

**ARTICLES OF INCORPORATION
OF
CLARENDON PROPERTY OWNERS ASSOCIATION, INC.**

The undersigned hereby forms a nonstock corporation under the provisions of Chapter 10 of Title 13.1 of the Code of Virginia of 1950, as amended, and to that end adopts the following Articles of Incorporation for such Association.

ARTICLE I - Name

The name of the Association is Clarendon Property Owners Association, Inc. (hereinafter "Clarendon").

ARTICLE II - Powers and Purposes

The purposes and powers of the Association are as follows:

- (a) To manage, maintain and care for all easements reserved for the benefit of Homeowners, common areas, including, if applicable, buffer strips, medians (or islands) in the roads and at entrances to Clarendon, signs identifying Clarendon and all decorative structures and other amenities located in Clarendon, located in Henrico County, Virginia.
- (b) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, sell, lease, transfer, mortgage, encumber, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, but only in accordance with the purposes of the Association.
- (c) To fix and levy upon Owners regular and special assessments and to enforce payment thereof, by any lawful means, to provide resources for the Association (i) to implement the provisions of the Declaration and (ii) to pay the expenses of the Association incident to the conduct of its business.
- (d) To do any and all things and acts that the Association, from time to time, in its discretion, may deem to be for the benefit of the Property and the Owners thereof or advisable, proper or convenient for the promotion of the peace, health, comfort, safety or general welfare of the Owners thereof; and further, the Association shall have the powers, rights and privileges as an individual to conduct any and all business that an Association organized under the Virginia Nonstock Corporation Act may now or hereafter have or exercise and that is not required to be specifically set forth in these Articles; provided, however, that notwithstanding any other

provisions of these Articles, the Association shall not carry on any activities not permitted to be carried on by a homeowners association exempt from federal income tax under Section 528 of the Internal Revenue Code of 1954, as amended, or the corresponding provision of any future Internal Revenue law.

(e) The Association is not organized for profit, nor shall it have any power to issue certificates of

stock or pay dividends, and no part of the net earnings or assets of the Association shall inure to the benefit of or be distributed, upon dissolution or otherwise, to any member of the Association, director, officer or other natural person. The Association may enter into contracts with Clarendon Associates, L.L.C. or with any other person (including any member, officer, or director), and may pay compensation in reasonable amounts for services rendered.

ARTICLE III – Membership

All Owners shall be members of the Association. Clarendon Associates, L.L.C. so long as it owns any Lots subject to the Declaration shall also be a member of the Association. Any creditor of an Owner who becomes an Owner by acquiring title to a Lot pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure shall be a member of the Association.

Governmental entities and tenants of Owners of Lots shall not be members of the Association.

The Association shall have the following classes of voting membership:

Class A. Class A members shall be the owners (with the exception of Clarendon Associates, L.L.C. during the Declarant Control Period) of all Lots, who shall be entitled to one vote for each Lot owned;

Class B. Class B members shall be the Declarant which, during the Declarant Control Period, shall be entitled to three (3) votes for each Lot within Clarendon owned by it. After the expiration of the Declarant Control Period, to the extent the Declarant owns any Lots in Clarendon, it shall be a Class A member.

ARTICLE IV - Directors

The affairs of the Association shall be managed under the direction of a Board of Directors. The initial Board of Directors shall consist of three (3) directors, whose names and addresses are:

Robert M. Atack	4435 Waterfront Drive, Suite 406 Glen Allen, VA 23060
Cindy L. Sheppard	4435 Waterfront Drive, Suite 406 Glen Allen, VA 23060
Richard E. Melchor	4435 Waterfront Drive, Suite 406 Glen Allen, VA 23060

The initial Board shall serve for a term which expires upon the first annual meeting of Association following the termination of the Declarant Control Period. At the first annual meeting after seventy-five percent (75%) of the Lots are owned by Homeowners (the end of the Declarant Control Period), the Members shall elect four directors: the two persons receiving the greatest number of votes shall be elected for a term of two years each and the next two persons receiving the greatest number of votes shall be elected for a term of one year each. A designee of Clarendon Associates shall serve as one director until the later of January 1, 2010 or all Lots are sold to Homeowners, unless the Declarant voluntarily relinquishes this right. Thereafter, the homeowners shall elect the directors for a term of two (2) years, unless any shall sooner resign, or shall be removed, or otherwise disqualified to serve. After the designee of Clarendon Associates no longer serves as a director, the Board of Directors shall elect an interim director to serve until the next annual meeting and, at the next annual meeting, the homeowners shall elect the director position for a term of two (2) years, such that each year thereafter, the elections shall be staggered to elect either two or three directors. Directors need not be members of the Association.

ARTICLE V – Registered Office, Registered Agent

The address of the initial registered office of the Association is 4435 Waterfront Drive, Suite 406, Glen Allen, Virginia 23060. The name of the county in which the initial registered office is located is the County of Henrico. The name of the initial registered agent is Robert M. Attack, an individual who is a resident of Virginia and who is a Director of the Corporation and whose business address is identical with the registered office of the Association.

ARTICLE VI – Mergers

To the extent provided by law, the Association may participate in mergers with other non-profit associations in the community organized for the same purpose, provided, however, that any such mergers shall require approval by the majority vote of a quorum of at least two-thirds (2/3) of all members at a meeting duly called for such purpose.

ARTICLE VII - Dissolution

Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. If such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization devoted to such similar purposes.

ARTICLE VIII - Definitions

The following words and terms when used in these Articles of Incorporation (unless the context shall clearly indicate otherwise), shall have the following meanings:

- (a) "Association" shall mean The Clarendon Property Owners Association, Inc.
- (b) "Declarant Control Period" shall mean the period commencing on the date that the Declaration is recorded in the Office of the Clerk of the Circuit Court of the County of Henrico, Virginia, and ending on the earlier to occur of (i) January 1, 2010, (ii) when seventy-five percent

(75%) of the Lots permitted by the zoning approval for Clarendon have certificates of occupancy issued for the residence constructed thereon and have been conveyed to parties other than Clarendon Associates, L.L.C. or builders holding title solely for the purpose of construction and resale, or (iii) when Clarendon Associates voluntarily terminates control.

(c) "Declaration" shall mean the Revised and Restated Declaration of Rights, Easements, Restrictions, Covenants, Affirmative Obligations and Conditions Applicable to All Property in Clarendon recorded in the Office of the Clerk of the Circuit Court of the County of Henrico, Virginia, in Deed Book 2801, Page 953 and Deed Book 2801, Page 1000, as the same is amended from time to time.

