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TERRY/PETERSON RESIDENTIAL ELEVEN, L.L.C.
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE QUARTERS OF YORK COUNTY

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DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by TERRY/PETERSON RESIDENTIAL ELEVEN, L.L.C., a Virginia limited liability company, referred to herein as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of York, in the State of Virginia, which is more particularly described as follows:

"Parcel 2" on that certain plat entitled "Subdivision & Boundary Line Adjustment of the Properties of Triple Feature Associates, a Virginia Limited Partnership & Four Way Associates, a Virginia Limited Partnership", made by The Sirine Group, Ltd., dated May 30, 2003, and recorded in the Office of the Clerk of the Circuit Court of the County of York, Virginia as Instrument #040014597.

WHEREAS, Declarant desires to declare from time to time that portions of said property shall be made subject to, and shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof;

NOW, THEREFORE, Declarant does hereby declare that the following described portion of said property is hereby made subject to this Declaration of Covenants, Conditions and Restrictions and shall be held, sold and conveyed only as stated above:

All of that property in York County, Virginia, owned by Declarant and shown on that certain plat entitled "Plat of The Quarters of York County, Phase I, Nelson District- County of York, Virginia", made by The Sirine Group, Ltd., dated September 10, 2004 and intended to be recorded contemporaneously herewith.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to THE QUARTERS OF YORK COUNTY COMMUNITY ASSOCIATION, INC., its successors and assigns.

Section 2. "Common Area" shall mean all real property owned by the Association from time to time for the common use and enjoyment of the owners, the initial Common Area being more particularly described as all of the property shown as:

"Common Area" or easements "hereby conveyed to The Quarters of York County Homeowners Association", on the above described plat.

Section 3. "Declarant" shall mean and refer to Terry/Peterson Residential Eleven, L.L.C., its successors and assigns, if such successors or assigns should acquire all undeveloped property from the Declarant for the purposes of development.

Section 4. "Declaration" shall mean the covenants, conditions and restrictions and all other provisions herein set forth in this entire Document, as same may from time to time be amended or supplemented.

Section 5. "Existing Property" shall mean the real property which is and shall be held, transferred, sold, conveyed, leased and occupied subject to this Declaration, such property being located in the County of York, Virginia, and being more particularly described above as property being owned by the Declarant.

Section 6. "General Plan of Development" shall mean that plan encompassing the whole of the intended community which sets forth the general uses of the land including types of dwellings, general locations of dwellings, number of dwelling units and any and all such other uses as the Declarant may determine in such plan as ultimately may be approved by the County of York, Virginia, Federal Housing Administration ("FHA"), and/or the Veterans Administration ("VA"), together with any and all Section Declarations which may be recorded by Declarant, as said Section Declarations may be amended from time to time relating to all or part of the Community of The Quarters of York County. The plat attached hereto as Exhibit 'A' shall be deemed to represent the present plan for completion of The Quarters of York County project, and shall not in any manner or to any extent bind the Declarant to develop the Properties in any particular manner or to complete the development.

Section 7. "The Quarters of York County" (or, "The Quarters") shall mean all real property located in the County of York, State of Virginia, which becomes subject to the Declaration, together with

such other real property as may from time to time be annexed thereto. Such property may sometimes be referred to herein as "The Quarters."

Section 8. "Owner(s)" shall mean and refer to the record owner, whether one or more persons or entities, or equitable or beneficial title (or legal title if same has merged) of any Lot. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation. Except as stated otherwise herein, "Owner" shall not include one who has merely contracted to purchase any property or a lessee or tenant, of any Single-Family Residence. The term "Owner" shall not include a Developer, who for this Declaration shall be defined as a builder, contractor, investor or other person or entity who purchases a Lot in The Quarters of York County for the purpose of resale thereof to a Public Purchaser, or for the purpose of constructing improvements thereon for resale to a Public Purchaser. For the purposes of Article IV only, unless the context otherwise requires, "Owner" shall also include the family, invitees, licensees and lessees of any Owner, together with any other person or parties holding any possessory interest granted by such Owner in any Lot.

Section 9. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 10. "Public Purchaser" shall mean any person or other legal entity, except a Developer as defined in Section 8 above, who becomes an Owner of any Lot within The Quarters of York County.

Section 11. "Section" shall mean all that land area containing lots recorded by subdivision plat for residential purposes encompassed in a specific stage of development as set forth more particularly in the General Plan of Development as approved by the County of York and as amended from time to time.

Section 12. "Section Declarations" shall mean any declarations of covenants, conditions and restrictions which may be recorded by Declarant, relating to all or part of The Quarters of York County, whether such document is referred to as a declaration, amendment or supplement.

Section 13. "Lot" shall mean any parcel of real property designated as a Lot on any recorded Subdivision Plat within The Quarters of York County Community, with the exception of the Common Area.

Section 14. "Subdivision Plat" shall mean a recorded plat covering any or all the property referred to in this Declaration or annexed thereto.

Section 15. "Visible from Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

Section 16. "Single Family Residence" shall refer to a structure containing dwelling units where each dwelling unit is located on a separate Lot and shall include a single-family attached unit.

Section 17. "FHA" and "VA" shall mean the Federal Housing Administration and the Veterans Administration, respectively.

Section 18. "Property Owners' Association Act" shall mean the Virginia Property Owners' Association Act set forth in the 1950 Code of Virginia, as amended, as Chapter 26, Sections 55-508 through 55-516.2, as amended from time to time.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to give a mortgage or deed of trust when financing any improvements located on the "Common Area," but no such mortgage or deed of trust shall be effective unless an instrument has been signed by more than two-thirds (2/3) of each class of members, agreeing to such mortgage or deed of trust.

(b) The right, hereby reserved, of the Association, whether or not such right is expressly reserved in any deed of conveyance of any part of the Common Area to the Association, to grant easements over, along, under and through the Common Area to the County of York or any utility company for drainage or utility purposes. This action shall not require the consent of two-thirds (2/3) of each class of members.

(c) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of the Association Rules or Regulations.

(d) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be made unless an instrument signed by more than two-thirds (2/3) of each class of Members agreeing to such dedication or transfer has been recorded.

(e) Nothing herein contained shall limit the right of the Association to provide in its bylaws or elsewhere a limitation on the number of guests that a Member may have on the Common Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or his guests or invitees.

Section 3. Conveyance of Common Areas to the Association. The Common Areas that appear on any plat of a Section shall be conveyed by Declarant to the Association after the plat has been recorded and before any Lot shown on said plat has been conveyed to a Public Purchaser.

