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DECLARATION FORST. JAMES PLACE, a Condominium

THIS DECLARATION, dated this 2nd day of December, 1985, made by ASHLEY HOMES, INC., a Virginia corporation, hereinafter referred to as "the Declarant".

WITNESSETH: ASHLEY HOMES, INC., owner in fee of "the Property" as hereinafter defined, declares as follows:

ARTICLE I

DEFINITIONS

Section 1.1: Definitions. The terms used in this Declaration and its Exhibits shall be defined as follows unless the context clearly indicates a different meaning:

(a) "Act" means the Virginia Condominium Act, Chapter 4.2 of the Code of Virginia of 1950, as amended.

(b) "Articles of Incorporation" means the Articles of Incorporation of the Association (as hereinafter defined), a copy of which is attached hereto as Exhibit "E".

(c) "Association" means St. James Place Owners' Association, Inc., a Virginia non-stock corporation, a "unit owners' association" as defined by the Act.

(d) "Building" means the composite of all adjoining Units comprising a single residential structure.

(e) "By-Laws" means the By-Laws, as amended from time to time, of the Association, a copy of which is attached hereto as Exhibit "F"..

(f) "Common Elements" shall mean all portions of the Condominium other than the Units, and includes both "General Common Elements" and "Limited Common Elements" as defined herein.

(g) "Common expenses" shall mean all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation and/or maintenance of reserves pursuant to the provisions of the Condominium Instruments; "Future Common Expenses" shall mean Common Expenses for which assessments are not yet due and payable. Common Expenses include, but are not limited to, the following:

1. Charges for repair and maintenance of all Common Elements, including without limitation the exterior surfaces and roofs of Buildings and charge for all landscaping, painting, stripping, cleaning and general upkeep of such exterior surfaces and roofs.

2. Casualty, liability and other insurance premiums as provided for herein.

3. Water, sewer, gas, garbage collection, security and all other utilities and services for the Common Elements, and for the Units, except those separately needed or billed to the individual Unit.

4. Management fees, legal, accounting, and other administrative costs necessary or proper, in the sole discretion of the Association, for the management of the affairs of the Association and St. James Place, a Condominium.

5. All materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay for pursuant to the terms of the Declaration or By-Laws which in its sole opinion shall be necessary or proper for the operation and administration of St. James Place or for the enforcement of this Declaration.

6. Such reserves as the Association is required to establish by the Condominium Instruments, or which it may find desirable or necessary to establish in order to meet its future obligations regarding the above stated items of expenses.

7. Any other expenses established by the Association at a meeting duly held in accordance with the By-Laws.

8. There shall be excluded from "Common Expenses", however, the following, all of which shall be borne by the individual Unit Owner: (a) all costs and expenses of materials, supplies, labor, services, maintenance, repairs, structural alterations, legal fees, and all other expenses assessed against an individual unit for violation of a provision of this Declaration or the By-Laws or as may otherwise be specifically provided herein; (b) casualty, liability and other insurance not obtained by the Association for the benefit of all Owners, but rather obtained by less than all of the Owners for their exclusive use and benefit; (c) ad valorem taxes on Units; and (d) utility charges separately metered and charged to individual units.

(h) "Condominium Project" means the Property and all other improvements now or hereafter constructed thereon, incident thereto, and interests therein (and now refers solely to that property shown on that certain plat entitled "ST. JAMES PLACE CONDOMINIUMS, PHASE ONE, CITY OF NEWPORT NEWS, VIRGINIA", made by Coenen & Associates, Inc., Engineers-Planners-Surveyors, dated May 1, 1985, attached hereto as Exhibit "A"), and any and all expansions and additions made pursuant to this Declaration after such expansion and addition shall have been effective.

(i) "Condominium Instruments" shall be a collective term referring to the Declaration, By-Laws, and plats and plans, recorded pursuant to Chapter 4.2 of the Code of Virginia of 1950, as amended, and as more particularly defined therein.

(j) "Declarant" shall mean Ashley Homes, Inc. and its successors and assigns.

(k) "Declaration" shall mean and refer to the Declaration for St. James Place, a Condominium, applicable to the properties recorded in the Office of the Clerk of the Circuit Court for the City of Newport News, Virginia, and dated December 2, 1985, and all attached Exhibits.

(l) "General Common Elements" means all those portions of the Condominium which are neither Units nor Limited Common Elements and are designated as "General Common Elements" on the Plans.

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

(n) "Mortgagees" means all Institutional Lenders holding a first deed of trust or mortgage encumbering a Unit.

(o) "Owner" means any one or more persons, firms, corporations, partnerships, associations, trusts or other legal entity or any combination thereof, who owns a Unit, and includes the Declarant unless the context otherwise requires.

(p) "Unit" shall mean a portion of the Condominium designed and intended for individual ownership and use, and shall include the undivided interest of the Unit Owner in the Common Elements.

(q) "St. James Place, a Condominium" means the Condominium Project as hereinabove defined.

ARTICLE II

INTRODUCTORY PROVISIONS

Section 2.1: Creation of the Condominium. Declarant hereby submits Phase I of the Property, as more particularly bounded and described on Exhibit A as Phase I, to the provisions of the Virginia Condominium Act, Chapter 4.2, Title 55, of the Code of Virginia of 1950, as amended, and further declares that the Property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of the Property and the division thereof into Units, and shall be deemed to run with the Property and shall be a burden upon and a benefit to the Declarant, its successors and assigns, and any person acquiring or owning an interest in the Property and the improvements, and their grantees, successors, heirs, devisees, personal representatives and assigns.

Section 2.2: Name. The name of the Condominium is St. James Place, a Condominium.

Section 2.3: City Location. St. James Place is located in the City of Newport News, Virginia.

ARTICLE III

DESCRIPTION OF THE CONDOMINIUM

Section 3.1: The Property. The property submitted under the approval of the Condominium Act consists of that certain tract, piece or parcel of land located in the City of Newport News, Virginia, which is more particularly bounded and described in Exhibit C as Phase I and is as follows:

All that certain lot, piece or parcel of land situate, lying and being in the City of Newport News, Virginia, containing 0.6329 acres, as shown on that certain plat entitled, "ST. JAMES PLACE CONDOMINIUMS, PHASE ONE, CITY OF NEWPORT NEWS, VIRGINIA", dated May 1, 1985, made by Coenen & Associates, Inc., Engineers-Planners-Surveyors, said plat being attached hereto and made a part hereof as Exhibit "C", recorded in Plat Book 16, page 53, in the Clerk's Office of the Circuit Court for the City of Newport News, Virginia; said property being more particularly described as follows:

Beginning at a point on the Easterly boundary line for the right-of-way for Denbigh Boulevard, which point is a distance of 332 feet, more or less, from the Southerly boundary of the property of Patrick Henry Hospital for the Chronically Ill, Incorporated, which point marks the Northwest corner of the property herein conveyed, and from the point of beginning thus established, running thence S 83° 14' 00" E a distance of 134 feet to a point; thence S 61° 14' 00" E a distance of 40 feet to a point; thence S 83° 14' 00" E a distance of 38.50 feet to a point; thence S 06° 46' 00" W a distance of 28 feet to a point; thence S 01° 44' 00" E a distance of 74.04 feet to a point on the north side of a private 60' right-of-way; thence in a Westerly direction along the north side of said private 60' right-of-way on a curve to the right have a radius of 320 feet and an arc distance of 248.52 feet to a point marked by a concrete monument; thence on an arc to the right having a radius of 25 feet and an arc distance of 39.27 feet to a point marked by a concrete monument located on the Easterly boundary line of the right-of-way for Denbigh Boulevard; thence N 34° 16' 00" E a distance of 68 feet to a point, said point being the point of beginning.

Section 3.2: Additional Land. The additional land which may be added to the Condominium at the option of the Declarant consists of the parcel shown and described on Exhibit "C", attached hereto and made a part hereof, as "additional land".

Section 3.2(a): Access Road. Declarant submits a perpetual, non-exclusive easement of right of way for ingress and egress over and through that certain street shown as "Private 60' Right-of-Way" on the plat attached hereto as Exhibit "C", for the benefit of Declarant and its successors and assigns, and all tenants, contractors, agents and invitees of Declarant and Unit Owners for the purpose of access to the Condominium. Said easement of right of way is more particularly bounded and described on that certain plat entitled, "PLAT SHOWING EASEMENT OF RIGHT-OF-WAY TO BE CONVEYED TO ASHLEY HOMES, INC., NEWPORT NEWS, VIRGINIA", made by Coenen and Associates, Inc., Engineers-Planners-Surveyors, dated June 7, 1984, duly of record in the Clerk's Office of the Circuit Court for the City of Newport News in Deed Book 1080, page 2128, said plat being attached hereto and made a part hereof as Exhibit "D".

Section 3.3: General Description of Improvements. The Condominium includes (i) an improved parking area containing a total of 16 individual parking spaces and (ii) one 3-story building consisting of clustered attached residential units. The building contains 6 units; 3 of these units are located on the first floor of the building, while 3 of these units are each located on the second and third floors, (such third floor being a loft). In addition, this building contains 3 patios, one attached to each lower unit. The total number of residential units in this Phase is 6. Description or delineation of the boundaries of the units, including the horizontal (upper and lower) boundaries as well as the vertical boundaries and a description or delineation of the Limited Common Elements, designating the Unit to which each is assigned, are set forth in the Plans, attached hereto as Exhibit "B" and on the Plat attached hereto as Exhibit "A".

Section 3.4: Unit Boundaries.