(d) "Homeowner" shall mean an Owner who occupies or acts as a lessor with respect to a dwelling constructed on a Lot.

(e) "Improved Lot" shall mean a Lot upon which a residence has been substantially completed. A residence shall be deemed to be substantially completed upon the earlier to occur of (i) issuance of a temporary or final certificate of occupancy for a residence, or (ii) twelve (12) months from the date that a building permit for the residence is issued.

(f) "Clarendon" shall mean Clarendon Associates, L.L.C., a limited liability company.

(g) "Lot," shall mean each lot shown on those certain subdivision plats filed for record in the Clerk's Office in Plat Book 105, Pages 120 & 121, and on any other subdivision plat filed in the Clerk's Office with respect to the Property including easements.

(h) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot, but excluding those holding such interest merely as security for the performance of an obligation and those building homes for resale.

(i) "Property" shall mean all that certain lot, piece or parcel of land lying and being in the County of Henrico, Virginia, a description of which is attached to the Declaration, and all other land which is thereafter subjected to the Declaration.

ARTICLE IX – Limit on Liability and Indemnification

9.1 Definitions. For purposes of this Article the following definitions shall apply:

(i) "Expenses" include counsel fees, expert witness fees, and costs of investigation, litigation and appeal, as well as any amounts expended in asserting a claim for indemnification;

(ii) "Legal entity" means a corporation, partnership, joint venture, trust, employee benefit plan or other enterprise;

(iii) "Liability" means the obligation to pay a judgment, settlement, penalty, fine or other such obligation, including, without limitation, any excise tax assessed with respect to an employee benefit plan; and

(iv) "Proceeding" means any threatened, pending, or completed action, suit, proceeding or appeal whether civil, criminal, administrative or investigative and whether formal or informal.

9.2 Limit on Liability. In every instance permitted by the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, the liability of a director or officer of the Corporation to the Corporation or its members shall be eliminated.

9.3 Indemnification of Directors and Officers. The Corporation shall indemnify any individual who is, was or is threatened to be made a party to a proceeding (including a proceeding by or in the right of the Corporation) because such individual is or was a director or officer of the Corporation or because such individual is or was serving the Corporation or any other legal entity in any capacity at the request of the Corporation while a director or officer of the Corporation against all liabilities and reasonable expenses incurred in the proceeding., except such liabilities and expenses as are incurred because of such individual's willful misconduct or knowing violation of the criminal law. Service as a director or officer of a legal entity controlled by the Corporation shall be deemed service at the request of the Corporation. The determination that indemnification under this Paragraph 9.3 is permissible and the evaluation as to the reasonableness of expenses in a specific case shall be made, in the case of a director, as provided by law, and in the case of an officer, as provided in Paragraph 9.4 of this Article; provided, however, that if a majority of the directors of the Corporation has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board of Directors and such person. Unless a determination has been made that indemnification is not permissible, the Corporation shall make advances and reimbursements for expenses incurred by a director or officer in a proceeding upon receipt of an undertaking from such director or officer to repay the same if it is ultimately determined that such director or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured

general obligation of the director or officer and shall be accepted without reference to such director's or officer's ability to make repayment. The termination of a proceeding, of nolo contendere or its equivalent shall not of itself create a presumption that a director or officer acted in such a manner as to make such director or officer ineligible for indemnification. The Corporation is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its directors or officers to the same extent provided in this Paragraph 9.3.

9.4 Indemnification of Others. The Corporation may, to a lesser extent or to the same extent that it is required to provide indemnification and make advances and reimbursements for expenses to its directors and officers pursuant to Paragraph 9.3, provide indemnification and make advances and reimbursements for expenses to its employees and agents, the directors, officers, employees and agents of its subsidiaries, and any person serving any other legal entity in any capacity at the request of the corporation, and may contract in advance to do so. The determination that indemnification under this Paragraph 9.4 is permissible, the authorization of such indemnification and the evaluation as to the reasonableness of expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board of Directors, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under Paragraph 9.3 of this Article shall be limited by the provisions of this Section 4.

9.3 Miscellaneous. The rights of each person entitled to indemnification under this Article shall inure to the benefit of such person's heirs, executors and administrators. Special legal counsel selected to make determinations under this Article may be counsel for the Corporation. Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Corporation and indemnification under policies of insurance purchased and maintained by the Corporation or others. However, no person shall be entitled to indemnification by the Corporation to the extent such person is indemnified by another, including an insurer. The Corporation is authorized to purchase and maintain insurance against any liability it may have under this Article or to protect any of the persons named herein against any liability arising from their service to the Corporation or any other legal entity at the request of the Corporation regardless of the Corporation's power to indemnify against such liability. The provisions of this Article shall not be deemed to preclude the Corporation from entering into contracts otherwise permitted by law with any individuals or

legal entities, including those name herein. If any provisions of this Article or its application to any person or circumstance is held invalid by a court of competent jurisdiction, this Article, and to this end the provisions of this Article are severable.

9.6 Amendments. Amendment of this Article requires the approval, by vote, of at least two-thirds (2/3) of the Lot Owners in the Association. No amendment, modification or repeal of this Article shall diminish the rights provided hereunder to any person arising from conduct or events occurring before the adoption of such amendment, modification or repeal.

9.7 HUD/VA. For as long as there is a Class B membership, HUD/VA prior approval is required before the Association attempts any of the following:

- (a) annexation of additional properties;
- (b) mergers or consolidations;
- (c) mortgaging of common areas;
- (d) dissolution; and
- (e) amendment of the Article

DATE: _____

Robert M. Atack, Incorporator

017122

BYLAWS
OF
CLARENDON PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is Clarendon Property Owners Association, Inc. (the "Association"). The initial principal office of the corporation shall be located at 4435 Waterfront Drive, Suite 406, Glen Allen, Virginia 23060, but meetings of members and directors may be held at such places within the Commonwealth of Virginia as may be designated by the Board of Directors.

ARTICLE II

Section 1. "Association" shall mean and refer to Clarendon Property Owners Association, Inc. (hereinafter "Clarendon"), its successors and assigns.

Section 2. "Common Area" shall mean all real property more fully described in Article I, Section 4 of the Declaration of Restrictions.

Section 3. "Declaration" shall mean and refer to the Revised and Restated Declaration of Rights, Easements, Restrictions, Covenants, Affirmative Obligations and Conditions applicable to all Property in Clarendon (the "Declaration of Restrictions") recorded in the Office of the Clerk of the County of Henrico, Virginia (the "Clerk's Office") in Deed Book 2801, page 953, as the same is amended from time to time.

