Limited Common Areas, the Limited Common Expense Assessment) for the same year, then no such special assessment shall be levied without the approval of a majority of the votes of the Class A members who are voting in person or by proxy at a meeting duly called for this purpose and the approval of the Class B member (or, if such

special assessment is for the benefit of a Limited Common Area, then no such special assessment shall be levied without the approval of a majority of the votes of the Class A benefited by such Limited Common Area, as the case may be, who are voting in person or by proxy at a meeting duly called for this purpose and the approval of the Class B member); otherwise, such special assessment may be established by the Board of Directors of the Association without a vote of the membership. Any such special assessment may be rescinded by a majority vote of (i) in case of a general special assessment, the Members attending a meeting of the Association or (ii) in the case of a special Limited Common Expense Assessment, the members benefited by such Limited Common Area attending a meeting of such Members, convened in accordance with the Bylaws within sixty (60) days after receipt of the notice of such special assessment.

Section 5.5. Date of Commencement of Annual Assessments. Subject to Section 5.9 and except as may be otherwise provided in any applicable Supplemental Declaration, the Annual Assessments provided for herein shall commence as to each Lot or Parcel on the first day of the month following the recordation of the deed to such Lot or Parcel to an Owner, other than the Developer or a Parcel Developer, who purchases the same. The first Annual Assessment on a Lot or Parcel shall be adjusted according to the number of months remaining in the calendar year. The Annual Assessments shall be paid in such intervals as established by the Board of Directors of the Association from time to time in connection with its adoption of the annual budget pursuant to the Bylaws. The Developer reserves the right to alter the applicable commencement date of Annual Assessments applicable to certain Lots in one or more Supplemental Declaration.

Section 5.6. Effect of Nonpayment of Assessments; Remedies of Association. The lien of the assessments provided for in this Declaration may be perfected and enforced in the manner

provided in §55-516 of the Virginia Code. A statement from the Association showing the balance due on any assessment shall be prima facie proof of the current assessment balance and the delinquency, if any, due on a particular Lot or Parcel. The Association may also bring an action at law against any Owner personally obligated to pay the same, either in the first instance or for deficiency following foreclosure, and interest, late charges and costs of collection including attorney's fees shall be added to the amount of such assessment and secured by the assessment lien.

Section 5.7. Subordination of Lien to Mortgages. The lien upon each of the Lots and Parcels securing the payment of the assessments shall have the priority set forth in §55-516A of the Virginia Code.

Section 5.8. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments and liens created herein: (i) any property used as a sales or leasing center, model, maintenance center or management facility by Developer or for similar purposes; (ii) all properties dedicated and accepted by a public authority; (iii) all Common Areas and Limited Common Areas; (iv) all properties wholly exempt from real estate taxation by state or local governments upon the terms and to the extent of such legal exemption; and (v) all Lots and Parcels owned by the Developer and/or any Parcel Developer (who will, however, each be subject to a "Developer Assessment" as more particularly set forth in paragraph 5.11 below).

Section 5.9. Annual Budget. The Board of Directors shall adopt an annual budget for each fiscal year, which budget shall provide for the annual level of assessments (including provision for reserves and physical damage insurance deductibles) and an allocation of expenses. There shall be no responsibility for the payment of assessments until after the Board of Directors adopts its initial annual budget. The initial annual budget shall be prepared simultaneously with

any loans made by the Developer pursuant to Section 5.12 if not prepared or in existence prior to imposition of such lending arrangement.

Section 5.10. Capitalization of Association. Upon the acquisition of record title to a Lot by the first purchaser, or any subsequent purchaser, thereof (other than Developer, the Parcel Developer or an owner who purchases solely for the purpose of constructing a dwelling thereon for resale), a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in the amount equal to one-quarter of the amount of the Annual Assessment payable on such Lot for that year or such other amount as may be established by a duly authorized resolution of the Board of Directors of the Association. This amount shall be deposited in the purchase and sales escrow at settlement and shall be disbursed therefrom to the Association.

Section 5.11. Annual Assessments Payable by Developer and Each Parcel Developer. Developer and each Parcel Developer covenant and agree to each pay to the Association an annual assessment (the "Developer Assessment") as more particularly hereinafter set forth. The Developer Assessment, together with interest thereon, late charges and costs of collection including attorneys' fees, shall be a continuing lien upon each Lot or Parcel against which each such assessment is made in order to secure payment thereof and shall also be the personal obligation of the Developer and Parcel Developer who was the Owner of the Lot or Parcel at the time the assessment fell due. Each Developer Assessment that is not paid when due shall bear interest at the rate established by the Association, which rate shall not exceed the maximum rate permitted by applicable law. Each Developer Assessment that is not paid within the (10) days of its due date shall, at the option of the Association, incur a late charge in the amount of fifty dollars (\$50.00) or as may be established from time to time by resolution duly adopted by the

Board of Directors of the Association. Such Developer Assessments shall be determined as follows:

(a) The Board of Directors of the Association, in adopting its annual budget, will prepare a good faith estimate of the costs and expenses associated with maintaining, operating, repairing, replacing and insuring the Common Areas and Limited Common Areas, including but not limited to the amount of money necessary to set aside in order to create appropriate replacement and operating reserves.