(a) Each ground floor unit shall include the enclosed space delineated by the following boundaries:

- (1) the upper unfinished surface of the lower floor slab and the upper boundary of the General Common Elements;
- (2) the upper horizontal boundary is the plane of the unfinished lower surface of the floor joists of the second floor;
- (3) the vertical boundaries are the plane of the unfinished interior surface of the studs of the exterior walls, and the plane of the unfinished surface of the interior surface of the studs of the party walls which separate one unit from another.

(b) Each upper or second and third floor unit shall include the enclosed space delineated by the following boundaries:

- (1) the lower horizontal boundary is the plane of the unfinished upper surface of the floor joists;
- (2) the upper horizontal boundary is the interior surface of the roof sheathing and the bottom surface of the roof rafters and the bottom surface of the ceiling joists;
- (3) the vertical boundaries are the plane of the unfinished interior surface of the studs of the exterior walls, and the plane of the unfinished surface of the interior surface of the studs of the party walls which separate one unit from another.

(c) The term "Unit" shall include the undivided interest of the Unit owner in the Common Elements.

(d) The dimensions of the Units are as shown on the plans which are Exhibit "B" attached hereto, recorded in Plat Book 16, page 52, in the Newport News Circuit Court Clerk's Office. All boundaries shall be the physical as-built boundaries.

(e) To the extent that walls are designated as boundaries of the Units, all doors and windows therein, and all lath wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, and any other materials constituting any part of the finished surfaces thereof, shall be deemed a part of such Units, while all other portions of such walls shall be deemed a part of the Common Elements. If any chutes, flues, ducts, conduits, wires, bearing walls, bearing columns, or any other apparatus lies partially within and partially outside of the designated boundaries of a Unit, any portions thereof serving only that Unit shall be deemed a part of that Unit, while any portions thereof serving more than one Unit or any portion of the Common Elements shall be deemed a part of the Common Elements. Subject to the immediately preceding sentence hereof, all space, interior partitions, and other fixtures and improvements within the boundaries of a Unit shall be deemed a part of that Unit. Any apparatus designed to serve a single Unit, but located outside the boundaries thereof, shall be deemed a Limited Common Element appertaining to that Unit exclusively.

Section 3.5: Limited Common Elements. The Limited Common Elements in the Condominium include any apparatus, such as porches, stoops or patios, designed to serve a single Unit, but located outside the boundaries thereof, and also specifically include the enclosed storage area which is most closely related to each Unit by distance. Parking spaces are specifically not Limited Common Elements; provided, however, that the Board of Directors of the Association shall have the power, as provided by the By-Laws, to assign one parking space per Unit by making a rule and regulation to that effect. Each Unit is hereby assigned, as a Limited Common Element for each such respective Unit, that stoop and/or porch and, where shown on the plat attached hereto as Exhibit "B", that patio and also that second floor deck, which are adjacent to and contiguous with each such respective Unit. Roofs, party walls and exterior walls are not limited common elements, but rather general common elements.

Section 3.6: Assignments of Limited Common Elements. A Limited Common Element may be re-assigned only in accordance with Section 55-79.57 of the Code of Virginia, 1950, as amended.

Section 3.7: Allocation of Common Element Interest. Each Unit in the Condominium project is allocated an equal undivided interest in the Common Elements, which interest is appurtenant to the Unit. This equal undivided interest for each Unit is defined as a fraction, the numerator of which is the number one (1) and the denominator of which is the total number of Units in the Condominium project. The Common Element interest of each Unit in the Condominium may be changed from time to time if the Condominium project is expanded to include other Units; provided, however, that the formula for determining the amount of the equal undivided interest in the Common Elements shall remain as hereinabove stated.

Section 3.8: Ownership of Common Elements. All Common Elements in the Condominium project shall be owned by the Owners as undivided interests appurtenant to the Unit owned by each Owner. This appurtenant interest shall not be separated from the Unit, and shall be deemed to be conveyed with each Unit even though such interest is not expressly mentioned or described in the conveying instrument or deed. Any profits derived from any of the Common Elements shall be owned by each Owner in the same percentage or fraction as his ownership in the Common Elements.

ARTICLE IV

EXPANSION OF THE CONDOMINIUM

Section 4.1: Reservation of Right to Expand. The Declarant expressly reserves the right to expand the Condominium project in accordance with the provisions of this Article and pursuant to Section 55-79.54 (c) of the Code of Virginia of 1950, as amended.

Section 4.2: Limitations on Option to Expand. Except as expressly stated in this Article IV, there shall be no limitations on the option of the Declarant to expand as set forth herein. The Declarant shall not be required to obtain the consent of any Unit Owner in order to exercise said option to expand the Condominium.

Section 4.3: Time Limitation on Expansion. The option of the Declarant to expand the Condominium as set forth in this Article IV shall terminate seven (7) years after the date of recordation of this Declaration, or at such other time as all additional land described herein is added to the Condominium by amendment of this Declaration, or at such time as the Declarant terminates said option by amendment of this Declaration, whichever shall first occur; provided, however, such time limit as set forth herein may be extended by an amendment of the Declaration in accordance with Section 55-79.54 (c) (3) of the Code of Virginia of 1950, as amended.

Section 4.4: Improvements and Expansion Area. The Declarant makes no assurances with respect to the location of improvements that may be made on the additional land identified in Exhibit "A". The maximum number of Units which may be created upon such additional land shall not exceed thirty (30) Units per acre on any portion of the additional land added to the Condominium. The maximum number of Units which may be created on the additional land is five hundred thirty-one (531) Units. Any such Units created upon such additional land shall be restricted exclusively for residential use, except that the Declarant reserves the right and easement to maintain within the additional land offices and models pursuant to the terms and conditions of the Declaration. The Declarant covenants that any structures erected upon the additional land shall be compatible with structures on the land submitted herein in terms of quality of construction. The Declarant covenants that all intended improvements in any future phase, if added, will be substantially completed before annexation of that phase. The Declarant makes no assurances that any structures erected on the additional land will be compatible with structures on the submitted land in terms of architectural style, design, or the principal materials to be used. Except as stated herein, the Declarant makes no assurances as to the number of Units to be so constructed, or the size, location or configuration of the same and, further, makes no assurance that any improvements will be made to the additional land, nor that any improvements, if made, will be identical to improvements made to the land submitted herein. The Condominium may not be amended or merged with a successor condominium regime without the prior written approval of the Administrator of Veterans' Affairs in accordance with 38 C.F.R. 36.4360 (a)(3).

In the event the Declarant adds any additional land to the Condominium, the Declarant shall not be required to add all of the additional land or any particular portion of it. The Declarant reserves the right to add portions of the additional land at any time without limitation as to the particular boundaries of those portions, and without limitation as to the order in which they may be added to the Condominium.

Section 4.5: Description of Optional Additional Land.

The additional land which may be added to the Condominium at the option of the Declarant is shown as "Additional Land, Ashley Homes, Inc.", on that certain plat attached as Exhibit "C", and is more particularly bounded and described as follows:

All that certain lot, piece or parcel of land situate, lying and being in the City of Newport News, Virginia, containing 17.7 acres, more or less, shown as "Additional Land" on that certain plat entitled, "ST. JAMES PLACE CONDOMINIUMS, PHASE ONE, CITY OF NEWPORT NEWS, VIRGINIA", dated May 1, 1985, made by Coenen & Associates, Inc., Engineers-Planners-Surveyors, said plat being attached hereto and made a part hereof as Exhibit "C", recorded in Plat Book 16, page 53, in the Clerk's Office of the Circuit Court for the City of Newport News, Virginia; said property being more particularly described as follows:

Beginning at a point on the Easterly boundary line for the right-of-way for Denbigh Boulevard, said point being the point of intersection between the Easterly boundary line for the right-of-way of Denbigh Boulevard and the Southerly boundary of that certain lot or parcel belonging to Patrick Henry Hospital For the Chronically Ill, Incorporated, said point being the point of beginning, and from the point of beginning thus established, thence S 75° 53' 54" E a distance of 1145 feet to a point marked by a concrete monument, thence along that same course a distance of 650 feet, more or less, to a point; thence S 14° 06' 06" W a distance of 175 feet to a point; thence S 56° 34' 00" W a distance of 700 feet, more or less, to a point on the Northerly boundary of a private 60' right-of-way; thence N 33° 26' 00" W a distance of 350 feet to a point marked by a concrete monument; thence on an arc to the left having a radius of 544.05' and an arc distance of 403.22 feet to a point marked by a concrete monument; thence N 75° 53' 54" W a distance of 283.49 feet to a point marked by a concrete monument; thence along an arc to the left having a radius of 380 feet and an arc distance of 211.24 feet to a point marked by a concrete monument; thence along an arc to the right having a radius of 320 feet and an arc distance of 41.99 feet to a point; thence N 01° 44' 00" W a distance of 74.04 feet to a point; thence N 06° 46' 00" E a distance of 28 feet to a point; thence N 83° 14' 00" W a distance of 38.50 feet to a point; thence N 61° 14' 00" W a distance of 40 feet to a point; thence N 83° 14' 00" W a distance of 134 feet to a point, said point being on the Easterly boundary line for the right-of-way for Denbigh Boulevard; thence N 34° 16' 00" E a distance of 332 feet, more or less to a point, said point being the "point of beginning."

Section 4.6: Declarant's Reservations of Certain Rights.

The Declarant reserves the right to establish Unit boundaries; create, identify, establish and assign Limited Common Elements; and/or designate Common Elements which may be subsequently assigned as Limited Common Elements, all with respect to any Units and improvements created upon the additional land described in this Article IV and shown on Exhibit "C" hereof, and no assurances are made in those regards.