Section 4. "Homeowner" shall mean and refer to an Owner who occupies or acts as a lessor with respect to a dwelling constructed on a Lot.

Section 5. "Clarendon Associates" shall mean and refer to Clarendon Associates, L.L.C., a Virginia limited liability company.

Section 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided for in Article IV of the Declaration.

17. L.L.C. records
10:31 am

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 9. "Property" shall mean and refer to that certain real property described in the Declaration of Restrictions and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members shall be held at 7:00 p.m. on the second (2nd) Wednesday in March of each year at such place to be determined by the Board of Directors (unless such date falls on a holiday, in which event the next following weekday not a holiday shall be the date of the meeting).

Section 2. Special Meeting. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one fourth (1/4) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days and not more than thirty (30) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to

adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The initial Board of Directors and for so long as less than seventy-five percent (75%) of the Lots are owned by Homeowners, shall consist of three (3) directors appointed by the Declarant, who need not be Members of the Association. Thereafter there shall be five (5) directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting after seventy-five percent (75%) of the Lots are owned by Homeowners, the Members shall elect four directors: the two persons receiving the greatest number of votes shall be elected for a term of two years each and the next two persons receiving the greatest number of votes shall be elected for a term of one year each. A designee of Clarendon Associates shall serve as one director until the later of January 10, 2010 or all Lots are sold to Homeowners. Thereafter, the homeowners shall elect the directors for a term of two (2) years, unless any shall sooner resign, or shall be removed, or otherwise disqualified to serve. After the designee of Clarendon Associates no longer serves as a director, the Board of Directors shall elect an interim director to serve until the next annual meeting and, at the next annual meeting, the homeowners shall elect the director for a term of two (2) years, such that each year thereafter, the elections shall be staggered to elect either two or three directors.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Upon the death, resignation or removal of a director, a successor shall be selected by the remaining Members of the Board, except in the case of the designee of Clarendon Associates who shall be replaced by another designee of Clarendon Associates, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or Non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should the meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) Adopt, publish and enforce rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Suspend the voting rights of a Member during any period in which the Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant if such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) Employ as manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting, when such statement is requested in writing by one fourth (1/4) of the Members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(i) Prepare an annual operating budget and amount of the annual assessment for every Owner, or present same for approval by the Owners at the Annual Meeting in accordance with the Declaration, and

(ii) Send written notice of each assessment to every Owner subject thereto at least twenty-one (21) days in advance of each annual assessment period, and

(iii) Foreclose the lien against any Lot for which assessments are not paid within ninety (90) days after the due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association, unless approved by a majority of owners not to provide such coverage;

- (f) Enforce the provisions of these Bylaws, the Declaration and Articles of Incorporation; and
- (g) Cause the Common Area and facilities to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president, who shall at all times be a Member of the Board of Directors, a secretary and a treasurer and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless any shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The office of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of

the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. Although some of the duties of the officers may be delegated to a managing agent or other professional, the responsibility for the delegated duties shall remain those of the respective officer. The duties of the officers are as follows:

(a) **President.** The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks (unless otherwise delegated to a managing agent) and promissory notes.

(b) **Vice President.** The vice president, if any, shall act in the place and stead of the president upon the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) **Secretary.** The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring a seal; serve notice of meetings of the Board and of the Members, keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) **Treasurer.** The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year; shall prepare an annual budget to be presented to the Members at their regular annual meeting; and prepare a statement of income and expenditures after the end of each fiscal year and deliver a copy to the Members.

ARTICLE IX
BOOKS AND RECORDS

The books, records and papers of the Association shall be subject to inspection by any Member at all times, during reasonable business hours or at a mutually convenient time and location upon five days' written notice. In accordance with 55-510 of the Act, books and records kept by or on behalf of the Association may be withheld from inspection to the extent that they concern: (a) personnel records; (b) an individual's medical records; (c) records relating to business transactions that are currently in negotiation; (d) privileged communications with legal counsel; or (e) complaints against an individual member of the Association. The Association may impose and collect a charge, reflecting actual costs of materials and labor, prior to providing copies of any books and records to a member in good standing. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall also be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X
ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within fifteen (15) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, together with a late charge in the greater amount of ten dollars (\$10.00) or ten percent (10%) of the assessment amount due. Further, if any Owner fails to pay any installment of its annual assessment within thirty (30) days of its due date, the remainder of the Owner's unpaid annual assessment shall be accelerated and immediately due and payable. In addition, the Association may bring an action at law

against the Owner personally obligated to pay the same or foreclose the lien against the Lot, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XI
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: "Clarendon Property Owners Association, Inc." (or an easily recognizable abbreviation thereof).

ARTICLE XII
AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of at least sixty percent (60%) of all classes of Members present in person or by proxy. Notice for such meeting shall specifically state the proposed amendment and shall be delivered by regular mail at least twenty-one (21) and not more than thirty (30) days before the date of such meeting. During the time when the Declarant owns any property within Clarendon, neither the Declaration, Articles of Incorporation or Bylaws may be amended without the written approval of the Declarant.

Section 2. For as long as there is a Class B membership, HUD/VA has the right to veto any amendments made to these Bylaws.

Section 3. If there is any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and if there is any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII
MISCELLANEOUS

The fiscal year of the Association shall begin on the first (1st) day of April and end on the thirty-first (31st) day of March of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of Clarendon Property Owners Association, Inc., have hereunto set our hands this 22nd day of April, 1998.

[Signature]

(Director)

[Signature]

(Director)

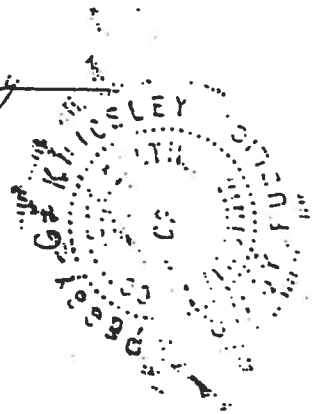
[Signature]

(Director)

I, [Signature], a notary public of the state and county aforesaid do certify that Robert M. Atack, Director whose name was signed on April 22, 1998 in his capacity on that date to the foregoing document has acknowledged said document and signature before me in the county aforesaid.

Given under my hand and notarial seal this 22nd day of April, 1998

[Signature]
Notary Public



My Commission expires: 10/31/2000

I Jeggy H. Kucelley, a notary public of the state and county aforesaid do certify that Cindy L. Shepard, Director whose name was signed on April 22, 1998 in her capacity on that date to the foregoing document has acknowledged said document and signature before me in the county aforesaid.