ARTICLE III

PROPERTY SUBJECT TO THE QUARTERS OF YORK COUNTY RESTRICTIONS

Section 1. General Declaration Creating The Quarters of York County. Declarant shall develop The Quarters of York County by subdivision into various Lots and Sections. As each is developed, Declarant intends, with respect to particular property, to record one or more Section Declarations which will incorporate this Declaration therein by reference, and which may supplement or modify this Declaration with such additional covenants, conditions and restrictions as may be appropriate for that property, subject to the approval of the FHA or VA in those instances where such approval is necessary to allow FHA or VA financing of homes, and subject to the approval of the County of York as may be required by its subdivision and zoning ordinances. Thereafter, Declarant intends to sell and convey, to Public Purchasers and/or Developers as hereinabove defined, Lots in the property so developed subject to both this Declaration and the Section Declarations, if any, for that Section. Declarant hereby declares that

all of the real property within The Quarters of York County, as the same is described herein or in subsequent Section Declarations, is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part, subject to this Declaration and any recorded Section Declarations, as amended or modified from time to time. This Declaration and said Section Declarations are declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of said real property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of said real property and every part thereof. All of this Declaration shall run with all of said real property for all purposes and shall be binding upon and inure to the benefit of Declarant, the Association, all Owners and their successors in interest.

In the development and improvement of the Properties, Declarant shall have the right to make normal substitutions of materials that meet the requirements of the County of York, and reasonable deviations in the location of utility lines and facilities from the original plans.

Section 2. Staged Developments. Additional land not a part of the land described herein may be annexed by the Declarant without the consent of Members within ten (10) years after the recording of this Declaration, provided that the FHA or the VA determine that the annexation is in accord with the general plan heretofore approved by them. Such annexed land may, but shall not necessarily include, additional land for dwellings and Common Areas. Declarant, acting alone, may execute the necessary amendments to this Declaration.

ARTICLE IV LAND USE CLASSIFICATIONS PERMITTED USES, RESTRICTIONS AND EASEMENTS

Section 1. Land Use Classifications. As each Section or portion thereof within The Quarters of York County is developed and annexed, the use classifications, restrictions, easements, rights of way, and other matters including new or different uses and restrictions therefor, including any number of subclassifications thereof for any special uses, shall be fixed by Declarant in any Section Declaration which may be recorded for that Section, subject to the approval of FHA or VA as to any amendments

which FHA/VA define as “material amendments” and any actions which FHA/VA define as “extraordinary actions”, and further subject to approval by the County of York as may be required by applicable zoning and subdivision ordinances. In exercising such authority as granted herein, Declarant shall not impose any new land use classifications or new restrictions which are not generally in consonance with existing uses and restrictions applicable to The Quarters of York County. When property is annexed to The Quarters of York County the use of classifications thereof shall be established by the Section Declaration covering said property. No restrictive covenants set forth herein nor any other provisions hereof shall in any way apply to land of Declarant not described herein nor annexed by following the procedures set forth herein.

Section 2. Permitted Uses and Restrictions - Single Family. The permitted uses, easements and restrictions for all property in this classification within The Quarters of York County covered by this Declaration, except for Common Area, shall be as follows:

A. Single-Family Residential Use. All property in this classification shall be used, improved and devoted exclusively to Single-Family Residential Use. This is intended to include attached single-family dwellings. No gainful occupation, professions, trade or other nonresidential use shall be conducted on any such property. Nothing herein shall be deemed to prevent the leasing of all such property to a single family from time to time by the Owner thereof, subject to all of the provisions of The Declaration. No structure whatsoever, other than one private, Single-Family Residence, shall be erected, placed or permitted to remain on any Lot.

B. Animals. No animals, birds, fowl, poultry, or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any property within The Quarters of York County and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal shall be maintained so as to be visible from Neighboring Property. Upon the written request of any Owner, the Board, which is hereinafter defined, shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this paragraph, a particular animal is a generally recognized house or yard pet, or a nuisance,

or whether the number of animals on any such property is reasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein. The rules and regulations of the Association may include rules relating to the keeping of animals within The Quarters, which rules are more restrictive and more specific than this paragraph.

C. Antennae. The Board may adopt as a part of its Rules and Regulations, or the Architectural Control Committee may adopt standards or criteria, or the approval of plans of individual Owners to install one or more antennas. However, no rule or standard shall be adopted which would prevent, unreasonably delay, unreasonably increase the cost of antenna installation, maintenance or use, or preclude reception of an acceptable quality signal. Rules or standards may be adopted to require painting of the antenna so that it will better blend with its surroundings, require plantings to screen an antenna on the ground, require antennas to be in the rear of the house and on the ground to the extent that the quality of the reception will not be adversely affected, require satellite dishes to be no more than 39" in diameter, and to set forth other requirements which do not conflict with Federal, State or Local law or with Federal Communications Commission rules or regulations.

D. Utility Service. No lines, wires, cables or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any property within The Quarters of York County unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Control Committee and Declarant. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Architectural Control Committee. The provisions of this paragraph shall not apply to the Declarant.

E. Improvements and Alterations. No improvements, alterations, repairs, change of paint colors, excavations or other work which in any way alters the exterior appearance of any property within The Quarters of York County or the improvements located thereon from its natural or improved state existing on the date such property was first conveyed in fee by Declarant to a Public Purchaser or annexed to The Quarters of York County, whichever is later, shall be made or done without the prior written approval of

the Architectural Control Committee, except as otherwise expressly provided in this Declaration. No building, fence, wall, residence or other structure shall be commenced, erected, improved, altered, made or done without the prior written approval of the Architectural Control Committee or any committee established by the Architectural Control Committee except as otherwise expressly provided in this Declaration. Pursuant to its rule-making power, the Architectural Control Committee shall establish a procedure for the preparation, submission and determination of applications for any such alteration or improvement, subject to the Board's approval. The Architectural Control Committee shall have the right to refuse to approve any plans or specifications or grading plan, which are not suitable or desirable, in its opinion, for aesthetic or other reasons, and in so passing upon such plans, specifications and grading plans, and without any limitation of the foregoing, it shall have the right to take into consideration the suitability of the proposed building or other structure, and of the materials of which it is to be built, the lot upon which it is proposed to erect the same, the harmony thereof with the surroundings and the effect of the building or other structure as planned, on the outlook from the adjacent or neighboring property. No change shall be made by any Owner which would have the effect of altering the grade or drainage in the block in which the Owner's Lot is located. Rather, it shall be each Owner's responsibility to maintain the existing grade and drainage, unless the County requires a change. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, shall be subject to the prior approval of the Architectural Control Committee. No changes or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Control Committee. All decisions of the Architectural Control Committee shall be final except for the appeals from their decisions which shall be decided by a two-thirds vote of the Board, and no Lot Owner or other parties shall have recourse against the Architectural Control Committee or the Board for their actions in approving or refusing to approve any such plans and specifications.

Should the Architectural Control Committee fail to either approve or disapprove of any plans submitted to it within thirty (30) days from the date an applicant has submitted such plans in a form acceptable to the Committee, then it shall be deemed that said plans have been approved and applicant may proceed with the same.

F. Temporary Occupancy. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structure of any kind shall be used at any time for a residence on any property within The Quarters of York County, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any such property shall be within thirty (30) days after the completion of construction.