(b) Developer and each Parcel Developer shall be responsible for paying their respective "proportionate share" of the Association budgeted costs and expenses, as adjusted as hereinafter set forth. Each party's proportionate share shall be calculated on January 1st of each year based on the ratio of the land area (calculated in acres or portions thereof) of the respective Parcels and/or developed by such party within the Properties bears to the total acreage of the Properties. Each party's proportionate share shall be adjusted to reflect the anticipated Lot sales within the party's applicable Parcels for the upcoming year, as determined by the Association's Board of Directors acting in good faith. Notwithstanding the foregoing, a Parcel Developer shall not be required to participate in the costs and expenses attributable to Limited Common Areas which do not or will not serve and/or benefit the Lots within such Parcel Developer's Parcel.

(c) If any special assessment above is levied pursuant to Section 5.4 against the owners of Lots, other than the Developer and the Parcel Developer(s), then the Developer and the Parcel Developer's shall each pay their "proportionate share" of the costs and expenses of the Association giving rise to such special assessment, without regard to anticipated Lot sales.

Section 5.12. Loans by Developer. The Developer shall have the option, but not the obligation, to loan money to the Association on such terms and at such rates as are commercially

reasonable to enable the Association to comply with its obligations under this Declaration. Such loan or loans may be in lieu of, or in addition to, loans obtained by the Association from other parties. Any such loan shall be represented and secured by one or more promissory notes of the Association and shall be listed and disclosed as "Loans from Developer" on all annual budgets and year-end financial statements of the Association.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 6.1. Design Review Committee. There is hereby established a Design Review Committee (the "DRC") for the purpose of reviewing and, as appropriate, approving or disapproving all Plans (hereinafter defined) submitted by Owners in accordance with this Article VI. The DRC shall be composed of three persons, who need not be Members of the Association. The right to appoint and remove all members of the DRC shall be and is hereby vested solely in Developer so long as it owns any portion of the Property and the Additional Area. After Developer no longer owns any portion of the Property and the Additional Area, or at such earlier date as Developer may elect, the right to appoint the members of the DRC shall vest in the Board of Directors of the Association. The Developer or the Board of Directors, as the case may be, may appoint one alternate member to the DRC, which alternate member may vote only in the absence of a regular member. The members of the DRC shall serve for such terms as may be determined by Developer or the Board of Directors of the Association, as the case may be. The Developer reserves the right (which may be exercised at any time or from time to time) to delegate certain, but less than all, DRC responsibilities to the Association, and if Developer exercises this right the Board of Directors may appoint its own review committee which satisfies the same criteria as set forth herein for the DRC. For example, by way of illustration and not

limitation, the Developer may delegate to the Association the authority for reviewing and as appropriate approving or disapproving Plans submitted for modifications, alterations or additions made on or to existing structures on Lots, in which case the Board of Directors shall appoint its own committee for the purpose of exercising such delegated authority. The Developer-appointed DRC and authorized committee appointed by the Board of Directors shall be collectively referred to herein for ease of reference as the "DRC." References herein to DRC shall apply to either or both committees, as applicable.

Section 6.2. Plans to be Submitted. Before commencing the construction, erection or installation of any building, addition, patio, deck, fence, wall, animal pen or shelter, exterior lighting, sign, mailbox or mailbox support, improvement or other structure (each of the foregoing being hereinafter referred to as an "Improvement") on any Lot or Parcel, including any site work in preparation therefor, and before commencing any alteration, enlargement, demolition or removal of an Improvement or any portion thereof in a manner that alters the exterior appearance (including paint color) of the Improvement or of the Lot or the Parcel on which it is situated, each Owner shall submit to the DRC a completed application on the form provided by the DRC (the "Application"), a proposed construction schedule and at least three sets of plans and specifications of the proposed construction, erection, installation, alteration, enlargement, demolition or removal, which plans and specifications shall include (unless waived by the DRC):

(i) a site plan showing the size, location and configuration of all Improvements, including driveways and landscaped areas, and all setback lines, buffer areas and other features required under the Zoning Ordinance or the guidelines adopted by the DRC, (ii) as to Improvements initially constructed on a Lot or a Parcel, landscaping plans showing the trees to be removed and to be retained and shrubs, plants and ground cover to be installed, (iii) architectural plans of the

Improvements showing, by way of example and not limitation, exterior elevations, construction materials, exterior colors and driveway material, (iv) a sediment and erosion control plan, and (v) a tree protection plan and such other information as the DRC in its discretion shall require (collectively, the "Plans"). The DRC may, in its sole discretion, waive the requirement that any or all of the required Plans be submitted in a particular case where it determines such Plans are not necessary to properly evaluate the Application. The DRC shall not be required to review any Plans unless and until the Application has been submitted in completed form with the proposed construction schedule and the Plans contain all of the required items. The Application, Plans and the proposed construction schedule must be submitted to the DRC at the address of Developer in the same manner as notices are to be sent to Developer pursuant to Article XI, for so long as all members of the DRC are appointed by Developer, and thereafter the Application, Plans and the proposed construction schedule may be submitted to the DRC at the address of the Association in the same manner as notices are to be sent to the Association pursuant to Article XI.