Given under my hand and notarial seal this 22nd day of April, 19 98

Jeggy H. Kucelley
Notary Public

My Commission expires: 10/31/2001

I Jeggy H. Kucelley, a notary public of the state and county aforesaid do certify that Richard E. Melchor, Director whose name was signed on April 22, 1998 in his capacity on that date to the foregoing document has acknowledged said document and signature before me in the county aforesaid.

Given under my hand and notarial seal this 22nd day of April, 19 98

Jeggy H. Kucelley
Notary Public

My Commission expires: 10/31/2001

INSTRUMENT #17121
RECORDED IN THE CLERK'S OFFICE OF
HENRICO COUNTY VA
APRIL 24, 1998 AT 12:10:47
WONNE G. SMITH - CLERK

CM

FIRST AMENDMENT AND NOTICE OF ADDITION
TO
DECLARATION OF RIGHTS, EASEMENTS, RESTRICTIONS,
COVENANTS, AFFIRMATIVE OBLIGATIONS AND CONDITIONS
APPLICABLE TO ALL PROPERTY IN CLARENDON FARMS

THIS FIRST AMENDMENT ("First Amendment") is made this 22nd
day of April, 1998, by Clarendon Associates, L.L.C., a Virginia limited
liability company ("Declarant") and NVR Homes, Inc. a Corporation organized and
existing under the laws of the Commonwealth of Virginia, DBA Ryan Homes ("Ryan").

WITNESSETH:

RECITALS.

A. Pursuant to that certain Revised and Restated Declaration of Rights, Easements, Restrictions, Covenants, Affirmative Obligations and Conditions Applicable to All Property in Clarendon Farms (hereinafter "Clarendon Farms"), dated March ____, 1998, and recorded in the Clerk's Office of the Circuit Court of Henrico County, Virginia (the "Clerk's Office") in Deed Book _____, Pages _____ (the "Declaration"), Declarant submitted all property therein described, consisting of Section 2 of Clarendon Farms, and Additional Lands, which are defined in the Declaration to include other real property which is a part of Clarendon Farms, part of which is more particularly described as Clarendon Farms, Section 1.

B. The real property comprising Clarendon Farms, Section 1 was acquired by Declarant, and Declarant now desires to confirm that the property included in Clarendon Farms, Section 1 has been and is and now shall be subject to the Declaration.

C. By deeds dated August 20, 1997, November 10, 1997, and February 10, 1998 and recorded in the Clerk's Office in Deed Book 2745, page 1910, Deed Book 2761, page 682, and Deed Book 2783, page 358 (collectively, the "Deed") Declarant conveyed Lots 2 through 6 and Lot 8, Block A of Clarendon Farms, Section 1 (the "Ryan Property") to Ryan intending that the Ryan Property be subjected to the terms and conditions of the Declaration.

D. Declarant and Ryan, now desire, pursuant to the provisions of Article III and Article XII of the Declaration, to amend further the Declaration to confirm and to provide for the annexation of Clarendon Farms, Section 1 and to provide that it is now subject to the Declaration.

NOW, THEREFORE, for and in consideration of the premises, Declarant hereby amends the Declaration and confirms that certain Additional Lands have been and are now subject to the Declaration, as follows:

1. Clarendon Farms, Section 1. Declarant hereby declares that the land comprising Clarendon Farms, Section 1, which is more particularly described on Schedule A attached hereto and to be recorded herewith, is subject to, and shall be held, sold and conveyed subject to the terms and conditions contained in the Declaration.

2. Ryan Property. Ryan joins in this Amendment to acknowledge that the Ryan Property was intended to be, and is hereby subject to, the Declaration and agrees to abide by the Declaration, as amended by this Agreement, in all respects.

3. Declaration Confirmed. Except to the extent modified hereby, the Declaration, as heretofore amended, is ratified and continued in effect.

IN WITNESS WHEREOF, Declarant and Ryan has caused their names to be signed hereto by the officers who are authorized to do so.

CLARENDON ASSOCIATES, L.L.C., a Virginia
Limited Liability Company

By: ATACK PROPERTIES, INC., a Virginia
Corporation, its sole member and manager

By: Cindy Sheppard
Cindy Sheppard, Vice President

NVR HOMES, INC.
A Virginia Corporation

By: *J. Winston Read, V.P.*
J. Winston Read, Vice President

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF *Henrico*, to-wit:

The foregoing instrument was acknowledged before me this *22nd* day of *April*, 19 *98*, by Cindy Sheppard, Vice President, of Atack Properties, Inc., a Virginia corporation.

My commission expires: *10/31/2001*.

Peggy H. Kuciley
Notary Public

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF *Henrico*, to-wit:

The foregoing instrument was acknowledged before me this *22nd* day of *April*, 19 *98*, by J. Winston Read, Vice President of NVR HOMES, Inc., a Virginia corporation.

My commission expires: *10/31/2001*.

Peggy H. Kuciley
Notary Public

SCHEDULE A

ALL those certain lots, pieces, or parcels of land laying and being in the Fairfield Magisterial District, Henrico County, Virginia, known and designated as Lots 1 through 8, Block A, as shown on the plat entitled, "Clarendon Farms, Section 1, Fairfield Magisterial District, Henrico County, Virginia," made by Draper Aden Associates, dated October 12, 1995, recorded December 13, 1995, in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Plat Book 101, pages 125 and 126, and to which plat reference is made for a more particular description of said land.

Being part of the same real estate conveyed to Clarendon Associates, L.L.C., a Virginia limited liability company, by deed from Attack Properties, Inc., a Virginia corporation, dated July 31, 1997, and recorded August 4, 1997, in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Deed Book 2738, page 530.

**REVISED AND RESTATED DECLARATION OF RIGHTS, EASEMENTS,
RESTRICTIONS, COVENANTS, AFFIRMATIVE OBLIGATIONS AND
CONDITIONS APPLICABLE TO ALL PROPERTY IN CLARENDON FARMS**

THIS DECLARATION (the "Declaration") is made this 22nd day of April, 1998, by Clarendon Associates, L.L.C., a Virginia Limited Liability Company ("Declarant").

RECITALS

Declarant is the owner and developer of certain real property in the County of Henrico, Virginia, which is more particularly described on Exhibit A attached hereto, known as Clarendon Farms.

Declarant's predecessor recorded the "Declaration of Rights, Easements, Restrictions, Covenants, Affirmative Obligations, And Conditions Applicable To All Property In Clarendon Farms Section Two" ("Original Declaration") dated June 20, 1997 in the Clerk's Office, Circuit Court, Henrico County, Virginia in Deed Book 2728, pages 6 - 16.