G. Certain Prohibited Activities.

(1) Prohibited Vehicles. No recreational vehicle, boat, utility trailer, truck over 3/4 ton or commercial vehicle, except a truck or van or the equivalent not over 3/4 ton and used as a principal means of transportation to work, shall be kept or placed, maintained, constructed, reconstructed, or repaired upon any property or street within The Quarters of York County, except in a special parking area designated for recreational vehicles, if the same is established by Declarant or the Association. Such parking shall be subject to the Rules and Regulations adopted by the Board of the Association as to size, type and number of vehicles. Neither Declarant nor the Association shall have any responsibility for the protection of such vehicles. This parking area for recreational vehicles shall be kept fenced and screened by the Association, as required by the County of York.

(2) Damage to Environment. No Owner shall cause or allow any toxic wastes or other material which would be harmful to the environment within or without the boundaries of The Quarters to be discharged into the storm drains or upon any Lot or Common Area within.

H. Maintenance of Lawns, Plantings and Masonry.

(1) By Owner. In the absence of any rules or regulations of the Association governing such maintenance to the contrary, Owners shall be responsible for the maintenance of the grass, shrubs, trees or other plantings located within the fences, if any, on such Owner's Lot. Should any Owner fail to perform the acts required by this subsection, Declarant or the Association or its authorized agents shall have the right at any reasonable time to enter upon the portion of Lot of such Owner that is enclosed by a fence to plant, replace, maintain, and cultivate shrubs, grass or other plantings located thereon at the cost of the Owner, provided that such action is not barred by a general policy approved by majority vote of a quorum of the Board of Directors. Such action may be taken until such time as the authorization

contained herein has been rescinded by majority vote of a quorum of the Board of Directors. At all times, all of the maintenance provided for by this paragraph shall be subject to the Rules and Regulations of the Association. This shall apply as well to all front, side and back yard areas, fenced and unfenced. So as to provide for a neat and uniformly maintained community, the Rules and Regulations (sometimes referred to herein as the "Rules") of the Association may provide for the amount of maintenance to be done by an Owner.

All masonry, including walls, driveways and sidewalks, located on a Lot, shall be maintained, repaired and replaced by the Owner of the Lot, but the manner and timing of any such maintenance, repair or replacement, and the materials and the color and texture of such materials shall at all times be subject to the Rules and Regulations of the Association. An exception to this provision shall be sidewalks which are located on easements or Common Areas owned by the Association and which are for the use and benefit of more than one Owner. These shall be maintained, repaired and replaced by the Association. Those walkways which are a part of the Common Area shall be maintained by the Association.

(2) By Declarant or the Association. Declarant and the Association shall have the right, at any time, to plant, replace, maintain and cultivate shrubs, trees, grass and plantings on any property within The Quarters of York County other than within the fenced area on a Lot, and on such easements over an Owner's Lot as may have been granted to Declarant or the Association, regardless of whether any Owner or the Association is responsible hereunder for maintenance of such areas. No Owner shall remove, alter, injure or interfere in any way with any shrubs, trees, grass or plantings placed upon any such property by Declarant or the Association without the written consent of the Association having first been obtained. The Association or its authorized agents shall have the right to enter upon any property within such other areas, at any reasonable time, for the purpose of planting, replacing, maintaining or cultivating such shrubs, trees, grass or plantings, and shall not be liable for trespass for so doing. Anything herein to the contrary notwithstanding, the Association or its authorized agents shall enter upon any Owner's Lot for the purposes set forth in this subsection only when Owner has failed to maintain the shrubs, trees, grass and plantings as required by this Declaration.

Neither Declarant nor the Association shall be required to water any grass, trees, shrubs or other plantings within the Properties, but they shall have the right to do so.

I. Debris. No rubbish or debris of any kind other than trash in approved containers shall be placed or permitted to accumulate upon or adjacent to any property within The Quarters of York County, and no odors shall be permitted to arise therefrom, so as to render any such property or any portion thereon unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants.

J. Repair of Buildings. No building or structure upon any property within The Quarters of York County shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished.

K. Trash Containers and Collection. No garbage or trash shall be placed or kept on any property within The Quarters of York County except in sealed plastic bags or in covered containers of a type, size and style which are approved by the County or the Architectural Control Committee and by the refuse collection company, if any, then serving the Properties. In no event shall such containers be maintained in the front or side yard of any Lot so as to be Visible from Neighboring Property except to make the same available for collection and then, only the shortest time reasonably necessary to effect such collection. The Board shall have the right, in its sole discretion, to require all Owners to subscribe to a specific location for trash service. All rubbish, trash and garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot. Unless and until decided otherwise by the Board, all garbage and trash containers shall be placed at the curb in front of the Owner's Lot for collection.

L. Clothes Drying Facilities; Firewood. Outside clothes lines or other outside facilities for drying or airing clothes shall not be Visible from Neighboring Property. Firewood may be stored to the extent and in the manner allowed by the Rules and Regulations of the Association.

M. Encroachments. No tree, shrub, or planting of any kind on any property devoted to Single-Family Residential use within The Quarters of York County shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way, or other area from ground level to a height of eight

(8) feet, without the prior approval of the Architectural Control Committee, nor shall any such tree, shrub or planting be allowed to block reasonable visibility by the driver of any vehicle.

N. Right of Way. During reasonable daylight hours, Declarant, any member of the Architectural Control Committee, any member of the Board, or any authorized representative of any of them, shall have the right to enter upon and inspect any property within The Quarters of York County and the improvements thereon, except for the interior portions of any residence, for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

O. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any property within The Quarters of York County except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a residence, appurtenant structures, or other improvements, and except that which Declarant or the Association may require for the operation and maintenance of The Quarters of York County or its Common Area.

P. Restriction of Further Subdivision. No Lot within The Quarters of York County shall be further subdivided or separated into smaller lots or parcels by an Owner. This provision shall not, in any way, limit Declarant from subdividing or separating into smaller lots or parcels any property owned by Declarant and not yet platted or subdivided into Lots. It shall also not limit or prohibit Declarant from subdividing any Lots for single family attached units in accordance with the zoning and subdivision requirements of the County of York. Declarant shall also have the right to re-subdivide Lots to accomplish minor adjustments. Not less than an entire Lot, together with the improvements thereon, may be rented, and only to a single family.

Q. Signs. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible from Neighboring Property shall be erected or maintained on any Lot or parcel of Property within The Quarters of York County except as approved by the Architectural Control Committee. Notwithstanding the foregoing, the following shall be allowed on any such Lot or parcel:

(1) Signs required in connection with any legal proceedings or proceedings of the Board of Supervisors, Planning Commission or other administrative body;

(2) For Sale or Rent signs to the extent and in the manner allowed by the Rules and Regulations of the Association.

R. Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant, or its duly authorized agents, including Developers, of structures, improvements or signs necessary or convenient to the development, identification, or sale of property within The Quarters of York County.