The Declarant reserves the right, but shall not be obligated, to construct a swimming pool, community building, picnic area, basketball courts, tennis courts, volleyball courts, jogging trail, and other recreational amenities within the additional land.

Section 4.7: Declarant Not Obligated to Expand. Nothing herein contained shall be construed to impose upon the Declarant, its successors or assigns, any obligation to construct Condominium Units, develop or otherwise perform any acts with respect to the property described in this Article IV and shown on Exhibit "C" as additional land.

Section 4.8 Method of Expansion of the Condominium.

The option to expand the Condominium may be exercised by the recordation of the plats and plans and an amendment to the Declaration in accordance with the provisions of the Condominium Act. The amendment to the Declaration shall reallocate the Unit Owners' undivided interest in the Common Elements so that the Units being added to the Condominium shall be allocated undivided interest in the Common Elements on the same basis as the Units located on the Property.

ARTICLE V

EASEMENTS

Section 5.1: Easement to Facilitate Sales and Leases.

The Declarant hereby reserves the right and easement, pursuant to Section 55-79.66 of the Code of Virginia of 1950, as amended, to maintain, anywhere within the Condominium, management offices, sales offices, settlement offices, rental offices and model units in, and to relocate the same among any of the Units now or hereafter owned by the Declarant, except that no more than four (4) such Units shall be used for such purposes at any one time. In accordance with Section 55-79.66 of the Code of Virginia of 1950, as amended, it is hereby specified that any one or more of the Units may be used for such functions, and the Declarant may relocate to other Units within the Condominium in order to carry out any of those functions. Each space used for any purpose provided for in this section shall be deemed to be a Unit and, as such, shall not become a Common Element. The Declarant also reserves the right and easement throughout the Common Elements to place and relocate or remove signs and other devices advertising the Condominium.

Section 5.2: Easement for Support. Each Unit and Common Element has an easement for support from every other Unit and Common Element, including, but not limited to, both horizontal and vertical support.

Section 5.3: Ingress and Egress Easements. Each Unit shall have appurtenant thereto non-exclusive easements in the Common Elements designed for ingress to, egress from, utility services for, and landscaping, support, maintenance, repair and construction of all Units in Common Elements. In addition, each Unit shall have appurtenant thereto from the other Units in the same building easements through those Units and the Limited Common Elements appurtenant thereto, for conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility service to the Units and the Limited Common Elements in the building; provided, however, that such easements through a Unit shall only be according to the plans and specifications for the building unless approved in writing by each Unit owner in the building and in any event the party exercising rights in respect of such easement shall be responsible to make prompt and complete restoration to as Unit or the Common Elements for any damage caused by the exercise thereof.

Section 5.4: Encroachments. To the extent any Unit or Common Elements encroaches on any other Unit or Common Elements, whether by reason of any deviation from the Plats and Plans in the construction, renovation, restoration, or replacements of any improvement, or by reason of the settling or shifting thereof, an easement for such encroachment and the maintenance thereof, so long as it continues, shall and does exist. In the event any Unit or building in the Condominium project shall be partially or totally destroyed and then re-built, minor encroachments of any parts of the Common Elements due to reconstruction shall be permitted, and easements for such encroachments and maintenance thereof shall and do exist.

Section 5.5: To Facilitate Construction and Expansion. Declarant and its successors and assigns of all or any portion of the additional land (the then owners of record title to the additional land being hereinafter called "Owners"), and all tenants, contractors, agents and invitees of Declarant and Owners or any tenant of Owners, shall have an easement over and upon the Common Elements for the purpose of making improvements to the Property and/or the additional land and for the purpose of doing all things reasonably necessary and proper in connection therewith; provided, however, this right, privilege and easement shall not be exercised unless access to the subject area is not otherwise reasonably available. The foregoing right, privilege and easement shall be appurtenant to and shall run with the title to the additional land and every part thereof and shall be exercisable by the Owner and the tenants and occupants of the additional land and their respective successors and assigns.

In the event any part of the Common Elements are damaged by the exercise of the easement granted in this paragraph, the individual exercising the easement shall be responsible for the prompt repair of said damage.

Section 5.6: Easement for Access. Declarant and Owners, and the tenants and invitees of Declarant and Owners and their respective successors and assigns, shall have an easement over and upon the Common Elements for ingress and egress to and from any recreational amenities constructed by Declarant or its successors or assigns on the Property or on any additional land later added to the Condominium project in accordance with this Declaration.

Section 5.7: Easement for Association. The Unit Owners' Association shall have the right, which right shall be exercised by its Board of Directors and its agents, to enter any Limited Common Element from time to time during reasonable hours as may be necessary for the operation of the Condominium and the prevention of damage to any Unit or Common Element.

Section 5.8: Easements May be Granted by Association. Declarant and, subject to any restrictions and limitations specified herein, the Association shall have the irrevocable power as attorney in fact, on behalf of all the Unit Owners and their successors in title, to grant easements through the Common Elements and accept easements benefitting the Condominium or a portion thereof. These may be granted or accepted in accordance with Section 55-79.80 of the Code of Virginia of 1950, as amended.

ARTICLE VI

ADMINISTRATION OF CONDOMINIUM

Section 6.1: General. The administration of the Condominium project, the maintenance, repair, replacement and operation of the Common Elements, and those acts required of the Association by the Act and by this Declaration shall be vested in and be the responsibility of the Association. Such administration shall be pursuant to the Act, this Declaration, the Articles of Incorporation attached hereto as Exhibit "E", and the By-Laws of the Association attached hereto as Exhibit "F". Each owner, upon acquiring title to his Unit, shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Units ceases for any reason, at which time his membership in the Association shall automatically cease.

The Association shall be authorized to enter into such management contracts as it may deem necessary or desirable for the administration and operation of the Condominium project, provided that such contracts must comply with the terms and conditions of the Act. Each Owner agrees to be bound by the terms and conditions of all such management agreements. No management contract shall have a term of greater than two (2) years.

Section 6.2: Indemnification of Officers and Directors. Notwithstanding the duty of the Association to maintain, repair, and replace the Common Elements, as hereinafter set forth, the Association shall not be liable for any injury or damage caused by

any latent condition of the Common Elements nor for injury caused by the Common Elements, Owners, or other persons, nor shall any officer or director of the Association be liable to any Owner for injury or damage caused by said officer or director in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer or director. Each officer and director of the Association shall be indemnified by the Association as follows:

(i) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action or suit by or in the right of the Association) by reason of the fact that he or she is or was a director or officer of the Association, or is or was serving at the request of the Association as a director, officer, partner or trustee of another association, partnership, joint venture, trust or other enterprise, against judgments, fines, amounts paid in settlement and expenses (including attorney's fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, excepting from such indemnification only such judgments, fines, amounts paid in settlement and expenses (including attorney's fees) in relation to any claim, issue or matter as to which such person shall have been finally adjudged to be liable for his or her gross negligence or willful misconduct in the performance of his or her duties. Each such indemnity shall inure to the benefit of the heirs, executors and administrators of such person.

(ii) Any indemnity under sub-section (i) above shall (unless authorized by a court) be made by the Association only as authorized in a specific case upon determination that the director, officer, partner or trustee was not guilty of gross negligence or willful misconduct in the performance of his or her duties, and, in the case of a settlement, that such settlement was, or if still to be made is, consistent with the best interests of the Association. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to such action, suit or proceeding or (2) by independent legal counsel in a written opinion if such quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so direct, or (3) by the members of the Association. If the determination is to be made by the Board of Directors, it may rely as to all questions of law on the advice of independent counsel.

(iii) Expenses incurred in defending an action, suit or proceeding, whether civil, criminal, administrative or investigative, may be made by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, partner or trustee to repay such amount, unless it shall be ultimately determined that he or she is entitled to be indemnified by the Association as authorized in this Article.

(iv) The right of indemnification provided by this Article shall not be exclusive of any other rights to which any person may be entitled, including any right under policies of insurance that may be purchased and maintained by the Association.

or others, even as to claims, issues or matters in relation to which the Association would not have the power to indemnify such person under the provisions of this Article.

(v) The Board of Directors shall, generally and in specific cases, indemnify employees and agents of the Association to the same extent as provided in this Article with respect to officers and directors.

(vi) The Association must purchase and maintain insurance at its sole expense, in such amounts and on such terms and conditions as the Board of Directors may deem reasonable, against all liabilities or losses it may sustain in consequence of the indemnification provided for in this Article. Such insurance shall list the Association as the name of the insured.

Section 6.3: Control of the Association by Declarant. Notwithstanding any provision contained in this Declaration, the Articles of Incorporation or the By-Laws to the contrary, the Declarant shall have and may exercise all rights, powers, and privileges of the Association, superceding the right, powers, and privileges of the Association to act, in accordance with Section 55-79.74 of the Act, until the first to occur of the following:

(i) Five (5) years from the date of recordation in the Newport News Circuit Court Clerk's Office of the deed conveying the first Unit to be sold in any portion of the Condominium; or

(ii) At such time as the Units to which 3/4th of the undivided interests in the Common Elements appertain have been conveyed; or

(iii) At such time as the Declarant, by written notice recorded in the Newport News Circuit Court Clerk's Office relinquishes such control. Such statement shall be a unilateral statement of the Declarant relinquishing its rights under this Article, and shall require no signatures other than the Declarant. The statement shall be effective upon recordation.

For purposes of determining when 3/4th of the undivided interest in the Common Elements have been conveyed, as set forth in paragraph (ii) hereinabove, those Common Element interests shall include the Common Element interests involved in the expansion as set forth in Article IV herein, if such expansion occurs before control is relinquished as set forth in this Article.

