

deficiency between insurance proceeds and the actual cost of repair or replacement in the same manner and proportion that Common Assessments are levied against and collected from Owners (for example, Owners located in a Cost Center will pay their proportionate share of any Reconstruction Assessment attributable to their Cost Center Improvements, and Owners not located in such Cost Center are exempt from such Reconstruction Assessment). Any restoration or repair of the Parkway Trees or Association Property Improvements after damage due to an insurable hazard will be performed substantially in accordance with the original plans and specifications unless other action is approved by holders of fifty-one percent (51%) of the first Mortgages on Lots and Condominiums subject to Common Assessments for the maintenance of such Association Property.

7.3. Condemnation.

If all or any portion of the Association Property, or any interest therein, is taken by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Association and deposited in the appropriate Operating Fund. No Member or Project Association (other than a Person on whose Lot or Common Area and Association Property easement affected by a condemnation may be located) may participate as a party, or otherwise, in any proceedings relating to such condemnation. The Association has the exclusive right to participate in such proceedings and shall, in its name alone, represent the interests of all Members. The Board of Directors immediately upon learning of any taking by eminent domain of any Association Property, or any threat thereof, shall promptly notify all Owners whose Lots and Condominiums are subject to Common Assessments for the maintenance of such Association Property, and all Record holders of first Mortgages on such Owners' Lots and Condominiums.

7.4. Notice to Owners and Listed Mortgagees.

The Board, immediately upon learning of any damage or destruction affecting a material portion of the Association Property, shall promptly notify all Owners whose Lots and Condominiums are subject to Common Assessments for the maintenance of such Association Property, and all holders, insurers, and guarantors of first Mortgages on Lots or Condominiums who have filed a written request for such notice. The Board, immediately upon learning of any damage or destruction affecting a Lot or Condominium, shall promptly notify the holder and insurer or guarantor of the first Mortgage on such Lot or Condominium who has filed a written request for such Notice with the Board.

ARTICLE VIII

8. Declarant and Merchant Builder Exemption.

8.1. Interest of Declarant.

The First Subdivision is a portion of a larger parcel of land which Declarant is developing into a master planned community. Declarant in cooperation with the County, has created a comprehensive plan for the development of the Properties which includes modern

master-planning objectives which have been formulated for the common good and preservation of property values within the community. Each Owner of a Lot or Condominium which is part of the Properties acknowledges by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other instrument, that Declarant has a substantial interest in assuring compliance with and enforcement of, the covenants, conditions, restrictions and reservations contained in this Declaration and any amendments thereto and any Supplemental Declarations Recorded pursuant to this Declaration. Notwithstanding any other provisions of the Restrictions, until (i) Declarant is no longer entitled to add Annexable Area to the Properties without the vote of the Delegates pursuant to Article II, or (ii) the fifteenth (15th) anniversary of the first Close of Escrow in the Properties, whichever occurs later, the following actions, before being undertaken by the Delegates, the Members or the Association, must first be approved in writing by Declarant:

8.1.1. Specified Approvals. Any amendment or action requiring the approval of Declarant pursuant to this Declaration, including without limitation all amendments and actions specified in Section 10.2.2, and any amendment or action requiring the approval of first Mortgagees pursuant to this Declaration, including without limitation all amendments and actions specified in Sections 10.2.3 and 10.3. The Association must provide Declarant with all notices and other documents to which a Beneficiary is entitled pursuant to this Declaration, and Declarant shall be furnished such notices and other documents without the necessity of a written request;

8.1.2. Annexation. The annexation to the Properties of real property other than the Annexable Area pursuant to Section 2.4;

8.1.3. Capital Improvement Assessments. The levy of a Capital Improvement Assessment for the construction of new facilities not originally included in the Association Property;

8.1.4. Service/Maintenance Reductions. Subject to Section 6.7 regarding limitations on yearly Common Assessment increases, any significant reduction of Association Property maintenance or other services or entering into contracts for maintenance or other goods and services benefiting the Association or the Association Property at contract rates which are fifteen percent (15%) or more below the reasonable cost for such maintenance, goods or services as determined pursuant to the cost guidelines described in Section 6.7.4; or