S. Declarant's Easements.

(1) There is hereby created in favor of Declarant a blanket easement upon, across, over and under the above-described premises, including the Common Areas, for access to the same and to adjacent properties for development and construction purposes, and ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewers, gas, telephones, electricity, television, cable or communication lines and drainage systems, sidewalks, driveways and parking areas, etc. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment on said property and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of the residences served. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on said premises except as initially programmed and approved by the Declarant or builder of said premises or thereafter approved by the said builder, Declarant or the Board. This easement shall in no way affect any other recorded easements on said premises. This easement shall be limited to improvements as originally constructed. During the period of development and sales, Declarant shall have the right, but not the obligation, to replace injured or diseased trees or other vegetation in the Common Areas, and to do planting or other landscaping work in the Common Areas.

(2) Declarant reserves a perpetual easement, right and privilege to enter upon any Lot or Common Area, and the Association is granted a perpetual easement, right and privilege to enter upon any

Lot, either before or after a building has been constructed thereon or during such construction, for the purpose of taking such erosion control measures as Declarant or the Association deems necessary to prevent or correct soil erosion or siltation thereon; provided, however, that Declarant or the Association shall not exercise such right unless it has given the Owner of the Lot or the Association (as to the Common Area) at least ten days' prior notice thereof and the Owner or the Association, as the case may be, has failed to take appropriate action to correct or prevent the erosion or siltation problem. The cost incurred by the Association in undertaking such erosion control measures on any Lot shall become a special assessment upon the Lot and shall constitute a lien against the Lot and shall be collectible in the manner provided herein for the payment of assessments.

T. Other Easements. The following easements shall also exist:

(1) Wherever sidewalks for access to homes are located, the Common Area or Lot upon which the sidewalk is located shall be subject to an easement for the placing, maintaining and repairing of the sidewalks by the Association, and the right of Lot Owners and others lawfully visiting their homes to the use of same. The sidewalks located on the Common Areas and/or on a Lot for the benefit of Owners of Lots other than the Lot on which the sidewalk is located, shall be maintained, repaired and replaced by the Association. Where the recorded plat(s) shows parking spaces on one lot for the benefit of a lot more or less to the rear of it, the Owner of the lot to the rear shall have an easement for the use of the parking spaces.

(2) The Association shall have a five-foot easement along rear Lot lines for access, and the fencing of yards shall be subject to the Association's Rules and Regulations. If the access is not needed in any situation, the Association may allow the easement area to be blocked permanently, temporarily or for a set time.

(3) Minor encroachments of up to one (1) foot shall be allowed on the Common Area or any Lot by the initial improvements on a Lot, including the house, porch, chimney, sidewalk, roof overhang, or the like. A more substantial encroachment onto the Common Area may be allowed by a majority vote of the Association's Board of Directors. Should any concrete walk installed by Declarant or

the Association in the Common Area encroach onto a Lot, there shall be an easement on such lot for the encroachment, not to exceed one (1) foot.

(4) In any situation where the edge of a house's roof is closer than four (4) feet from the Lot's boundary line, there shall be an easement of sufficient width over the adjoining Lot or Common Area to allow the Owner of the house to have four (4) feet next to the house for purposes of doing maintenance, repair or replacement. A similar easement shall exist to allow each Lot Owner access to maintain, repair or replace any fences, walls, driveways and sidewalks.

(5) All easements shown on recorded plats subdividing The Quarters into sections.

(6) Declarant, the Association, Generals Way Property Association and the County shall have an easement for the installation, maintenance and replacement of bulkhead tiebacks on the Lots that are adjacent to the lake, and for the maintenance, inspection and repair of the lake itself, and Declarant and the Association shall have an easement across such Lots as are necessary for access by personnel and equipment so that such work may be performed. Any damage caused to an Owner's Lot shall be repaired by the entity for whom the work was being done when the damage was done. No barrier to the needed access shall be constructed by any Lot Owner.

(7) It is noted that Declarant may install sanitary sewer lines and water lines, and any related facilities, from the street in front of each four-Unit structure to and under each such structure, and lines from each of those laterals to serve each of the Units within such four-Unit structure. All Owners of a Unit within the structure shall have an easement, hereby reserved, for the continued existence and use of those lines. The Association shall have an easement for the maintenance, clearing, repair and replacement of such lines and facilities. This easement shall include the right to enter Units, where it deems it necessary to carry out its obligations to maintain, keep clear, repair and replace any such lines. These obligations and the right to use this easement to carry them out may be delegated by the President or Vice President or the Board of the Association, to the management company or person managing the Association from time to time.

(8) In any instance where the initial grading of a Lot needs to be redone so that that Lot or the adjacent Lot(s) or other nearby Lots will properly drain, Declarant and the Association shall have

an easement across the Lot or Lots that may be reasonably necessary for access to the land that needs to be graded. Declarant or the Association shall be responsible for removing and replacing fences that must be taken down to allow such access, and also for the repair of any damage done. The Lot Owners shall have the responsibility not to alter the grade on their Lot, and not to do anything that will adversely affect the drainage of their Lot or any other Lot.

(9) In the event that any of the land that may be added to The Quarters is not added pursuant to the provisions of this Declaration, there shall be perpetual easements appurtenant to the land not added for the use of the streets and utilities within The Quarters by the then owners of the land not added so that such property shall have access and shall be served by all utilities, drainage and other services enjoyed by The Quarters. The owners from time to time of the property not added shall pay a prorata share of the maintenance and repair of the streets and other property of The Quarters used by such owners and of the reserves for replacement, based upon the number of Units or homes using the particular facilities or services.

U. Party Fences. The rights and duties of Owners with respect to Party Fences, if any, shall be as follows:

(1) Each fence which is built at the time of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a Party Fence, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damages due to negligence or willful acts or omissions shall apply thereto.

(2) The Owners of contiguous lots who have a Party Fence shall both equally have the right to such fence, provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

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

(4) In the event any such Party Fence is destroyed (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests or family, it shall be the obligation of all Owners whose Lots adjoin such wall or fence to rebuild and repair such wall or fence at their joint and equal expense, unless otherwise provided for in supplemental Section Declarations or Master Deeds. In the event that any Owner or Owners fail to take any action required under this section, the Association may build or repair such wall or fence, as it deems appropriate and assess the costs of the same to the Owner or Owners responsible.

(5) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Fence without the prior consent of the Association and of all Owners of any interest therein, whether by way of easement or in fee.

(6) The Association, as owner of the community lighting system to be installed by Declarant for the general illumination within the community, shall have, and is hereby granted, an easement through the Common Area for the maintenance, repair and replacement of the electric lines, meters and fixtures. The maintenance easement shall be of sufficient size to accommodate the work to be done. The easements on the individual Lots shall be only at those locations where the lines, meters and fixtures are originally installed by Declarant. This easement affecting individual Lots shall also include the right to maintain, repair and replace what has been installed. Any change in the location of the easement may only be made by recorded agreement between the owner of the Lot affected and the Declarant or by the Association, by act of a majority of the Association's Board of Directors. All maintenance, repairs and replacements referred to above, together with the electric bills for this exterior lighting, and the replacement of light bulbs shall be at the expense of the Association. The Association, by act of a majority of its Board of Directors or of the professional management company managing the community, shall decide when any such work is to be done, but shall not allow the fixtures to become unsightly.