Notwithstanding any other provision of this Article, the Declarant shall notify the City Council of the City of Newport News, not later than thirty (30) days prior to the expiration of the period of Declarant control. This section shall be interpreted in accordance with the provisions of Section 55-79.74 of the Act.

ARTICLE VII

REPAIRS AND MAINTENANCE

Section 7.1: Duties of the Association. The Association shall cause the exterior of each Unit and the General Common Elements and parking areas to be kept in good order, condition,

and repair and in a clean and sanitary condition and appearance, and shall cause to be performed and furnished all the labor and materials which may at any time be necessary to accomplish the same, and the cost thereof shall be Common Expenses as hereinabove defined. No repair or maintenance of the exterior of any Unit or of the Common Elements shall be performed or furnished by any Owner or any combination of Owners except the Association, its agents or employees, except as hereinafter set forth. In addition, the Association shall have the overall responsibility over all matters relating to promoting the recreation, health and welfare of the residents in the Condominium project, including, but not limited to, maintaining the service for the collection of garbage and trash, snow removal, when appropriate, and grass cutting and landscaping, and providing street lighting, security devices, and protections of the Owners and the Condominium project where necessary in the opinion of the Association when not provided by the public authority.

Section 7.2: Duties of Owners. Each Owner shall at his expense keep the interior of his Unit and its appliances, equipment and fixtures in good order and repair and in a clean and sanitary condition and shall do all redecorating, painting and maintenance of all interior finished surfaces which may be necessary and incident thereto. Each Owner shall at his expense keep the interior of patios and sheds assigned to his Unit in a clean and sanitary condition. The Association shall not be responsible for loss or damage by theft, casualty or otherwise to any property of any Owner placed or left on any Common Element.

In the event any need for maintenance or repair to the Common Elements is caused by the willful or negligent act of an Owner, his or her family, guest, licensees or invitees, such maintenance and repairs shall be performed by the Association, but the cost of such maintenance or repair shall be added to and become a part of the assessments to which the Unit of such Owner is subject as provided in Article VIII hereof.

Section 7.3: Alterations. No owner, nor the Association, shall make any alterations to any Unit or building or remove any portion thereof, or make any additions thereto or do anything that would jeopardize the safety or soundness of any Unit or building, or impair any utility service, without first obtaining approval in writing of the Owners of all Units in the same building and the approval of the Board of Directors of the Association. After completion of construction of all Common Elements in the Condominium project by the Declarant, there shall be no alteration or further improvement of Common Elements (except the replacement of paving, roofs, fences and other improvements at the end of their useful life) without the prior written approval of not less than 75% of the Owners. The cost of any such improvement, including the maintenance and repair of same, shall be deemed part of the Common Expenses.

Section 7.4: Reserve Fund. The Association shall establish a reserve fund for the replacement of the Common Elements. Such reserve fund shall be funded out of monthly installments of the maximum annual assessment in such amounts as may be determined in accordance with Article VIII hereof.

ARTICLE VIII

ASSESSMENTS: LIEN FOR COMMON EXPENSES: ENFORCEMENT

Section 8.1: Establishment of Assessments. Each Owner (specifically including the Declarant) shall pay to the Association his proportionate share of the Common Expenses as determined by the number of votes each Owner has in the Association appertaining to each Unit. Assessments for Common Expenses shall commence with respect to each Unit upon the first day of the month following the conveyance of the first Unit by the Declarant to the first user. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year following the month of the conveyance of the first Unit by the Declarant to the first user.

At each annual meeting of the Association, as provided in the By-Laws, the Association shall fix and determine an amount necessary to provide for the Common Expenses for the year commencing on the first day of the month following the month in which the annual meeting occurs, and shall assess against each Owner his proportionate share of the Common Expenses, determined by multiplying the total Common Expenses determined as provided above by a fraction consisting of the number of votes a particular Owner has in the Unit Owner's Association (the total number of votes shall equal the total number of Units existing on that date in the Condominium project). The Board of Directors shall determine and recommend to the Association the annual assessment for the coming year. Such recommendation shall be reported to each Owner not less than ten (10) days nor more than sixty (60) days prior to the annual meeting. The Association may, at any special meeting duly called, assess such amounts as from time to time may be necessary to cover an insufficiency in the amount established at the annual meeting to meet the Common Expenses for the forthcoming year or for any previous year, or for any other purpose permitted by this Declaration, the Articles of Incorporation and the By-Laws, or the Act; provided, that the amount assessed against each Owner shall be his proportionate share of such additional assessment, determined by multiplying the total amount determined by the Association to be needed, by the fraction described herein above.

5 yrs
In addition to the maximum annual assessment authorized above, the Association may levy in any assessment year a special assessment applicable to that year and not more than the next five (5) succeeding assessment years for the purpose of obtaining, in whole or in part, the cost of reconstruction, repair or replacement of the Common Elements, provided that the levying of any such assessment shall have assent of the majority of the votes of the Owners voting in person or by proxy at a special meeting duly called for that purpose, notwithstanding the provisions of Article VII (it being the intention that alterations and new construction of the Common Elements require the approval of 75% of the Owners, and that reconstruction or repair thereof being an obligation of the Association, but that the levying of the assessments to obtain the cost thereof require only the approval of the majority of Owners.) Assessments shall be payable in twelve (12) equal monthly installments commencing on the first day of the first month of each assessment year, and continuing on the first day of each month thereafter. All assessments which are not paid within ten (10) days after they are due shall bear interest from the due date at the maximum contract rate provided by law, and such assessment, together with interest thereon, and

the cost of collection thereof shall be the personal obligation of the Owner of the Unit at the time the assessment was due.

Any Common Expenses associated with the maintenance, repair, renovation, restoration or replacement of any Limited Common Element shall be specially assessed against the Condominium Unit to which that Limited Common Element was assigned at the time such expenses were made or incurred. If the Limited Common Element involved was assigned at that time to more than one Condominium Unit, however, such expenses shall be specially assessed against each such Condominium Unit equally so that the total of such special assessments equals the total of such expenses. Maintenance, repair, renovation, restoration or replacement of a Limited Common Element shall occur when the Board of Directors of the Association, in the exercise of its duties, determines that such maintenance, repair, renovation, restoration or replacement of the Limited Common Element should occur in order to maintain the appearance of the Condominium Unit at the level at which the Board is maintaining the appearance of the entire Condominium project, or at such time as the Owner of the Limited Common Element requests the maintenance, repair, renovation, restoration or replacement of the Limited Common Element.

Section 8.2: Lien for Assessments. The Association shall have a lien on every Condominium Unit for unpaid assessments levied against that Unit in accordance with the provisions of the Act, and all lawful provisions of this Declaration and amendments thereto. The said lien, once perfected, shall be prior to all other liens and encumbrances except: (1) real estate tax liens on that Unit; (2) liens and encumbrances recorded prior to the recordation of this Declaration; and (3) sums unpaid on any first mortgages or first deeds of trust recorded prior to the perfection of said lien of assessments and securing institutional lenders. The provisions of this section shall not affect the priority of mechanic's and materialmen's liens.

Any Unit Owner or purchaser of a Unit, having executed a contract for the disposition of the same, shall be entitled, upon request, to a recordable statement setting forth the amount of unpaid assessments currently levied against that Unit. Such request shall be in writing and directed to the president of the Association. Failure to furnish or make available such a statement within five (5) business days from the receipt of such request shall extinguish the lien created by this paragraph as to the Unit involved. Such statement shall be binding upon the Association and every Unit Owner. The Board of Directors of the Association may pass a resolution by a majority vote requiring payment of a fee by the person requesting such statement, and said fee, not to exceed TEN DOLLARS (\$10.00), is to be set by the resolution of the Board of Directors and its payment may be a prerequisite to the issuance of such a statement.

Section 8.3: Units Taxed Separately. So long as permitted by law, each Unit and its undivided percentage interest in the Common Elements shall be deemed to be a parcel and shall be separately assessed and taxed for all types of taxes authorized by law including, but not limited to, special ad valorem levies and special assessments, and each Unit Owner shall be liable solely for the amount of taxes against his individual Unit and shall not be affected by the consequences resulting from the tax delinquency of other Unit Owners; and neither the Building, nor any of the Common Elements shall be deemed to be a parcel.

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Section 8.3: Enforcement of a Lien. Liens are enforced as follows:

1. The Association, in order to perfect the lien given by this Article, shall file before the expiration of ninety (90) days from the time such assessment became due and payable, in the Clerk's Office for the City of Newport News, a memorandum verified by the oath of the president of the Association, which contains the following:

(a) a description of the Condominium Unit in accordance with the provisions of Section 55-79.47 of the Code of Virginia of 1950, or amendments thereto;

(b) the name or names of the persons constituting the Unit Owners of that Condominium Unit;

(c) the amount of the unpaid assessments currently due or past due together with the date when each fell due; and

(d) the date of issuance of the memorandum.

2. No suit to enforce any lien perfected under subsection (1) of this Section 8.3 of Article VIII shall be brought after six (6) months from the time when the memorandum or lien was recorded, said suit being described in Section 55-79.84(d) of the Code of Virginia of 1950, as amended.

3. The action brought to enforce such lien shall include, without limitation, a request for reimbursement for costs and attorney's fees, together with interest at the maximum lawful rate for the sums secured by the lien from the time each such sum became due and payable.

4. When payment or satisfaction is made of the debt secured by the lien perfected as provided for in this paragraph, said lien shall be released in accordance with the provisions of Section 55-66.3 of the Code of Virginia of 1950, as amended. For purposes of that section the president of the Association shall be deemed a duly authorized agent of the lien creditor.