Declarant desires to revise, restate, modify, and replace the Original Declaration to provide for (i) a common scheme of development, (ii) a uniform quality of construction and aesthetic appearance, (iii) a consistent quality of maintenance of all common area and private property within and throughout Clarendon Farms, and (iv) an organization to facilitate all of the foregoing.

DECLARATION

Declarant, as owner of all property within Clarendon Farms (which is described on Exhibit A hereto) and in order to protect the value and desirability of all property within Clarendon Farms and such additional property as may hereafter be annexed hereto, as well as to accomplish the purposes set forth in the Recitals, declares that all property within Clarendon Farms shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which shall run with the land and be binding on all parties having any right, title or interest therein or in any part thereof, their heirs, successors and assigns.

ARTICLE I
DEFINITIONS

Section 1. "ACT" is defined as the Property Owners' Association Act (Title 55, Chapter 26 of the Code of Virginia of 1950, as amended).

Section 2. "ADDITIONAL LANDS" is defined as (a) that real property as described in Exhibit B attached hereto; (b) has a property line adjacent to the real property described in Exhibit B; or (c) is located within two (2) linear miles of any boundary of the real property described in Exhibit A attached hereto.

Section 3. "CLARENDON FARMS" is defined as that certain real property described on Exhibit A hereto, and any additions which are annexed thereto pursuant to Article III of this Declaration.

Section 4. "CLARENDON FARMS COMMON AREA" is defined as all real property owned or to be owned by the Association for the common use and enjoyment of all Owners. The Clarendon Farms Common Area shall consist of all property conveyed to the Association which is designated or described as common area and shall include all property shown on any subdivision plat, any plat attached to a deed of conveyance from the Declarant or otherwise recorded by the Declarant in the Clerk's Office, which is designated as Clarendon Farms Common Area. Each portion of Clarendon Farms Common Area shall be deemed to have been created as Clarendon Farms Common Area on the date that the plat first depicting and describing such portion as Clarendon Farms Common Area may be conveyed by the Declarant to the Association at any time after or contemporaneously with its creation, and the Association shall be bound to accept any property conveyed to it by the Declarant as Clarendon Farms Common Area. Additionally, all easements reserved by or conveyed to the Association for the common use, benefit and enjoyment of all Owners, or which are otherwise depicted on a plat, recorded in the Clerk's Office, as Clarendon Farms Common Area Easements, shall be deemed to be Clarendon Farms Common Area Easements.

Section 5. "ASSOCIATION" is defined as the Clarendon Farms Property Owners Association, Inc., a Virginia nonstock corporation, its successors and assigns.

Section 6. "BOARD OF DIRECTORS" is defined as the Board of Directors of the Association which shall initially be appointed by the Declarant during the Declarant Control Period and then, after the expiration of the Declarant control Period, elected by the members of the Association as provided in the Association's Bylaws.

Section 7. "BUILDER" is defined as any person, corporation, partnership, association, trust or estate, which acquires title to an Unimproved Lot solely for the purposes of (a) engaging in the business of constructing a residence thereon and reselling such Unimproved Lot to one or more purchasers for residential use, or (b) reselling such Unimproved Lot to any person, corporation, partnership, association, trust or estate engaged in the business described in (a) of this Section. The term "Builder" shall not include the Declarant.

Section 8. "CLERK'S OFFICE" is defined as the Clerk's Office of the Circuit Court of the County of Henrico, Virginia, or any successor depository of public records, wherein documents must be recorded to impart constructive notice to purchasers of matters affecting title to the property.

Section 9. "DECLARANT CONTROL PERIOD" is defined as the period commencing on the date that this Declaration is recorded in the Clerk's Office and ending on the earlier to occur of (i) January 1, 2010, (ii) when seventy-five percent (75%) of the Lots permitted by the Zoning Approval for Clarendon Farms and the Additional Lands have certificates of occupancy issued for the residences constructed thereon and have been conveyed to parties other than the Declarant or Builders holding title solely for the purpose of construction and resale, or (iii) when the Declarant voluntarily terminates the Declarant Control Period.

Section 10. "DECLARANT'S UTILITY RIGHTS" is defined as the exclusive, alienable and assignable rights, powers, easements and privileges hereby reserved by the Declarant to go on, over, under and upon every portion of the Clarendon Farms Common Area except those portions upon which structures have been erected, to erect, lay, implant, construct, maintain, extend, use and repair electric, television and telephone poles, wires, cables, and conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, water, sewer, drainage and other public and private conveniences and utilities, including the right to locate, construct, maintain, use and repair wells, pumping stations and water pressure regulating vaults. These rights include the right to cut any trees, bushes or shrubbery, and the right to make any gradings of the soil or take any similar action reasonably necessary to provide and extend economical and safe installation and maintain reasonable standards of health, safety and appearance. The Declarant's Utility Rights shall also include the exclusive and alienable right to sell, grant and convey or dedicate roadways and other means of vehicular and pedestrian ingress and egress throughout Clarendon Farms. The Declarant's Utility Rights are and shall be in addition to all other easements reserved herein and upon any subdivision plat or other easement agreement.

Section 11. "DECLARATION" is defined as this Declaration of Rights, Easements, Restrictions, Covenants, Affirmative Obligations and Conditions Applicable to All property Within Clarendon Farms, as well as all amendments thereto which have been properly effected in accordance with Article XII of this Declaration.

Section 12. "IMPROVED LOT" is defined as a Lot upon which a residence has been substantially completed. A residence shall be deemed to be substantially completed upon the earlier to occur of (i) issuance of a temporary or final certificate of occupancy for a residence, or (ii) twelve (12) months from the date that construction of a residence has been commenced.

Section 13. "LOT" is defined as any lot depicted on any subdivision plat approved by the County of Henrico, Virginia, and recorded in the Clerk's Office which effects a subdivision of any land within Clarendon Farms, including any lot upon which a single family detached residence can be constructed. The definition of "Lot" does not include any area depicted or described on any subdivision plat as common area.

Section 14. "LOT OWNER" or "OWNER" is defined as the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including the Declarant, but excluding those having such interest merely as security for the payment of a debt or the performance of any obligation.

Section 15. "MORTGAGE" is defined as any first priority deed of trust or mortgage which secures a loan or indebtedness made, insured or guaranteed by an institutional lender, insurer or guarantor which encumbers or constitutes a lien upon any property within Clarendon Farms.

Section 16. "MORTGAGEE" is defined as any institutional lender, insurer or guarantor of a loan or indebtedness secured by a first priority deed of trust or mortgage which encumbers or constitutes a lien upon any property within Clarendon Farms.