V. Other Fences and Walls. Where there is a wall or fence that crosses a Lot boundary at an angle and, therefore, is not a party wall or fence, each Lot owner will pay for the maintenance, repair and replacement of that portion of the wall or fence that is located on his or her Lot. Because the appearance

of any wall or fence is important to The Quarters of York County community, in the event that any Owner or Owners fail to maintain, repair or replace such wall or fence as needed, or when given notice by the Association that such work must be done for the benefit of the Owners of both Lots or of the community, the Association may maintain, repair or replace the wall or fence, as it deems appropriate, and assess the costs of same to the respective Owners, each to pay for the work done on the Owner's side of the property line.

W. Parking. Subject to other provisions hereof related to recreational vehicles and similar vehicles, each home shall have the exclusive right to use two spaces, as shown on the recorded plat. Visitors parking will be available at various locations, but the Association may limit the number of vehicles that any Owner may cause to be parked at that location. In certain instances the plats will show parking located on one Lot but for the use and benefit of the Owner of another Lot or for guest parking for use by the guests of any of the Lots. In those instances, the person(s) entitled to the use of the parking space shall have an easement for such use.

Section 3. Permitted Uses and Restrictions - Common Area - Certain Trees. The permitted uses and restrictions for Common Areas shall be as follows:

A. Maintenance by Association. The Association shall be responsible for the perpetuation, care and maintenance of all Common Areas. The Association may at any time, as to any Common Area conveyed, leased, or transferred to it, or otherwise placed under its jurisdiction, in the discretion of the Board, without any approval of the Owners being required:

(1) Reconstruct, repair, replace or refinish any improvements or portion thereof upon any such area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area) in accordance with (a) the last plans thereof approved by the Board of Directors, (b) the original plans for the improvement, or (c) if neither of the foregoing is applicable and if such improvement was previously in existence, then in accordance with the original design, finish or standard of construction of such improvement as same existed;

(2) Construct, reconstruct, repair, replace or refinish any road improvement or surface upon any portion of such area used as a road, street, walk, driveway and parking area;

(3) Replace injured and diseased trees or other vegetation in any such area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes, but no such replacement or planting shall be required;

(4) Place and maintain upon any such area such signs as the Board of Directors may deem appropriate for the proper identification, use and regulation thereof;

(5) Do all such other and further acts which the Board of Directors deem necessary to preserve and protect the property and the beauty thereof, in accordance with the general purposes specified in this Declaration; and

(6) The Board shall be the sole judge as to the appropriate maintenance of all grounds within the Common Area.

B. Damage or Destruction of Common Area by Owners. In the event any Common Area is damaged or destroyed through the intentional or negligent act of an Owner or any person for whom he is legally responsible, such Owner does hereby authorize the Association to repair said damaged area, and the Association shall so repair said damaged area in a good, workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association, in the discretion of the Association. The amount necessary for such repairs shall be paid by said Owner, upon demand, to the Association, and the Association may enforce collection of same in the same manner and subject to the same conditions as provided elsewhere in this Declaration for collection and enforcement of assessments.

C. Trees on Boundary Lines. In the event that the trunk of a tree, at a point that is three (3) feet above the ground, is located on the boundary line between a Lot and the Common Area, then the Association and the Lot Owner shall jointly maintain the tree.

ARTICLE V

COMMUNITY ASSOCIATION

Section 1. Organization.

A. The Association. The Association is a non-profit Virginia corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles of Incorporation,

Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

B. Subsidiary Associations. The Association shall have the right to form one or more subsidiary associations, for any purpose or purposes deemed appropriate by the unanimous vote of the Board. Without limiting the generality of the foregoing, one or more subsidiary associations may be formed for the operation and maintenance of any specific area located within The Quarters of York County for specific purposes as deemed appropriate by the Board. However, such subsidiary associations shall be subject to this Declaration and may not take any action to lessen or abate the rights of the homeowners herein.

C. Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers as the Directors may elect or appoint, in accordance with the Articles and the Bylaws, as same may be amended from time to time.

D. Association Management. There shall be a professionally qualified manager of or advisor to the Association. The manager may be the chief administrative officer of the Association, subject to actions adopted by the Board of Directors. If a full-time manager is designated, it (i) shall annually prepare a proposed budget for the Association, and, upon its approval by the Board of Directors, shall have the authority to spend the sums appropriated subject to Board approved procedures; (ii) shall be responsible for any funds of the Association received, for the keeping of the accounting records and the preparation of financial statements in accordance with forms and procedures prescribed by the secretary-treasurer and approved by the Board of Directors; (iii) shall furnish the secretary-treasurer with financial statements as may be requested by the secretary-treasurer; and (iv) shall appoint and discharge employees of the Association and shall fix their respective compensation within the limits required by the budget. It may enter into agreements on behalf of the Association subject to policies established by the Board of Directors and shall perform other duties conferred upon him by the Board of Directors.

Section 2. Powers and Duties of the Association. The Association shall have such rights, duties and powers as set forth in the Articles and Bylaws, as same may be amended from time to time.

Section 3. The Quarters of York County Rules and Regulations. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations to be known as the "The Quarters of York County Rules and Regulations." The Quarters of York Rules and Regulations may restrict and govern the use of any Common Area by any Owner, by the family of such Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that The Quarters of York County Rules and Regulations may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of The Quarters of York County Rules and Regulations as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. Upon such recordation, said Rules and Regulations shall have the same force and effect as if they were set forth in and were part of the Declaration. The Quarters of York County Rules and Regulations shall be kept at the Association office in a book which may be designated as the "Rules and Regulations" or the "Book of Resolutions", or as otherwise decided by the Board. The book shall identify the time, place, resolution or rule or regulation, and the Board members involved in the action adopting the same. The book shall contain all the actions of the Board relating to governing, operating and managing policies of the Association. The Association shall upon request by any Member and for a reasonable cost, make available copies of the book containing the Resolutions and Rules and Regulations.

Section 4. Personal Liability. No member of the Board of Directors or any Committee of the Association, or any officers of the Association, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the Association, the Board, or the Architectural Control Committee, or any other Committee, or any officer of the Association, provided that such a person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct, and further provided that the act or omission complained of involves the official duties of such person in connection with his responsibilities to the Association.

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS

Section 1. Lot Owners. Every Owner of a Lot that is a part of the Properties, including Declarant, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Membership. The Association shall have one (1) class of voting membership, made up of Declarant and all other Members.

Each Member, including Declarant, shall have one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. When more than one person holds an interest in any Lot, and such persons are unable to agree on how their vote is to be cast, then such vote shall not be counted.