5. Nothing in this Section 8.3 shall be construed to prohibit actions at law to recover sums for which Section 8.2 hereof creates a lien, maintainable pursuant to Section 55-79.53 of the Code of Virginia of 1950, as amended.

Section 8.4: First User's Fee. The first purchaser of each Unit from the Declarant shall pay, to the Association, a First User's Fee of \$ 100.00. This shall be a one-time, non-refundable fee whose purpose is to establish initial cash reserves for the Association to provide for cash to meet Association expenses during its first year of existence. All provisions set forth in this Article referring to liens and their enforcement shall also apply to First User's Fees, which, for purposes of establishing liens and enforcement thereof, shall be deemed to be an assessment.

ARTICLE IX

USE RESTRICTIONS

Section 9.1: General Restrictions. In order to preserve the quality and integrity of the Condominium project, the following protective covenants are established for the mutual benefit of all Unit Owners:

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

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

C. Except as reserved to the Declarant, no Unit may be divided, redivided or subdivided, nor may any portion thereof be sold or otherwise transferred except as an entity.

D. No Owner shall do or keep or permit anything to be done or kept, in any Unit or in the Common Elements, which will increase the rate of insurance on the Condominium project, result in cancellation of insurance on any Unit, or on any part of the Condominium project, or be in violation of any law without the prior consent of the Association.

Signs
E. No sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior consent of the Association, except as provided in subparagraph K of this Section 9.1.

F. No animals or livestock or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Elements, except such dogs, cats, or other household pets as may be permitted by the rules and regulations adopted by the Association governing the same.

G. No nuisances shall be allowed in or upon any Unit or the Common Elements, nor shall any use or practice be allowed which interferes with the peaceful occupancy and use of any Unit or the Common Elements by the owners.

H. No immoral, improper or offensive or unlawful use shall be made of any Unit or any part of the Common Elements.

I. Except as provided in subparagraph K of this Section 9.1, Units may be rented by the Owner only if the Unit is occupied by the lessee and his immediate family, servants and guests, and only if the minimum term of any such rental and occupancy shall be one month. Units may be rented but only pursuant to a written lease in accordance with the rules and regulations and the By-Laws of the Association. The lease shall contain terms and provisions to the effect that the lease is subject in all respects to this Declaration, the By-Laws and the rules and regulations, and that any failure by the lessee to comply with the terms thereof shall constitute a default under the lease.

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

K. No Owners nor the Association shall interfere in any way with the completion of the contemplated improvements and the sale of the Units by the Declarant. The Declarant may make such use of the unsold Units as may in its judgment facilitate such completion and sale to the extent otherwise set forth in these Declarations and as permitted by the Act. The Declarant may display such signs as it deems necessary and appropriate in its sales efforts, except as otherwise limited by these Declarations or the Act. The Declarant shall have the right to lease any unsold Units, but any such leases shall be subject to the leasing restrictions contained in subparagraph I in this Section 9.1.

L. Except for the right of ingress and egress, the Owner shall use the Common Elements, (except the Limited Common Elements which are assigned to them), only as may be allowed by the Association or expressly provided for herein.

ARTICLE X

INSURANCE

Section 10.1: General Provisions. The Association shall procure and maintain at all times for the benefit of the Association and each Owner and mortgagee as their interest may appear, the insurance policies and coverage required by this paragraph. Exclusive authority to adjust losses under such policy shall be vested in the Association and its delegates. Provision shall be made for the issuance by insurers of certificates to mortgagees reflecting the interests of mortgagees and Units. Premiums for insurance coverage (including fees due the Insurance Trustee to the extent insurance proceeds do not cover the same) shall be included as a Common Expense and assessed by the Association as provided for in Article VIII hereof. Such premiums shall be held by the Association and in a separate escrow account solely for the purpose of paying such premiums as they become due. All policies and endorsements thereto shall be deposited with the Insurance Trustee. Each Owner may obtain at his own expense insurance coverage as to his Unit, personal property, personal liability, and living expenses, as long as the insurance coverage obtained and maintained by the Association hereunder shall in no event be brought into contribution with any insurance purchased by an Owner or his Mortgagee. Every policy of insurance obtained and maintained by the Association shall:

(a) Be written by a company or companies, authorized to do business in the State of Virginia and holding a rating of "AAA" by Best's Insurance Reports and a policy holders rating of "A" or better;

(b) Provide that the liability of the insurer thereunder shall not be effected by, and that the insurer shall not claim any right of setoff, counterclaim, apportionment, pro-ration, or contribution by reason of, any other insurance obtained by or for any other Owner or mortgagee;

(c) Contain no provision in its Carrier's Charter, By-Laws or policy that loss payments are contingent upon action by the carrier's board of directors, policy holders or members;

(d) Contain no provisions relieving the insurer from liability from loss occurring while the hazard to such buildings is increased, with or without the knowledge or control of the Board of Directors of the Association or any Owner or their respective agents;

(e) Provide that such policy may not be cancelled or reduced (regardless of whether such cancellation or reduction is requested by the Board of Directors of the Association) except by the insurer giving at least thirty (30) days prior written notice thereof to the Board of Directors of the Association, to all Owners, to all mortgagees and to every other person in interest who shall have requested such notice of the insurer;

(f) Contain a waiver by the insurer of any right of subrogation as to any claim against the Board of Directors, the Association, any Owner, or their respective agents; and

(g) Provide that any reference to a mortgagee in such policy shall mean and include all mortgagees, in their respective order and preference, regardless of whether they are named therein; provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board of Directors of the Association or Owners or any persons under any of them; waive any provision invalidating such mortgagee clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, or any requirement of the mortgagee pay any premium thereon any contribution clause; and provided, without affectign any protection afforded by such mortgagee clause that any proceeds payable under such policy shall be payable to the Insurance Trustee.

Section 10.2: Casualty Insurance. Subject to the following terms and provisions, each Building and all personal property included in the Common Elements shall be insured under a master policy, with a deductible of not greater than Two Hundred Fifty Dollars (\$250.00), in an amount equal to the full insurable replacement value thereof according to "building standards," as determined not less often than every two (2) years by a qualified insurance appraiser appointed by the Board of Directors of the Association. As used in this Section, building standards shall mean the standards by which a building will be reconstructed according to the plans and specifications for the building, or if there are none, as such building existed immediately prior to its destruction, exclusive of any special modifications or improvements to individual Units (such as built-in features) which would not generally be common to like Units in the Building; provided, however, that to the extent, because of the requirements of any code or any underwriter's laboratory or insurance company, changes are required to be made in the manner in which the Building is reconstructed in order to meet such requirements, building standards shall be deemed to include such requirements. Such policy may also insure such equipment and other improvements as the Board of Directors shall from time to time determine to be appropriate. Such coverage shall afford protection against: (1) loss or damage by fire or other hazards covered by a standard extended coverage endorsement; (2) floods, but only if desired by the Board of Directors in its sole discretion, and (3) such other risks, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, and machinery explosion or

damage, as the Board of Directors shall, from time to time, determine to be customarily covered with respect to other buildings similar in construction, location and use. The aforesaid policy shall state whether the following items are included within the coverage for each Unit, and if covered any value or limitation applicable thereto, in order that an Owner may obtain insurance if the items are not insured or fully insured under the master policies: heating and air conditioning equipment; service equipment such as a dishwasher, refrigerator, oven or stove, whether or not such items are built-in equipment; special modifications and built-ins which are not generally common to like Units; interior fixtures such as electrical and plumbing fixtures; floor covering; non-bearing interior walls; inside paint and other inside wall coverings and furnishings, and all walls and ceilings internal to the surrounding studs and floorings above the lower surface of the concrete pad. Notwithstanding the obligation of the Association to procure insurance coverage equal to full insurable replacement value, neither the Association nor the Board of Directors (or any of them) shall be liable in the event insurance proceeds do not equal replacement costs, as long as they acted in good faith.

Section 10.3: Comprehensive General Liability.

A. Insurance. The Board of Directors shall procure and maintain at all times comprehensive general liability insurance covering the Association, the Board of Directors, and its agents against liability to the public or to any Owner, with minimum limits of not less than One Million Dollars, (\$1,000,000.00), in respect to injury and One Hundred Thousand Dollars, (\$100,000.00), in respect to property damage. Such insurance shall contain a cross-liability endorsement to cover liabilities of the Association of the Owners as a group to one particular Owner.

B. The Board of Directors shall also procure, to the extent available, general liability insurance for each Owner with minimum limits of not less than One Hundred Thousand Dollars, (\$100,000.00), with respect to injury and Ten Thousand Dollars, (\$10,000.00), with respect to property damage. In no event shall the Association or the Board of Directors (or any of them) be liable for failure to procure liability insurance for any Owner if not, in its sole judgment, economically feasible, and in no event in excess of the limits stated above. The Association shall give the Owners notice in the event it shall elect not to procure the aforesaid liability insurance.

Section 10.4: Insurance Indemnifying Officers and Directors. The Board must purchase and maintain insurance, at its sole expense, to indemnify officers and Directors, as set forth in Section VI herein.

Section 10.5: Other Insurance. The Board of Directors may procure such other insurance as it shall determine from time to time to be desirable, including, without limitation, workmen's compensation as to any employees and casualty and liability insurance as to any vehicles owned by the Association. In no event, however, shall the Association or the Board of Directors (or any of them) be liable for failure to procure such insurance.