Section 17. "PROPERTY" is defined as that certain real property located in Henrico County, Virginia, described in Exhibit A of this Declaration, together with such other real property as may from time to time be added thereto under the provisions of Article III hereof.

Section 18. "ZONING APPROVAL FOR CLARENDON FARMS" is defined as the approval of the conditional zoning of Clarendon Farms and all conditions attendant thereto as set forth in those certain final approval letters dated November 15, 1994, January 31, 1995, and June 20, 1995 from Mr. Virgil R. Hazelett, P.E., County Manager for the County of Henrico, Virginia, to Atack Properties, Inc., regarding the approval of Conditional Rezoning Cases C-60C-94, C-61C-94, C-62C-94 and C-28C-95, as well as all additions and supplements thereto or relating to any part of any additional property as may thereafter be made.

Section 19. INTERPRETATION. The definitions and text contained in this Article are substantive and not solely illustrative or precatory. The provisions of this Article shall be given full force and effect and shall govern the construction of the Declaration.

ARTICLE II
COMMON AREA USE AND MAINTENANCE

Section 1. **Lot Owners' Easements.** Every Lot Owner is granted and shall have a right and easement to use and enjoy the Clarendon Farms Common Area which shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any facility which may be situated upon the Clarendon Farms Common Area from time to time;

(b) The right of the Association to suspend a Lot Owner's voting right and right to use any of the Clarendon Farms Common Area for any period in which the Lot Owner is in default in the payment of any assessment against his Lot or take such other action as may be provided under the Act or in accordance of law. Additionally, the rights of a Lot Owner may be suspended by notice from the Board of Directors for a period not to exceed sixty (60) days for any single and nonrecurring infraction of the Association's published rules and regulations or breach of or default under any of the covenants or provisions of the Declaration. If any such infraction, breach or default is continuous or recurring, then such rights may be suspended for a period commencing on the date the Lot Owner is given notice of the cause for such suspension and ending not more than sixty (60) days after the date such infraction, breach or default ceases or is remedied. However, nothing contained in this subsection shall be construed to permit the Association to deny a Lot Owner direct access to his Lot;

(c) The Declarant's Utility Rights;

(d) The right of the Association, subject to the Declarant's Utility Rights, to dedicate or transfer all or any part of the Clarendon Farms 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 of the Association. No such dedication or transfer by the Association, except for the dedications or transfer of utility easements by the Association or any dedication or transfer made pursuant to the Declarant's Utility Rights, shall be effective unless approved by more than two-thirds (2/3) of the votes entitled to be cast by all of the members of the Association;

(e) If ingress and egress to any residence is through a common area, any conveyance or encumbrance of such area is subject to the Lot Owner's easement;

(f) The rights of parties holding rights under easements reserved; and

(g) The rights of the Declarant set forth in this Article II.

Section 2. Declarant's Marketing Rights. Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Lots shall continue, it shall be expressly permissible for Declarant, and Declarant hereby expressly reserves an easement therefor, to maintain and carry on upon portions of the Clarendon Farms Common Area and Lots which it owns such facilities (including sales and business offices, model units and sales and marketing pavilions) and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of property within Clarendon Farms, and the Declarant shall have an easement for access to such facilities.

Section 3. Improvements. The Declarant or the Association shall have the right, but not the obligation, to develop or improve the Clarendon Farms Common Area for the use and benefit of the residents in Clarendon Farms, including the right to, but not the obligation to do the following:

(a) develop and make a recreational facility or other structures with related facilities and equipment;

(b) protect the Clarendon Farms Common Area by planting trees, plants, shrubs and creating berms, and by the construction and maintenance of siltation and detention basins and other means deemed appropriate, including cutting fire breaks and removal of vegetation and trees;

(c) exercise, by Declarant only, the Declarant's Utility Right;
and

(d) make all such other improvements to Clarendon Farms Common Area as the Declarant or the Association may deem appropriate.

Section 4. Maintenance of Common Areas. No dumping of trash, garbage, sewage, sawdust, refuse of any kind, including construction debris, or any unsightly or offensive materials (except in receptacles placed for such purpose) shall be permitted or placed upon the Clarendon Farms Common Area except as is temporary and incidental to the bona fide improvement of the Clarendon Farms Common Area in a manner consistent with its classification as Clarendon Farms Common Area.

Section 5. No Public Rights. The granting of the easements in the Clarendon Farms common Area in this Article in no way grants to the public or the owners of any land outside of Clarendon Farms the right to enter any part of the Clarendon Farms Common Area. The creation of the Clarendon Farms Common Area in no way shall be deemed or construed to be a dedication of such areas for the general public welfare or use except by the Declarant's written approval.

Section 6. Delegation of Use. Any Lot Owner may delegate, in accordance with the By-Laws of the Association, his right of enjoyment to the Clarendon Farms Common Area and facilities thereon to the members of his family or contract purchasers who reside on the Lot, and his guests when accompanied by the Lot Owner. If a Lot Owner leases an Improved Lot, the Owner's right of enjoyment to the Clarendon Farms Common Area and facilities thereon shall be automatically transferred to the Lot Owner's tenants.

Section 7. Outside Membership. Should the Declarant exercise its option to develop or improve a recreational facility or other structures with related facilities and equipment, the Declarant may, in its sole discretion and without the need for approval by the Owners during the Declarant Control Period, offset a portion of the operating expenses of the recreational facility by selling membership to use the facility to persons other than Owners or residents of Clarendon Farms.

ARTICLE III ANNEXATION OF ADDITIONAL PROPERTY

Section 1. Reservation of Right to Expand. The Declarant expressly reserves the option to annex into the Property any and all Additional Lands to the Property which the Declarant now owns or may own in accordance with the provisions of this Article.

Section 2. No Limitations on Option to Expand. Except as expressly stated in this Article, there shall be no limitations on the option of the Declarant to expand as set forth herein. The Declarant shall not be required to obtain the consent of any Owner of the Association in order to exercise said option to expand the Property.

Section 3. Time Limitation on Option to Expand. The option of the Declarant to expand the Property as set forth in this Article shall terminate fifteen (15) years after the date of recordation of this Declaration, or at such time as the Declarant terminates said option by amendment of this Declaration, whichever shall first occur.

Section 4. Declarant Not Obligated to Expand. Nothing herein contained shall be construed to impose upon the Declarant, its successors or assigns, any obligation to develop or otherwise perform any acts with respect tot the expansion of the property with Additional Lands.