Notwithstanding any of the foregoing, should at any time the York County Ordinance be amended to allow a declarant two (2) or three (3) votes for each Lot owned, whether platted or unplatted, then Declarant, as of the effective date of the amendment, shall have two (2) or three (3) votes for each Lot owned, as allowed by the amendment, and as currently allowed by the Regulations of the Veterans Administration and the Federal Housing Administration, and approved for loans by the Federal National Mortgage Association and the secondary market generally, but Declarant may decline the additional votes if those agencies have changed their regulations and requirements. Also, notwithstanding the foregoing provisions, and even if the law changes to allow Declarant 2 or 3 votes for each Lot, platted or to be platted, the Declarant shall have only one vote per Lot actually owned, even if there are others reflected on the General Plan of Development, after ten (10) years from the date of the recording of this Declaration or the first Lot being conveyed to a person or entity other than Declarant or other Developer, whichever shall first occur. The Declarant shall not control the Association, under any circumstances, after that 10-year period has run.

Once Declarant is no longer in control of the Association, no action may be taken by the Association which would serve to impede the installation of Common Area facilities substantially

represented in plans of any type of public record, particularly as they may have been required and/or approved by public agencies, except with the written consent of such agencies, Declarant, the County of York, Virginia, the Veterans Administration, the Federal Housing Administration and such other as may have been party to a common understanding of Declarant's commitments to Common Area development. During the course of development, the Association may not in any manner impede the implementation of the master plan or General Plan of Development, nor exercise control over proposed changes to them nor in any other way interfere with the development activities of Declarant.

ARTICLE VII

COVENANT FOR ASSESSMENTS

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

In addition to the assessments, there shall be established a working capital fund to provide a measure of additional financial stability during the early years of the Association. At the initial closing of each home, the purchaser shall pay to the Association an amount equal to the regular assessment for a three-month period. This shall be in addition to, and shall in no way affect the regular or special assessments to be paid at and after closing. If necessary for the financial stability of the Association, after

closing on the first Lot in a Section, Declarant may pay the share of the unsold Lots and then be reimbursed as Lots are closed.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in The Quarters of York County and for the improvements and maintenance of the Common Area, as well as for carrying out the Association's obligations as described in Article IX, Section 13, hereof.

Section 3. Initial Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the initial annual assessment shall be as follows:

(a) Owners Other Than Declarant: \$68.00 per unit per month

(b) Declarant's Assessment. For each platted Lot owned by Declarant, Declarant shall pay twenty five percent (25%) of the stated assessments levied per Lot for each recorded Lot where the house is not complete or is not occupied. The Declarant shall always be subject to this rate until construction has been completed on the last Lot. The Declarant shall pay the regular assessment in those instances where the house has been completed and occupied. Assessments for each stage or phase of the development shall begin at the time of the recordation of the plat showing the Lot. Notwithstanding anything herein to the contrary, a Developer shall be responsible for payment of assessments on Lots which it owns to the same extent and in the same amount as if it were the Declarant.

(c) Increase by Board. The Board may increase the regular assessments for common expenses as needed to allow the Association to pay all expenses of the Association on a timely basis. Should the increase exceed the greater of 10% of the then existing assessment or the increase in a generally recognized consumer price index, then approval must be by a majority vote of the Members present and voting at a duly called meeting.

(d) Increase by Members. If a proposed increase is for capital expenditures, other than for repair or replacement, and if it would amount to more than 20% of the budget for common expenses for the fiscal year, to be effective, it must be approved by a majority vote of the Members present and a voting at a duly called meeting. Wherever in this Declaration, there is provision for action by the members at a

meeting, the action may be taken based upon the signatures of the requisite number of Members to a writing setting out the action proposed to be taken.

(e) Fixing of Assessment. The Board may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting except in what the majority of the Board deems to be an emergency.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots, subject to the rate applicable to Declarant, as stated above, and may be collected on a monthly, or quarterly, or annual basis, as the Board of Directors may determine.

Section 7. Date of Commencement of Annual Assessments: Due Date. The annual assessments provided for herein shall commence as to all Lots upon the recording of the subdivision plat upon which the Lot appears. The first annual assessment shall be adjusted according to the number of months

remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The annual assessments shall be payable monthly or as may otherwise be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, promptly furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. As between the Association and a third party, this certificate shall be deemed to be correct.

When the Association is asked by Declarant for a certificate stating whether the assessments on any Lot or Lots owned by Declarant have been paid, an officer of the Association shall promptly, within three (3) days, furnish such a certificate. The furnishing of the certificate shall not be delayed or withheld for any reason.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Each Owner of any Lot shall be deemed to covenant and agree to pay to the Association the assessments provided for herein, and agrees to the enforcement of the assessments in the manner herein specified. A late charge in the amount of \$20.00, or such greater amount as may be determined by the Board of Directors and allowed by law, may be assessed when any assessment is delinquent. In the event the Association employs an attorney or attorneys for collection of any assessment, whether by suit or otherwise, to enforce compliance with or specific performance of the terms and conditions of this Declaration, or for any other purpose in connection with the breach of this Declaration, each Owner and Member agrees to pay reasonable attorney's fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner or Member. In the event of a default in payment of any such assessment when due, in which case the assessment shall be deemed delinquent, and in addition to any other remedies herein or by law provided, the Association may enforce each such obligation in any manner provided by law or in equity or without any limitation of the foregoing, by either or both of the following procedures:

A. Enforcement by Suit. The Board may cause a suit at law to be commenced and maintained in the name of the Association against an Owner or Member to enforce each such assessment obligation.

Any judgment rendered in any such action shall include the amount of the delinquency, together with late charges, court costs, reasonable attorney's fees in such amount as the Court may adjudge against the delinquent Owner or Member, and interest from the date of delinquency at the rate that is one percentage point higher than the announced prime rate of Bank of America, in effect from time to time. In the event there is no Bank of America, or a successor to the same, then the announced prime rate of any other commercial bank having a place of business in York County may be used as a base for determining the agreed rate.

B. Enforcement by Lien. There is hereby created a claim of lien, with power of sale, on each and every Lot within The Quarters of York County to secure payment to the Association of any and all assessments levied against any and all Owners of such Lots under The Quarters of York County Declaration, together with interest thereon at the rate that is one percentage point higher than the announced prime rate of Bank of America, in effect from time to time, from the date of delinquency, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorney's fees and late charges. Each such assessment, together with such late charges, interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them. In the event there is no Bank of America, or a successor to the same, then the announced prime rate of any other commercial bank having a place of business in York County may be used as a base for determining the agreed rate.

If such assessment is not paid within ten (10) days after it is due, the Association may elect to file such a claim of lien on behalf of the Association against the Lot of the defaulting Owner. Such a claim of lien shall be executed and acknowledged by any officer of the Association, and shall contain substantially the following information:

1. The name of the delinquent Owner;
2. The legal description and street address of the lot against which claim of lien is made;

3. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, late charges, collection costs, and reasonable attorney's fees (with any proper offset allowed);
4. That the claim of lien is made by the Association pursuant to The Quarters of York County Restrictions; and
5. That a lien is claimed against said lot in an amount equal to the amount stated.