8.1.5. Maintenance Guidelines. Any supplement to or amendment of the Maintenance Guidelines.

8.2. Exemptions. Nothing in the Restrictions limits and no Owner, Project Association or the Association will interfere with the right of Declarant and Merchant Builders, either directly or through their respective agents and representatives, to subdivide, resubdivide, sell, resell, rent or rerent any

portion of the Properties, or the right of Declarant or a Merchant Builder to complete excavation, grading, construction of Improvements or other development activities to and on any portion of the Properties owned by Declarant or a Merchant Builder, as applicable, or to alter the foregoing and the construction plans and designs, or to construct such additional Improvements as Declarant or a Merchant Builder deems advisable in the course of developing the Properties so long as any Lot or Condominium in the Properties or any portion of the Annexable Area is owned by Declarant or a Merchant Builder. These rights include, but are not limited to, carrying on by Declarant, the Merchant Builders and their respective agents and representatives of such grading work as may be approved by the County or other Local Governmental Agency having jurisdiction, and erecting, constructing and maintaining on the Properties such structures, signs and displays reasonably necessary for the conduct of the business of completing the work and disposing of the Properties and the Annexable Area by sale, lease or otherwise. Any material alteration in the construction plans for any Improvement in a Phase of Development owned or developed by Declarant or a Merchant Builder as to which VA or FHA has issued a "project approval" (as described in Section 2.2.6.(i) hereof) requires the approval of FHA, VA or both, as applicable. Each Owner, by accepting a deed to a Lot or Condominium, acknowledges that there are no views in the Properties which are protected to any extent pursuant to this Declaration, and no Owner who becomes subject to the terms hereof shall thereby obtain any view rights whatsoever. Each Owner, the Association and any Project Association, by accepting a deed to a Lot, Condominium, Association Property or any Common Area, hereby acknowledges that any construction or installation by Declarant or a Merchant Builder under the Meadowood Declaration or this Declaration, or by other Owners following required approvals, may impair the view of such Owner or of the Members of the Association or Project Association, and each Owner, the Association and the Project Association, on behalf of themselves and their Members, hereby consent to such impairment.

This Declaration does not limit the right of Declarant or a Merchant Builder, at any time prior to acquisition of title to a Lot or Condominium by a purchaser from Declarant or a Merchant Builder, to establish on that Lot or Condominium, as the case may be, additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as reasonably necessary to the proper development and disposal of the Properties and Annexable Area; provided, however, if VA or FHA has issued a "project approval" (as described in Section 2.2.6(i) hereof) with regard to any Condominium Project or Planned Development in the Properties which is to be subject to any of the actions described herein, then FHA, VA or both shall have the right to approve any such grants as provided herein. Prospective purchasers, Declarant and Merchant Builders may use any and all portions of the Association Property for access to the sales and leasing facilities of Declarant and Merchant Builders. Declarant and Merchant Builders may use any structures or vehicles owned, respectively, by Declarant or Merchant Builders in the Properties as model home complexes, or real estate sales or leasing offices; provided that such uses shall terminate on the fifteenth (15th) anniversary of the first Close of Escrow for the sale of a Lot or Condominium pursuant to a transaction requiring the issuance of a Public Report, at which time Declarant and Merchant Builders shall remove such vehicles and restore the affected structures to their previous appearance. All or any portion of the

rights of Declarant or a Merchant Builder, as applicable, hereunder and elsewhere in these Restrictions may be assigned by Declarant or such Merchant Builder, as applicable, to any successor in interest to any portion of Declarant's or Merchant Builder's interest in any portion of the Properties or the Annexable Area (including, without limitation, to any Merchant Builder) by an express Recorded written assignment which specifies the rights of Declarant or such Merchant Builder so assigned. Notwithstanding any other provision of this Declaration, for so long as Declarant owns any portion of the Properties or the Annexable Area, Declarant's prior written approval is required before any amendment to this Article VIII is effective.

### 8.3. Easement Relocation.

Association Property comprising easements over real property the fee title to which has not been made subject to the Declaration ("Interim Easement Area") may be relocated, modified or terminated by Declarant to accommodate the final plan of development for the future Phase of Development in which the Interim Easement Area is located. Such relocation, modification or termination shall be set forth in the Recorded instrument annexing fee title to the Interim Easement Area to the Declaration. Notwithstanding the foregoing, no such relocation, modification or termination shall prevent access to any Lot or Condominium.

### 8.4. Entry Gate Operations.

Each Owner of a Lot or Condominium which is part of the Properties acknowledges by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other instrument, that Declarant has a substantial interest in assuring unrestricted access to the Properties to accommodate the construction and marketing of the Residences and development of the Properties. Therefore, notwithstanding any other provisions of the Restrictions, until (i) the Close of Escrow has occurred for the sale of all Residences in the Properties, and (ii) Declarant is no longer entitled to add Annexable Area to the Properties without the vote of the Delegates pursuant to Article II ("Marketing Period"), Declarant is entitled to control the operation of the entry gates which provide vehicular access to the Properties. During the Marketing Period Declarant may establish and change the hours of gate operation in its sole discretion without notice, and require that the entry gates be open to the general public to accommodate construction and marketing activities.

## ARTICLE IX

### 9. Insurance.

#### 9.1. Duty to Obtain Insurance: Types.

The Association shall obtain and maintain comprehensive public liability insurance (including medical payments), with such limits as it deems necessary (but in no event less than One Million Dollars (\$1,000,000.00) covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising from the activities of the Association and its Members, with respect to the Association Property and any other property under its jurisdiction. Liability policies shall include, if