Section 6.3. Consultation with Architects, etc.; Administrative Fee. In connection with the discharge of its responsibilities, the DRC may engage or consult with architects, engineers, planners, surveyors, attorneys and others. Any person seeking the approval of the DRC agrees to pay all fees thus incurred by the DRC and further agrees to pay an administrative fee to the DRC in such amount as the DRC may from time to time reasonably establish. The payment of all such fees is a condition to the approval or disapproval by the DRC of any Plans, and the commencement of review of any Plans may be conditioned upon the payment of the DRC's estimate of such fees.

Section 6.4. Approval of Plans. The DRC shall not approve the Plans for any Improvement that would violate any of the provisions of this Declaration or of any Supplemental

Declaration applicable thereto or of the Detailed Standards and Development Criteria. In all other respects, the DRC may exercise its sole discretion in determining whether to approve or disapprove any Plans, including, without limitation, the location of any Improvement on a Lot or Parcel.

Section 6.5. No Structures to be Constructed, etc. Without Approval. No Improvement shall be constructed, erected, installed or maintained on any Lot or Parcel, nor shall any Improvement be altered, enlarged, demolished or removed in a manner that alters the exterior appearance (including paint color) of the Improvement or of the Lot or the Parcel on which it is situated, unless the Application, Plans and construction schedule therefor have been approved by the DRC. After the Application, Plans and Construction Schedule therefor have been approved, all Improvements shall be constructed, erected, installed, maintained, altered, enlarged, demolished or removed strictly in accordance with the approved Plans. Upon commencing the construction, erection, installation, alteration, enlargement, demolition or removal of an Improvement, all of the work related thereto shall be carried on with reasonable diligence and dispatch and in accordance with the construction schedule approved by the DRC.

Section 6.6. Guidelines May Be Established. The DRC may, in its discretion, establish guidelines and standards to be used in considering whether to approve or disapprove Plans. Such guidelines shall be consistent with the provisions of the Governing Documents and the Zoning Ordinance, and may include, without limitation, uniform standards for signage and mailboxes and mailbox supports. However, nothing contained in this Declaration shall require the DRC to approve the Plans for Improvements on a Lot or a Parcel on the grounds that the layout, design and other aspects of such Improvements are the same or substantially the same as the layout, design and other aspects of Improvements approved by the DRC for another Lot or Parcel.

Section 6.7. Limitation of Liability. The approval by the DRC of any Plans, and any requirement by the DRC that the Plans be modified, shall not constitute a warranty or representation by the DRC of the adequacy, technical sufficiency or safety of the Improvements described in such Plans, as the same may be modified, and the DRC shall have no liability whatsoever for the failure of the Plans or the Improvements to comply with applicable building codes, laws and ordinances or to comply with sound engineering, architectural or construction practices. In addition, in no event shall the DRC have any liability whatsoever to an Owner, a contractor or any other party for any costs or damages (consequential or otherwise) that may be incurred or suffered on account of the DRC's approval, disapproval or conditional approval of any Plans.

Section 6.8. Other Responsibilities of DRC. In addition to the responsibilities and authority provided in this Article VI, the DRC shall have such other rights, authority and responsibilities as may be provided elsewhere in this Declaration, in any Supplemental Declaration or in the Bylaws.

Section 6.9. Architectural Review Pursuant to Zoning Ordinance. In addition to obtaining the approval of the DRC as required in this Article VI, each Owner and Parcel Developer must obtain the approval of the "Edinburgh Architectural Review Committee" (the "Architectural Review Committee"), a separate entity established pursuant to the Development Criteria of the Zoning Ordinance, with respect to all subdivision plats, site plans, landscaping plans, architectural plans and elevations and other development plans for such Owner's Lot or Parcel. The procedures for such design review process are set forth in the Development Criteria and the Detailed Standards adopted by the Architectural Review Committee pursuant thereto.

ARTICLE VII

USE OF PROPERTY

Section 7.1. Protective Covenants.

(a) Animals. The maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited on any Lot or upon the Common Area or Limited Common Area, except that the keeping of guide animals and orderly domestic pets (e.g., dogs, cats or caged birds) without the approval of the Board of Directors, is permitted, subject to the Rules; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding and that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Properties upon ten (10) days written notice from the Board of Directors. Pets shall not be permitted upon the Common Area or Limited Common Area unless accompanied by someone who can control the pet and unless carried or leashed. Pet droppings shall be removed by the Owner of the pet. Any Owner who keeps or maintains any pet upon any portion of the Properties agrees to indemnify and hold the Association, each Owner and the Developer free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Properties. All pets shall be registered and inoculated as required by law.

(b) Archaeological Finds. Subject to applicable state and federal law regarding archaeological finds, all archaeological materials found within the Properties belong to the Association. Upon discovery of archaeological materials during periods of construction or otherwise, the Owner of a Lot shall immediately notify the Board of Directors and cease construction activity. The Board of Directors shall have ten (10) days to notify the Owner if it