Upon recordation of a duly executed original or copy of such a claim of lien, and mailing a copy thereof to said Owner, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Lot against which such Assessment was levied. Such a lien shall have priority over all liens or claims created subsequent to the recordation of such claim of lien, except only tax liens for real property taxes on any Lot, assessments on any Lot in favor of any municipal or other governmental assessing unit, and the liens which are specifically described in Section 9 hereinafter. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a realty mortgage or trust deed as set forth by the laws of the State of Virginia, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Lot Owners. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Lot. In the event such foreclosure is by action in court, reasonable attorney's fees, court costs, title search fees, interest, late charges and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner, by becoming an Owner of a Lot in The Quarters of York County, hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment of the lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due from the lien thereof.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section 1. Organization, Power of Appointment and Renewal of Members. There shall be an Architectural Control Committee, organized as follows:

A. Committee Composition. The Architectural Control Committee shall consist of three (3) regular members or such other number as the Board may determine. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board of Directors or an officer of the Association.

B. Appointment and Removal. The right to appoint and remove all members of the Architectural Control Committee at any time, and the right to determine the terms of office, shall be and is hereby vested solely in the Board of Directors, provided, however, that no member may be removed from the Architectural Control Committee by the Board of Directors except by the vote or written consent of two-thirds (2/3) of all the members of the Board of Directors.

C. Resignations. Any member of the Architectural Control Committee may at any time resign from the Committee by giving written notice thereof to Declarant or to the Board of Directors, whichever then has the right to appoint Committee members.

D. Vacancies. Vacancies on the Architectural Control Committee, however caused, shall be filled by the Declarant or the Board of Directors, whichever then has the power to appoint Committee members. A vacancy or vacancies on the Architectural Control Committee shall be deemed to exist in case of death, resignation or removal of any regular or alternate member.

Section 2. Duties. It shall be the duty of the Architectural Control Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Control Committee Rules, and to perform other duties imposed upon it by The Quarters of York County Restrictions. Declarant shall not be subject to the Committee's decision.

Section 3. Meetings and Compensation. The Architectural Control Committee shall meet from time to time as necessary to perform its duties hereunder. Subject to the provisions of Paragraph B of Section 1 above, the vote or written consent of any two members, at a meeting or otherwise, shall

constitute the act of the Committee unless the unanimous decision of the Committee is required by any other provision of The Quarters of York County Declaration, Bylaws or Rules and Regulations. The Committee shall keep and maintain a written record of all actions taken by it at such meeting or otherwise. Members of the Architectural Control Committee shall not be entitled to compensation for their services.

Section 4. Architectural Control Committee Rules. The Architectural Control Committee may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by unanimous vote or written consent, rules and regulations, to be known as "Architectural Control Committee Rules." Said Rules shall interpret and implement The Quarters of York County Declaration, Bylaws or Rules and Regulations by setting forth the standards and procedures for Architectural Control Committee review and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use in The Quarters of York County. The Rules shall in no way affect original construction and development by Declarant.

Section 5. Waiver. The approval of the Architectural Control Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Control Committee under The Quarters of York County Declaration, Bylaws or Rules and Regulations, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

Section 6. Liability. Neither the Architectural Control Committee nor any member thereof shall be liable to the Association, any Owner or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, or specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications, (c) the use of any estoppel certificate, whether or not the facts therein are correct; provided, however, that with respect to the liability of a member, such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of any of the foregoing provisions of this Section, the Architectural Control Committee, or any member thereof, may, but is not required to, consult with or hear the views of the

Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Control Committee.

Section 7. Time for Approval. In the event said Board, or its designated committee, fails to approve or disapprove design and location plans within thirty (30) days after said plans and specifications have been submitted to it in a written form which is acceptable to the Board or such designated committee, and a receipt for same has been provided to the applicant, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE IX

GENERAL PROVISIONS

Section 1. 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, and to collect reasonable attorney's fees when it is deemed necessary to effect enforcement by instituting suit or using other legal measures. 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 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. Subject to other provisions hereof, this Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the membership, and thereafter by instrument signed by not less than seventy-five percent (75%) of the membership. Any such amendment, to be effective, must be recorded. An amendment to terminate the rights and obligations arising under this Declaration, to allow development of open spaces for an unapproved purpose, surrender control of the Common Areas or allow the Common Areas to cease to be maintained in their intended function in perpetuity, or otherwise affecting any requirements or conditions imposed by the York County zoning ordinance, including but

not limited to those provisions set forth in Article X hereof, shall be effective only if such amendment is approved by the York County Board of Supervisors by Ordinance.

Section 4. Annexation. Additional residential property and Common Area may be annexed to The Quarters of York County with the consent of two-thirds (2/3) of each class of members eligible to vote. This limitation is subject to the right of Declarant set forth in Article III, Section 2, above. Any type of residential units, attached or detached, may be constructed in the annexed areas. All Lots shall at all times have access over private roads of The Quarters to the public highway, but annexed Lots shall not be required, at the time of their annexation, to be contiguous to Lots already a part of The Quarters.

The additions authorized under this section and Article III, Section 2, shall be made by filing of record a supplementary Declaration of Covenants, Conditions and Restrictions with respect to the additional real property which shall extend the scheme of the covenants, conditions and restrictions of this Declaration to the real property described in said Supplementary Declaration. Such Supplementary Declaration may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary or desirable to reflect the different character, if any, of the additional real property and as are not inconsistent with the scheme of this Declaration. In no event, however, shall any such Supplementary Declaration revoke, modify or add to the covenants, conditions or restrictions established by this Declaration within the Existing Property.

Section 5. FHA/VA Approval. As long as Declarant is developing The Quarters of York County or is in control of the Association or is otherwise entitled to amend the Declaration, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Areas, mergers and consolidations, and amendment of this Declaration of Covenants, Conditions and Restrictions in a material way.

Section 6. Violations and Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner or Owners of Lots within The Quarters of York County.

Section 7. Violation of Law. Once all houses constructed on the properties have been occupied, and no additional property may be brought within the jurisdiction of the Association without the consent of the Members, any violation of any state, municipal, or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any property within The Quarters of York County is hereby declared to be a violation of The Quarters of York County Declaration and subject to any or all of the enforcement procedures set forth in said Declaration.

Section 8. Remedies Cumulative. Each remedy provided by The Quarters of York County Restrictions is cumulative and not exclusive.

Section 9. Delivery of Notices and Documents. Any written notice or other documents relating to or required by The Quarters of York County Restrictions may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the Association: The Quarters of York County Community Association, Inc., 4640 Shore Drive, Suite 111, Virginia Beach, Virginia 23455-2859; if to an Owner, to the address of any Lot within The Quarters of York County owned, in whole or in part, by him or to any other address last furnished by an Owner to the Association; and if to Declarant: Terry/Peterson Residential Eleven, L.L.C., 4640 Shore Drive, Suite 111, Virginia Beach, Virginia 23455-2859; provided, however, that any such address may be changed at any time by the party concerned by recording a written notice of change of address and delivering a copy thereof to the Association. Each Owner of a Lot shall file the correct mailing address of such Owner with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

Section 10. Reservation of Right To Compensation. Until the final section of The Quarters has been made a part of The Quarters by recordation of a section plat and an amendment to this Declaration, any funds, or the equivalent, which would otherwise be payable to the Association for or in connection with the purchase or taking of land that is a part of the Common Area, or any rights therein, by any private party or any governmental or quasi-governmental authority or utility company, or for or in

connection with any conveyance of same by the Association, shall be payable to Declarant. No such dedication, conveyance, sale or taking shall be made for a consideration less than fair market value.