ARTICLE XI

INSURANCE PROCEEDS; RESTORATION AND REPAIR

Section 11.1: Insurance Trustee; Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, the Owners and mortgagees, as their interest may appear, and shall provide that all proceeds from any casualty in excess of Five Thousand Dollars, (\$5,000.00), shall be paid in trust to any bank or any trust company authorized to do business in Virginia as may be designated by the Board of Directors of the Association as Insurance Trustee, (hereinafter referred to as the "Insurance Trustee"); otherwise, such proceeds shall be payable to the Association. Such proceeds as are paid shall be held in trust for the purposes hereinafter set forth and for the benefit of the Owners and mortgagees in the following shares, but which shares need not be set forth on the records of the Insurance Trustee:

A. Common Elements. Proceeds on account of damage to Common Elements shall be held as undivided shares for each Owner and his mortgagees, such shares being equal to the undivided share of such Owner in the Common Elements appurtenant to his Unit; provided, however, that to the extent that any Common Elements damaged serve less than all of the Units within the Condominium project, regardless of whether such Common Elements are designated as Limited Common Elements, (for example, structural portions of buildings), any proceeds shall be held as undivided shares for the Owners and mortgagees of the Units thus affected.

B. Units. When any of the buildings is to be restored, proceeds on account of damage to Units shall be held for the Owners of damaged Units (and their mortgagees) in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Association. When a building is not to be restored, the proceeds shall be held as undivided shares for each Owner, and his mortgagees, such shares being equal to the undivided shares of each Owner in the Common Elements appurtenant to his Unit.

C. Proceeds of contents insurance shall be paid to each Owner and his mortgagees as their interests may appear.

Section 11.2: Determination of Restoration.

A. Except as otherwise provided herein, all insurance proceeds from any damage to improvements shall be used to repair or replace such improvements. If the damaged improvements are Common Elements, the damaged property shall be reconstructed or repaired, unless it is determined that the Condominium project shall be terminated as set forth below. If the damaged improvements are one or more of the buildings, and if none of the Units in such building or buildings is found by the Association to be habitable, then the damaged building or buildings shall be reconstructed or repaired unless the Owners of 80% of the Common Elements of the Condominium project (which 80% must also include each Owner and mortgagee of each Unit damaged by such casualty) agree in writing as soon after the casualty as possible (but in any event within thirty (30) days after the casualty) that such reconstruction or repair shall not be made. A determination that

such reconstruction or repair shall not be made shall automatically terminate the Condominium project.

B. If the damaged improvements are one or more of the buildings, and if one or more, but not all, of the Units in such building or buildings are found by the Board of Directors to be uninhabitable, then each Owner of a damaged Unit shall commence repairing his Unit as soon as possible, in cooperation with each other and at the direction of the Association, and shall apply the insurance proceeds collected as a result of such damage toward the cost of reconstruction and repair. In all other instances the responsibility of reconstruction and repair, after casualty, shall be that of the Association. The Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary to determine if the damaged property is to be reconstructed or repaired.

Section 11.3 Conduct of Restoration. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building or buildings, subject to such minor alterations as are approved by the Board of Directors of the Association. Immediately after determination has been made to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost of rebuilding or repairing.

Section 11.4: Inadequate Insurance.

A. Notwithstanding the obligation to procure replacement value insurance, if the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association or any Owner under Section 11.2 above, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, the Association may levy assessments against the Owners of the damaged Units, and against all Owners in the case of damage to Common Elements other than buildings, in sufficient amounts to provide funds for the payment of such costs. The assessments against Owners for damage to Units shall be in proportion to the cost of reconstruction and repair of their respective Units and the building or buildings in which they are located, and the assessments due to damage to Common Elements other than buildings shall be in proportion to the Owner's interest in the Common Elements.

B. If the total of assessments levied by the Association in accordance with Section 11.4, A. above is less than Five Thousand Dollars (\$5,000.00), then the Association shall hold the sums paid upon such assessments and disburse the same in payment of the costs of reconstruction and repair; provided, however, that upon request to the Association by a mortgagee which is a beneficiary of an insurance policy, the proceeds of which are held by the Association, such proceeds shall be distributed in the manner provided for in Section 11.5 below.

C. If the total of assessments levied by the Association in accordance with Section 11.4 is more than Five Thousand Dollars (\$5,000.00), the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee and

disbursed by the Insurance Trustee in payment of the costs of reconstruction and repair upon the order of the Association. Assessments paid by the Owners into the fund shall not be made payable to any mortgagee.

D. If any portion of the assessments levied by the Association in accordance with Section 11.4, A, above shall remain after payment of all costs of reconstruction and repair, the Association shall return such surplus to the Owners who were assessed.

Section 11.5: Distribution of Insurance Proceeds.

A. Proceeds of insurance policies received by the Insurance Trustee shall first be distributed to pay all expenses of the Insurance Trustee. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof, upon such invoices, receipts or demands for payment as the Insurance Trustee may require. Any proceeds remaining after defraying such costs shall be the property of the Association. If it is determined as provided in Section 11.2 A above that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the Owners and their mortgagees jointly as their interests may appear. In making distribution to Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association as to the names of the Owners and their respective shares of distribution.

B. Notwithstanding the provisions herein, the Insurance Trustee shall not be required to determine whether sums paid by the Owners upon assessments levied in accordance with Section 11.4 A. above shall be deposited by the Association with the Insurance Trustee, nor to determine the amounts to be paid, nor to determine whether surplus funds are to be distributed. Instead, the Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary as to any or all of such matters stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided that when a mortgagee is herein required to be named as payee, the Insurance Trustee shall also name the mortgagee as payee.

ARTICLE XII

CONDEMNATION

Section 12.1: Condemnation Allocation Governed by the Act. In all matters of condemnation or taking by eminent domain of all or a portion of the Common Elements, whether General or Limited Common Elements, and condemnation or taking by eminent domain of one or more of the Units, or portions of any Unit or Units, the method of taking and the method of distributing awards shall be determined by those provisions of the Act governing such matters.

ARTICLE XIII

AMENDMENT OF DECLARATION

Section 13.1: General Provisions. Except as otherwise provided herein, the provisions of this Declaration may be amended by an instrument in writing signed and acknowledged by the Owners of record of 75% or more of the Common Elements, which amendment shall be effective upon recordation thereof in the Clerk's Office of the Circuit Court for the City of Newport News, Virginia. No amendment shall have the effect of altering the title and interest of each Owner in the Common Elements without the consent of all the Owners and mortgagees affected except as otherwise set forth herein.

Section 13.2: Rights of Declarant May Not Be Eliminated by Amendment. The rights of the Declarant as set forth herein, and as granted by the Act, may not be changed or altered unless the Declarant is a party to the written instrument described hereinabove in Section 13.1, provided that if the Declarant is a party to the aforesaid writing, the Declarant's interest in the Common Elements may be included in the computation to determine whether or not the instrument contains the acknowledged signatures by the Owners of record of 75% or more of the Common Elements.

Provided, however, that no Amendment shall be made to any Condominium instrument during the period of Declarant control without the written consent of the Declarant. No amendment to the Condominium instruments shall diminish or impair the rights of mortgagees under the Condominium instruments without the written consent of all mortgagees.

ARTICLE XIV

GENERAL PROVISIONS

Section 14.1: Termination of Condominium Project. In addition to the rights otherwise provided herein for the termination of the Condominium project hereby established, upon the vote of the Owners of record of 80% or more of the Common Elements, and with the consent of all mortgagees, the Condominium project may be terminated by an instrument duly recorded in the Clerk's Office for the City of Newport News, Virginia, upon such terms and conditions as to which the Owners of record of 80% of the Common Elements and all mortgagees agree. Absent agreement, the Owners shall collectively own all of the Condominium project as tenants in common in proportion to their respective undivided interests in the Common Elements immediately prior to the recordation of the termination instrument, and the holders of mortgages and liens against the Unit or Units formerly owned by such Owners shall have mortgages and liens upon respective undivided common interest of the Owners in the Condominium project. Each Owner shall have the exclusive right of occupancy of his Unit following termination, which right of occupancy shall be assignable and can be sold or bequeathed. All funds and other assets held by the Association shall be held and shall be continued to be held by the Association for the benefit of Owners in the same proportion as each Owner holds the undivided common interests as set forth above. Following such termination, the Condominium project may be partitioned and sold upon appropriate legal proceeding by any Owner.

Section 14.2: Partition. So long as the Condominium project established hereby remains in effect, the Common Elements, both General and Limited, shall remain undivided. No Owner or any other person shall bring any suit or other proceeding for partition or division of the co-ownership of the Common Elements. If there is more than one Owner of any Unit, the individual ownership of such Unit may be partitioned without terminating the Condominium project, but upon partition of any individual Unit, the same shall be sold as an entity and shall not be partitioned in kind.

Section 14.3: Rights not Provided For. The rights and obligations of any Owner not otherwise herein or in the By-Laws specifically provided for shall be determined pursuant to the provisions of the Act, as amended and enforced on the date of the recordation of this Declaration.

Section 14.4: Covenants Running with the Land. All provisions of this Declaration shall be construed to be covenants running with the Condominium project, and with every part thereof and interest therein including, but not limited to, every Unit and the appurtenances thereto; and every Owner and claimant of the Condominium project or any part or interest therein, and his heirs, personal representatives, successors and assigns, shall be bound by all of the provisions of this Declaration.

Section 14.5: Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the 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.

Section 14.6: Rights of Mortgagees. Notwithstanding any other provisions contained herein to the contrary, bonafide mortgagees shall be entitled to the following rights, provided that such mortgagees shall have notified the Association of the fact that they are mortgagees:

A. A mortgagee is entitled to written notification from the Association of any default by the Owner of such Unit in the performance of such Owner's obligations under the Condominium documents which is not cured within thirty (30) days.