Section 5. Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, which upon conveyance or dedication to the Association shall be accepted by the Association as Clarendon Farms Common Area, and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

Section 6. Withdrawal. Declarant has the right, at its sole option, to remove from the Property any portion of any Additional Lands added to the Property by recording an amendment to the Declaration to remove same at any time if no Residential Unit in the Additional Lands has been conveyed to an Owner and if no common Area in that Additional Lands has been conveyed to the Association.

Section 7. Amendment. This Article shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property within Clarendon Farms.

ARTICLE IV MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Lot Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. When more than one person holds an interest in any property in Clarendon Farms to which a vote is allocated, all such persons shall be members. In any instance where the members are entitled to personally cast their votes and when more than one person holds an interest in property within Clarendon Farms; (a) the vote for such property shall be exercised as the co-owners among themselves determine, but no more votes may be cast with respect to such property than have been allocated to such property; (b) if only one co-owner of property casts the votes allocable to that property, the presiding officer at the meeting at which such vote is to be cast shall deem that the vote allocable to such property is to be cast by such co-owner; and (c) if the parties together entitled to cast a vote with respect to property in which they hold a co-interest cannot among themselves determine how to exercise such vote, the presiding officer of the meeting at which such vote is to be cast shall disallow the vote with respect to such property.

Section 2. Voting Rights. The Association shall have the following classes of voting membership:

Class A. Class A members shall be the owners (with the exception of the Declarant during the Declarant Control Period) of all Lots, who shall be entitled to one vote for each Lot owned;

Class B. Class B members shall be the Declarant which, during the Declarant Control Period, shall be entitled to three (3) votes for each Lot within Clarendon Farms owned by it. After the Declarant Control Period, to the extent the Declarant owns any Lots in Clarendon Farms, it shall be a Class A member.

Section 3. Declarant Control. During the Declarant Control Period, the Declarant shall have the sole and absolute right to appoint, in its sole and absolute discretion, the members of the Board of Directors.

Section 4. Voting at Meetings. All Lot Owners shall be entitled to cast votes at any meeting of the members of the Association, whether annual or special, except as provided for in Article II, Section 1(b) of this Declaration.

ARTICLE V ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner, by acceptance of a deed for any property within Clarendon Farms, whether it shall be expressed in such deed or not, is deemed to covenant and agree to pay to the Association (i) annual assessments, (ii) special assessments, and (iii) special assessments to remedy unsightly conditions. All such assessments shall be established and collected as hereinafter provided. All the assessments set forth above, together with interest, costs of collection, including attorney's fees, shall be a charge on the land of every Lot Owner and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, late charges, costs of collection, including attorney's fees, shall also be, in addition to the liens on the Lot, imposed hereby, the personal obligation of the Lot Owner, or Lot Owners (such personal obligations being the joint and several obligation of each Lot Owner of any one Lot, if more than one) of the Lot, at such time as the assessment falls due.

Section 2. Purpose of Annual Assessments. The annual assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of Clarendon Farms and the establishment of reserves therefor; including by way of example, and without limitation or restriction:

(a) Maintenance of all private roadways located in Clarendon Farms, if any, including filling and repair work, repaving, cleaning and snow removal;

(b) Maintenance and preservation of the Clarendon Farms Common Area, and all scenic and conservation easement areas (as described in Section 1 of Article XI of this Declaration), including seeding, planting, mowing and watering, landscaping, repair and improvement;

(c) Payment of any real and personal property taxes and other charges assessed, respectively, against the Clarendon Farms Common Area and against equipment and other personal property which may be owned by the Association;

(d) Payment of salaries and benefits of all employees, including maintenance and management personnel, agents and others employed or contracted in connection with carrying out the Association's duties, responsibilities and rights under this Declaration; and

(e) Maintenance of a policy or policies of insurance, insuring the Declarant, the Association and its employees if any, its agents and others (as determined by the Board of Directors in their sole discretion) with respect to the Clarendon Farms Common Area as required by Article VI of this Declaration.

Section 3. Special Assessment to Remedy Unsightly Conditions.

(a) Lot Owner's Duty to Maintain. Each Lot Owner covenants to the Declarant, the Association and to every other Lot Owner to maintain the Lot owned by the Lot Owner and the structures located on that Lot, in an attractive, neat, sightly and first-class appearance and condition. To that end, each Lot Owner shall regularly and properly effect the following to and on his property:

(i) The cleaning, painting and general maintenance and repair of the exterior of the residence and every other structure on the Lot;

(ii) The prompt repair and replacement of roofs, gutters, downspouts, exterior building surfaces, and exterior glass surfaces of the residence and every other building on the property;

(iii) The prompt repair and replacement of all walls and fences on the property;

(iv) The prompt maintenance, repair and cleaning of all walks, curbs, stoops and steps on the property; and

(v) The maintenance, including cutting, pruning, feeding, watering and, if necessary and permitted, the removal of the trees, shrubs, grass and other landscaping items on the property.

(b) Enforcement and Lien. If it is determined by the Board of Directors in its sole and absolute discretion that a Lot Owner is failing to maintain its property or the improvements located thereon, as required above, the Board of Directors shall give such Lot Owner written notice stating the nature of such Lot Owner's failure and stating that the Board of Directors shall take such action as it deems necessary to remedy such failure to maintain if (i) such failure to maintain is not remedied within ten (10) days if such failure to maintain is capable of immediate or prompt remedy (as determined in the reasonable discretion of the Board of Directors), or (ii) remedial action is not commenced within ten (10) days and thereafter diligently prosecuted to completion if such failure to maintain is not capable of immediate or prompt remedy (as determined in the reasonable discretion of the Board of Directors). If the Lot Owner thereafter fails, as determined in the sole and absolute discretion of the Board of Directors, to appropriately respond within the time limit stated above or the additional time limit permitted by the Board of Directors, the Board of Directors shall have the power and duty to take such

actions as are necessary to remedy the Lot Owner's failure to maintain the Lot Owner's property as provided above and to charge any expense back to the Lot Owner. To that end, the Board of Directors, its contractors, employees, management agents, and other agents, are granted and shall have the irrevocable and absolute right, license, easement, power and authority which is hereby expressly granted to enter on to the Lot Owner's property, without notice to the Lot Owner, to effect such cleaning, painting, maintenance, repair and replacement as the Board of Directors deems necessary. The cost of all such maintenance and repair to a Lot Owner's property effected by the Board of Directors in accordance with this Section shall be charged directly to the Lot Owner and shall become a special assessment against that Lot to remedy unsightly conditions, and shall be due and payable in full within thirty (30) days after the date that notice of the assessment is given. The Board of Directors may enforce the collection of such assessment against the Owner personally and by foreclosing the lien created in Section 1 of this Article for the same.