Section 11. The Declaration. By acceptance of a deed or by acquiring any ownership interest in any of the real property included within this Declaration, each person or entity, for himself, or itself, his heirs, personal representatives, successors, transferees and assigns, covenants, agrees and understands that the title is subject to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by, or pursuant to, this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the real property covered thereby and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial and enforceable by the various subsequent and future Owners.

Section 12. Compliance with State and Local Laws. This Declaration, and the Bylaws of the Association, are intended to comply with the Property Owners' Association Act and all valid ordinances of the County of York, Virginia, and all provisions hereof and of the Bylaws shall be interpreted, or deemed amended, so that they are in compliance therewith. Should any provision hereof, or of the Association Bylaws, be held to be invalid by the order of any court of competent jurisdiction, such invalidation shall in no way affect the validity of any of the other provisions, which shall remain in full force and effect.

Section 13. Generals Way Property Association. Generals Way Property Association was formed to maintain certain drainage facilities that benefit the Properties, as well as several other parcels in the immediate neighborhood. The Quarters of York County lots, when platted, will be subject to the Declaration of Best Management Practice (BMP) And Easements As Covenants Running with the Land, to be recorded prior hereto in the Office of the Clerk of the Circuit Court of York County. The owners of lots in Quarters of York County will nominally be members of the Generals Way Property Association,

which will act in all ways for the Members of the Association in dealing with the Generals Way Property Association.

The Generals Way Property Association is a party to a Stormwater Management/BMP Maintenance Agreement with the County of York, pursuant to which it is responsible for the maintenance, repair and replacement of the drainage facilities described in that Agreement, which will be recorded prior hereto.

As a part of its responsibilities, Generals Way Property Association will assess a share of its costs and expenses to the lots in Quarters of York County Community Association, Inc., which will pay the total amount to Generals Way Property Association.

ARTICLE X SUPPLEMENTAL PROVISIONS RELATING TO PROPERTY IN YORK COUNTY

Section 1. Use of Open Space and other Common Areas. Any land set aside as open space may not at any time be developed for an unapproved purpose, and Common Areas shall be continued in their intended function in perpetuity unless and until the County's Board of Supervisors, by ordinance, authorizes and approves revisions to the original plan of development.

Section 2. Failure to Maintain Common Areas. In the event the Association shall fail to maintain the Common Areas and/or improvements on the Common Areas which may be located in the County in reasonable order and condition in accordance with plans approved by the County, and shall fail to cure the deficiencies of maintenance after thirty (30) days notice from the County, or within any approved extension thereof, the County may, but shall not be obligated to, enter the Common Area or such improvements and maintain the same, or to contract for the maintenance of same for the periods, reasons and only under the terms as specified by the County's ordinances. Any entry and/or maintenance shall not vest in the general public any rights to use the Common Area or improvements, unless and until the same is otherwise voluntarily dedicated to the general public by the owners.

Section 3. Charge by County. All expenses and costs of said maintenance, including all reasonable administrative costs of the County, shall be assessed ratably against the Lots within the

Properties that have a right of enjoyment of the Common Area or improvements so maintained by the County, and shall be a charge on said Lots, and may be collected by the County as taxes and levies are collected.

Section 4. Financial Responsibility for Streets. This Declaration relates only to property within the County of York, Virginia, and all references herein to the ownership and maintenance of private streets by the Association are intended to relate only to the private streets within the community of The Quarters of York County, all of which is located within the County of York.

Section 5. Dissolution of Association; Disposition of Common Area. The Association may be dissolved only with the assent of more than two-thirds (2/3) of the members. Except as may otherwise be provided by law, upon dissolution of the Association, the assets, both real and personal of the Association, shall be dedicated to an appropriate governmental body or agency to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. The Association shall not dispose of any Common Area, by sale or otherwise, except to an organization conceived and organized to own and to maintain the Common Areas, without first offering to convey the same to the County or other appropriate governmental agency in exchange for compensation in an amount not exceeding the appraisal of a mutually acceptable appraiser.

Section 6. Right of Entry. There is hereby granted to the personnel of York County, including but not limited to law enforcement officers, rescue squad personnel and fire fighting personnel while in pursuit of their duties, a right of entry upon the Common Areas of The Quarters of York County. There may be enforced by the Association and/or by the County of York clear emergency vehicle access over the private streets.

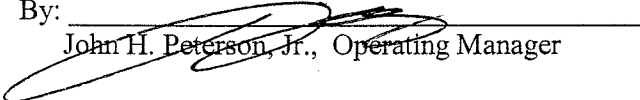
Section 7. Sewer and Water Lines. Sewer lines shall be maintained by York County to the cleanout at each Lot property line, and each Owner of a Lot shall be responsible for maintenance from such cleanout to such Owner's house. Also, the City of Newport News shall be responsible for the

maintenance of water lines to and including the meter at the Lot Owner's property line, and the Owner shall be responsible for maintenance from the meter to the house.

Section 8. Changes in Local Law. In the event that the ordinances of York County, Virginia, are, at any time while Declarant is a member, changed to allow more than one class of member, and to allow for different voting rights of the classes, then Declarant, by its sole act, may amend this Declaration to incorporate such changes herein, provided that the new provisions are consistent with VA or FHA regulations then in affect.

IN WITNESS WHEREOF, the said Terry/Peterson Residential Eleven, L.L.C. has caused these presents to be executed in its name this 17th day of May, 2005.

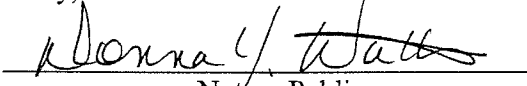
TERRY/PETERSON RESIDENTIAL ELEVEN, L.L.C.,
a Virginia limited liability company

By: 
John H. Peterson, Jr., Operating Manager

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

I, the undersigned, a Notary Public in and for the City and State aforesaid, do certify that John H. Peterson, Jr., Operating Manager of Terry/Peterson Residential Eleven, L.L.C., a Virginia limited liability company, whose name as such is signed to the foregoing writing, has acknowledged the same before me in my said City and State.

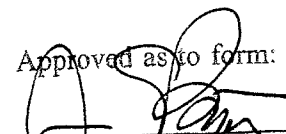
GIVEN under my hand this 17th day of May, 2005.


Notary Public

My term of office expires: 4/30/09

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Virginia: County of York to-wit
In the Clerk's Office of the York County - Poquoson
Circuit Court, the 3rd day of June, 20 05
This deed was presented with the certificate annexed
and admitted to record at 9:14 o'clock am
Teste: Lynn S. Jenkins, Clerk
by Christina Norman D.C.

Approved as to form:

County Attorney
6-1-05