B. Unless at least 75% of the first mortgagees (based upon one vote for each first mortgage owned) of Units have given their prior written approval, the Association shall not be entitled to:

1. By act or omission, seek to abandon or terminate the Condominium project;

2. Except as otherwise provided in this Declaration, change the pro-rata interest or obligations of any Unit for:
(a) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards

and for (b) determining the pro-rata share of ownership of each Unit in appurtenant real estate and in any Common Elements;

3. Except as otherwise provided for in these Declarations, by act or omission, seek to abandon, partition, sub-divide, encumber, sell, or transfer the Common Elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium project shall not be deemed a transfer within the meaning of this clause.

C. Mortgagees shall have the right to examine the books and records of the Association or the Condominium project during reasonable business hours.

D. The Association shall give all mortgagees notice in writing of any loss to, or taking of, the Common Elements of the Condominium project if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00). In addition, the Association shall give all mortgagees of a Unit notice in writing if any loss to, or taking of, such Unit exceeds One Thousand Dollars (\$1,000.00).

Section 14.7: Severability. The provisions hereof shall be deemed individual and severable and the invalidity or partial invalidity or unenforceability of any one provision or any portion thereof shall not affect the validity or enforceability of any other provision hereof.

Section 14.8: Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 14.9: Form of Ownership. Each Unit, together with the General and Limited Common Elements appurtenant thereto, shall for all purposes constitute a separate parcel of real estate which, subject to the terms of this Declaration, and the terms of the Act, may be owned in fee simple.

Section 14.10: Headings. All headings in this document are inserted solely for convenience of reference, and none of them constitutes a part of this document or affects its meaning, construction or effect.

Section 14.11: Effective Date. This Declaration shall take effect upon recordation.

Section 14.12: Provisions of Declaration for Benefit of Owner and Mortgagees. The provisions of the Declaration, and all exhibits thereto, requiring the Association to maintain Common Elements or portions of the Units, collect assessments, maintain insurance, and make any repairs, and all restrictions of the Declarations and exhibits thereto, are intended to be for the benefit of and may be enforced by either an Owner or any Mortgagee.

Section 14.13: Leases Must Contain Covenant to Abide. If an Owner should lease a Unit or Units, the lease must contain a covenant on the part of the lessees to abide by all provisions of this Declaration and its exhibits and any rules and regulations and any amendments thereto which may subsequently be promulgated by the Association.

Section 14.14: Mortgagees' Rights. No provision in these Declarations is intended to give the Unit Owner or any other party priority over any rights of a first mortgagee of a Unit relative to the distribution to such Unit Owner of insurance proceeds or condemnation awards, provided, however, that this Section 14.14 is intended to be interpreted strictly in accordance with the rules and regulations of the Federal Home Loan Mortgage Corporation and shall not be read or interpreted to give any broader rights to mortgagees.

Section 14.15: Declarant's Rights and Obligations. Nothing contained in this Declaration shall be deemed to impose upon the Declarant any obligation of any nature to build, construct, or provide any improvements except to the extent required by the Act. All rights, powers and privileges created or reserved by the Declaration for the benefit of the Declarant shall inure to any person or persons who hereafter become a Declarant of the Condominium within the meaning of Section 55-79.41 (k) of the Code of Virginia of 1950, as amended.

Section 14.16: Compliance with Condominium Act. Each Condominium instrument and each amendment thereto is intended to comply with the Act as of the time of the recordation of such Condominium instrument and each amendment thereto shall be construed and interpreted in conformity with the intent expressed in this Section 14.16. If any part of any instrument is held to be invalid by a Court of competent jurisdiction, then the part thus invalidated shall not in anywise affect the validity of the remainder.

IN WITNESS WHEREOF, Ashley Homes, Inc., has caused its corporate name to be signed hereto by its President, said officer being thereunto duly authorized.

ASHLEY HOMES, INC.

BY: Robert E. Hawkins

President

STATE OF VIRGINIA

CITY OF NEWPORT NEWS, to-wit:

I, Kenneth H. Taylor, a Notary Public in and for the jurisdiction aforesaid whose commission expires on the 28th day of July, 1988, do hereby certify that Robert E. Hawkins, President of Ashley Homes, Inc., whose name is signed to the foregoing instrument has acknowledged the same before me in my jurisdiction aforesaid.

GIVEN under my hand this 2nd day of December, 1985.

Kenneth H. Taylor
Notary

Public

VIRGINIA: City of Newport News, to-wit

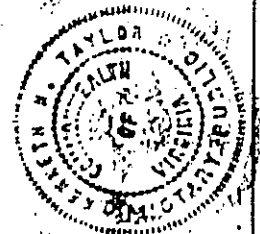
In the Clerk's Office of the Circuit Court for the City of Newport

News, the 28th day of Jan, 1986. This Deed was presented with the certificate annexed, and admitted to record at

1:34 o'clock P.M.

Teste: James M. Hambleton, Clerk

By: [Signature]



PATRICK HENRY HOSPITAL FOR THE CHRONICALLY ILL, INCORPORATED

PENINSULA AIRPORT COMMISSION

DRAINAGE & UTILITIES EASEMENT

514°05'39"W 356.26'

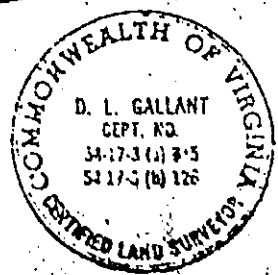
582.75'

S75°54'21"E

PARCEL "C"
6.000 ACRES

MARY IMMACULATE HOSPITAL, INCORPORATED

DENBIGH BOULEVARD 110' R/W



I certify that this government survey is correct to the best of my knowledge and belief, subject to easements, servitudes and covenants of record.

D. L. Gallant

PLAT SHOWING
EASEMENT OF RIGHT-OF-WAY
TO BE CONVEYED TO
ASHLEY HOMES, INC.

NEWPORT NEWS, VIRGINIA

COENEN & ASSOCIATES, INC.
ENGINEERS - PLANNERS - SURVEYORS
808 J. CLYDE MORRIS BLDG. - NEWPORT NEWS, VIRGINIA

BK1239161318

ST. JAMES PLACE OWNERS ASSOCIATION
NEWPORT NEWS, VIRGINIA
ADMINISTRATIVE RESOLUTION
VIOLATIONS & FINES

THIS RESOLUTION, made this 1st day of June, 1990, by the Unit Owners Association, St. James Condominiums

AND WHEREAS, Article VIII, Section 8.1 of the Bylaws provides that the Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not prohibited by law or by the Articles of Incorporation, Declaration or these Bylaws directed to be exercised or done by the members.

AND WHEREAS, Article IX, Section 9.1, Item 3 of the Declaration states that reasonable rules and regulations concerning the use of the Common Elements and conduct of the Owners, their families, guests, tenants, agents and invitees within the Condominium project may be made, amended and revoked from time to time by the Board of Directors of the Association.

2, AND WHEREAS, Article IX, Section 9.1: Use Restrictions, of the Declaration fails to make any provisions powering the Board of Directors to assess charges against any Unit Owner for any violations of the St. James Place Declaration, Bylaws, and Rules and Regulations;

AND WHEREAS, Section 55-79.80 (b2) of the Virginia Condominium Act states that the Unit Owners' Association shall have the power, to the extent the condominium instruments or rules duly adopted pursuant thereto expressly so provide, to assess charges against any Unit Owner for any violation of the condominium's instruments or of the rules and regulations promulgated pursuant thereto for which such Unit Owner or his family members, tenants, guests, invitees and licensees are responsible.

NOW, THEREFORE, Be it resolved that Article IX of the Declaration, hereby is revised to add Section 9.1, Item M as follows:

SECTION 9.1, Item M : Effect of Noncompliance with Documents:

The Association, upon notice given to Unit Owners, shall levy a charge against any such Unit Owner in violation of the Declaration, Bylaws, Rules of Conduct and amendments adopted duly thereto.

1-A Unit Owner will be issued a written warning upon notice of the violation, and will be given 7 days to correct the violation.

2-Upon notice of a second offense, a Unit Owner will be sent a written notice, at which time, a fee will be assessed.

ST. JAMES PLACE OWNERS ASSOCIATION
Administration Resolution
Article IX, Section 9.1, Item M
Page 2

Witness the following signatures:

ST. JAMES PLACE OWNERS ASSOCIATION

By: Constance Cunningham
President

Ann R. Boggs
Secretary

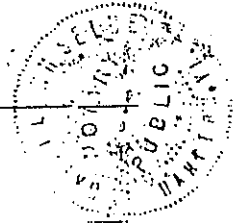
STATE OF VIRGINIA

CITY OF NEWPORT NEWS, TO WIT

The foregoing instrument was acknowledged before me
this 1st day of June, 1990, by Constance Cunningham,
President of St. James Place Owners Association.

Bambi L. Sells
Notary Public

My commission expires: 12/17/90



STATE OF VIRGINIA
CITY OF NEWPORT NEWS TO WIT

The foregoing instrument was acknowledged before me this 5th day
of June, 1990, by Ann R. Boggs, Secretary of St. James Place
Association.



Stella J. Parker
Notary Public

My commission expires: May 4, 1993

VIRGINIA: City of Newport News, to-wit
In the Clerk's Office of the Circuit Court for the City of Newport
News, the 11th day of December, 1990. This Deed was
presented with the certificate annexed, and admitted to record at
2:21 o'clock P. M.

Teste: REX A. DAVIS, Clerk

By: Maudie Thomas D.C.



MAJORITY CONSENT OF BOARD OF DIRECTORS

St. James Place Owners Association

The undersigned, being the majority of the Directors of St. James Place Owners Association, Inc., a Virginia non-stock corporation, do hereby consent to the adoption of the following resolution and approve and consent to the actions authorized thereby in accordance with the Virginia Condominium Act, Section 55-79.53.

WHEREAS, the Board of Directors deems it to be in the best interest of the Association to adopt a resolution in which United Property Associates (managing agent) shall be approved to charge against every owner whose account is turned over to an attorney for collection of delinquent assessments and shall be deemed a cost of collection pursuant to the Virginia Statute as stated above and the "Declaration of Covenants, Conditions, Restrictions and Easement," article VIII which constitute covenants running with the land", and

WHEREAS, the Board of Directors deems it to be in the best interest of the Association to adopt this resolution to save management fees to the Association and all members who are in good standing within the Association, and

WHEREAS, that the \$30.00 administrative fee shall be payable to the managing agent upon collection thereof; and

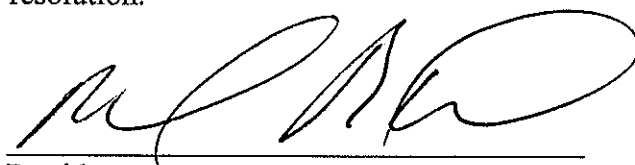
WHEREAS, the administrative fee shall be collected by the managing agent's accounting department when it is paid by the owner. The fee does not get paid to the Association and is owed by the owner, not the Association. Only if and when the fee is paid along with the other charges due the Association as a result of the collection or court action, will the managing agent collect. The managing agent may not take funds from the Association. This is strictly between the managing agent and the owner/debtor. This shall not be a budget line item nor an expense to the Association, and

WHEREAS, the managing agent shall credit the Association for what is due from the owner/debtor in full before the managing agent receives any of the administrative fee. If the fee is not paid, or if the funds collected are insufficient to pay what is owed the Association in full and to pay the managing agent, the managing agent shall not collect the fee unless and until the attorney collects sufficient funds to pay the managing agent, and



WHEREAS, this resolution shall be in effect until the resolution is modified, altered, amended, repealed or revoked by a majority vote of the Board of Directors.

NOW THEREFORE BE IT RESOLVED, that the majority of the Board of Directors hereby approves, the \$30 administrative fee as stated in the resolution.

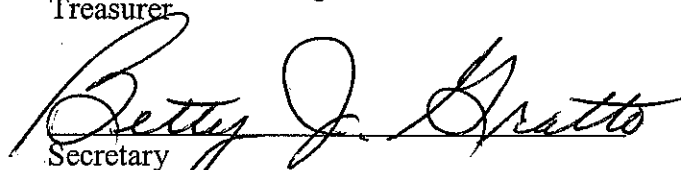


President


Vice President



Treasurer

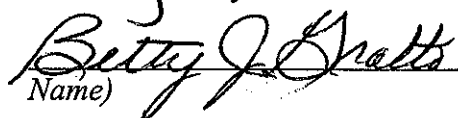


Secretary



Member-At-Large

This resolution was duly approved at a regular meeting of the Board of Directors on May 18, 2006 (date).

 (Secretary's Name), Secretary, (Association Name)



MAJORITY CONSENT OF BOARD OF DIRECTORS

St. James Place Owners Association

The undersigned, being the majority of the Directors of St. James Place Owners Association, Inc., a Virginia non-stock corporation, do hereby consent to the adoption of the following resolution and approve and consent to the actions authorized thereby in accordance with the Virginia Condominium Act, Section 55-79.53.

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WHEREAS, the Board of Directors deems it to be in the best interest of the Association to adopt this resolution to save management fees to the Association and all members who are in good standing within the Association, and

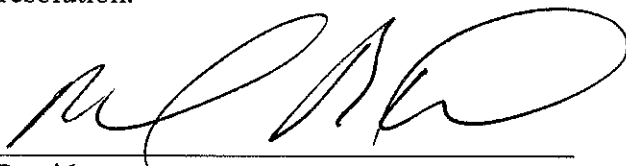
WHEREAS, that the \$30.00 administrative fee shall be payable to the managing agent upon collection thereof; and

WHEREAS, the administrative fee shall be collected by the managing agent's accounting department when it is paid by the owner. The fee does not get paid to the Association and is owed by the owner, not the Association. Only if and when the fee is paid along with the other charges due the Association as a result of the collection or court action, will the managing agent collect. The managing agent may not take funds from the Association. This is strictly between the managing agent and the owner/debtor. This shall not be a budget line item nor an expense to the Association, and

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WHEREAS, this resolution shall be in effect until the resolution is modified, altered, amended, repealed or revoked by a majority vote of the Board of Directors.

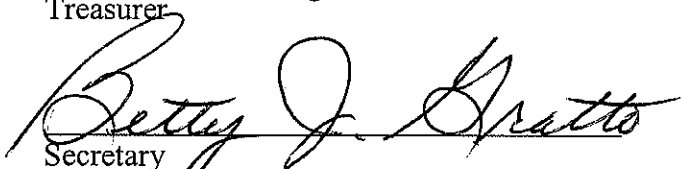
NOW THEREFORE BE IT RESOLVED, that the majority of the Board of Directors hereby approves, the \$30 administrative fee as stated in the resolution.




President

Vice President

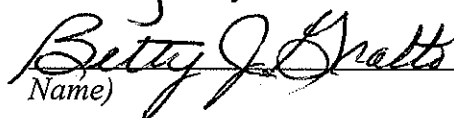


Treasurer

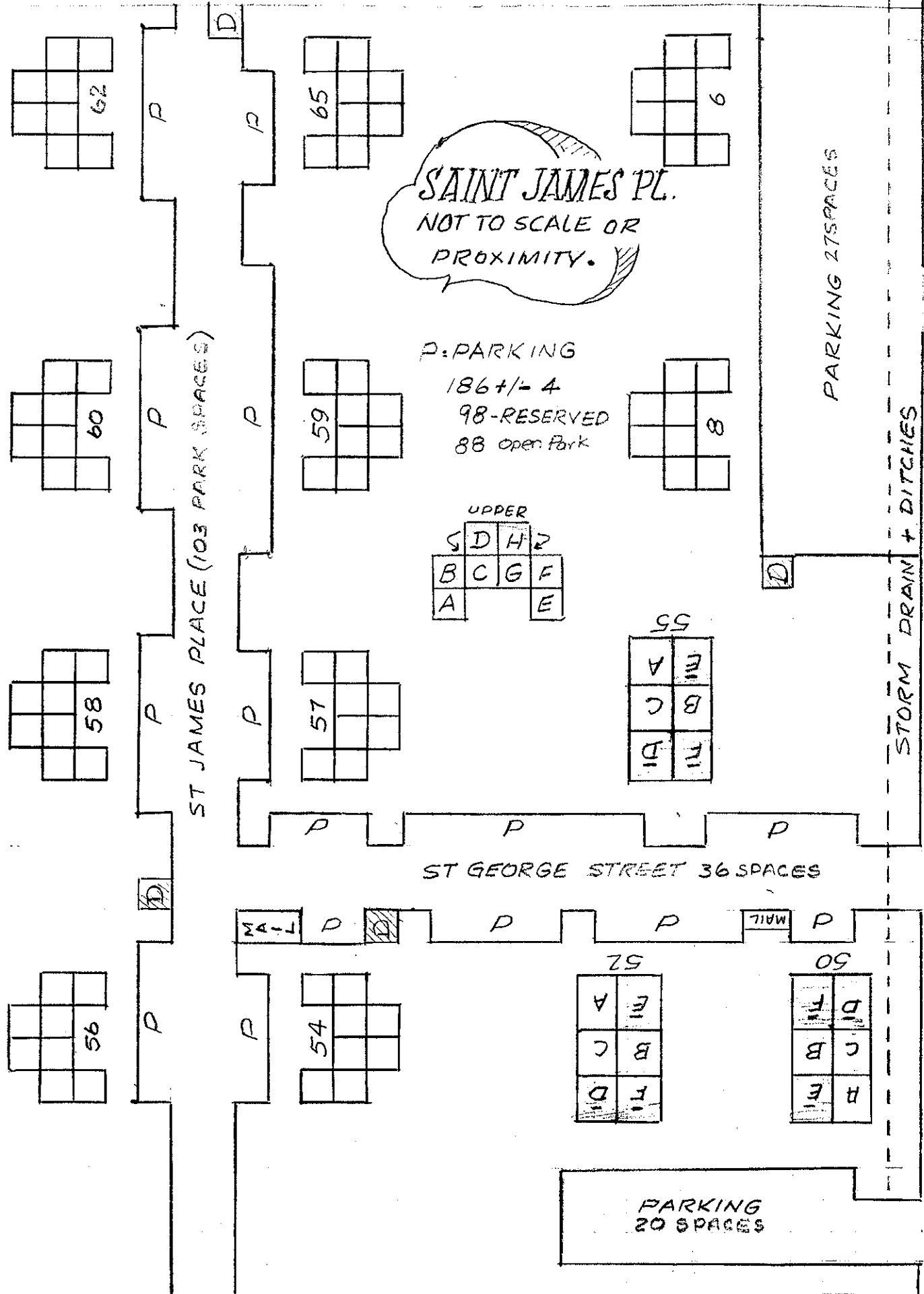
Secretary

Member-At-Large

This resolution was duly approved at a regular meeting of the Board of Directors on May 18, 2006 (date).

 (Secretary's Name), Secretary, (Association Name)

MIH PROPERTY



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