Section 4. Costs Borne Directly by Lot Owner. If the need for maintenance or repair to the Clarendon Farms Common Area or as required by Section 3 of this Article is caused by the willful or negligent act or omission of a Lot Owner, its family, employees, tenants, agents, guests, permittees, or invitees, as determined by the board of Directors after giving the Lot Owner notice and opportunity to respond to the Board of Directors, the cost of such maintenance or repair shall be charged directly to such Lot Owner and added to and become a part of the assessment to which such Lot Owner's property is subject.

Section 5. Special Assessments. In addition to the annual assessments and special assessments to remedy unsightly conditions authorized above, the Association may levy a special assessment applicable 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 Clarendon Farms Common Area, fixtures and personal property related thereto, or for any other special need of the Association. A special assessment may be made without the prior approval of the members of the Association pursuant to 55-514 of the Act or to the extent that the amount of that special assessment payable in one (1) year does not exceed twenty percent (20%) of the regular annual assessment for the same year. Any special assessments not pursuant to 55-514 of the Act, the payment of which exceeds twenty percent (20%) of the regular annual assessment for the same year, whether singularly or when combined with prior special assessment in the same fiscal year, must have the consent of more than two-thirds (2/3) of the votes entitled to be cast by all of the members of the Association.

Section 6. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments and liens created herein:

- (a) all property owned by the Declarant;
- (b) any property used as a "sales center" or "model home" for Clarendon Farms by the Declarant:

- (c) Lots which are owned by a Builder for a period up to thirty-
6) months after conveyance of the Lot from the Declarant to the Builder;
- (d) all parties dedicated and accepted by a public authority; and
- (e) all common areas.

Section 7. Rate of Assessment. The amount of the annual assessment the special assessments imposed upon each property within Clarendon Farms will be determined by multiplying the total amount of the assessment to be imposed by a fraction, the numerator of which shall be the "assessment unit" applicable to the particular property assessed and the denominator of which shall be the aggregate number of assessment units applicable to all property within Clarendon Farms subject to the annual assessment.

Section 8. Determination of Annual Assessment.

(a) The annual assessment shall be fixed by the Board of Directors in accordance with a budget prepared and approved by the Board of Directors. The budget shall contain provisions for reasonable reserves.

(b) During the period of Declarant control, should additional Common Areas be annexed into the property by the Declarant which contain or are intended to contain recreational facilities or other such amenities, the maintenance, care and future replacement of which may result in an increase in the expenses of the Association, the Board of Directors may, without the vote and approval of the members, increase the annual assessment in accordance with the anticipated incremental expenses and capital reserve allocations for the annexed Common Areas.

(c) Except as otherwise provided within this Section 8, the annual assessment shall not exceed fifty dollars (\$50.00) per Lot.

(d) Except as otherwise provided within this Section 8, the annual assessment and all subsequent annual assessments which are less than twenty percent (20%) greater than the previous year's annual assessment shall be fixed by the Board of Directors without submission of the same to the Association for approval. Any proposed budget and resulting annual assessment approved by the Board of Directors which is more than twenty percent (20%) greater than the previous year's annual assessment must be presented and approved by a majority vote of the Lot Owners at the annual meeting of the Association preceding the fiscal year in which such assessment shall go into effect. If for any reason the Association does not approve a budget and assessment for a fiscal year, which must be approved as set forth above, prior to the commencement of the fiscal year, the budget and assessment for the preceding fiscal year shall apply.

year, automatically increased by ten percent (10%), shall remain in effect until new budgets and assessments have been approved.

(e) If in any year during the Period of Declarant Control the total of expenses, including unpaid expenses if properly attributable and/or allocated to such year, and budget reserves, after taking into account any special assessments pursuant to Section 5 above, exceed the budget for expenses and reserves, as it may be amended, Declarant will pay to the Association an amount equal to such deficiency within fifteen (15) days after receipt of written notice from the Association accompanied by a statement of receipts, expenses and reserves in reasonable detail.

Section 9. Date of Commencement of Annual Assessments and Due Dates. Prior to the commencement of annual assessments, all costs incurred in connection with the maintenance and preservation of the Clarendon Farms Common Area shall be borne solely by the Declarant. The first annual assessments shall be adjusted pro rata according to the number of months then remaining in the fiscal year. Succeeding annual assessments shall commence on the first day of each fiscal year, which fiscal year shall commence on April 1 of each year. The fiscal year shall be subject to change by the Board of Directors. The assessment shall initially commence for each Lot on the first day of the month following the time when the Lot is no longer exempt from assessment pursuant to Section 6 of this Article or on the first day of the month following the time when the Lot becomes an Improved Lot. Written notice of the annual assessment shall be sent to every Lot Owner subject thereto within twenty-one (21) days prior to the due date for the annual assessment or beginning of the fiscal year. Annual and special assessments may be paid in installments as determined by the Board of Directors in their sole discretion.

Section 10. Non-Payment and Remedies. If any Lot Owner is more than thirty (30) days delinquent in the payment of any installment of any assessment contemplated by this Declaration, the entire unpaid balance of the assessment may be declared immediately due and payable by the Board of Directors. Additionally, any assessment, or installment thereof, not paid within fifteen (15) days after the date upon which it is due shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum or the maximum rate allowed by law, whichever is greater, together with a late charge in the greater amount of ten dollars (\$10.00) or ten percent (10%) of the assessment amount due. Moreover, if any assessment, or any installment thereof, is not paid within thirty (30) days after the date upon which it is due, the Association may bring an action at law against the Lot Owner personally obligated to pay the same and initiate proceedings to foreclose the lien against the Lot Owner's property to which it attaches. The Association shall be entitled to collect all fees and costs of collection, including attorneys' fees, and every Lot Owner by accepting a deed to property in Clarendon Farms, whether so expressed in the deed or not, covenants and agrees to pay the same. No Lot Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Clarendon Farms Common Area or abandonment of its property.

Section 11. Certificate Re: Status of Assessments. The Association shall, upon demand by a contract purchaser or a Mortgagee, of a Lot in which it has a legal interest, and for a reasonable charge to be determined by the Board of Directors (initially twenty-five Dollars (\$25.00), however, such sum may be increased by a reasonable amount by action of the Board of Directors) for each such demand, furnish a certificate signed by an officer or designate of the Board of Directors of the Association setting forth whether the assessments on the Lot have been paid, and whether the Lot Owner of such Lot is in default in the performance of any other obligation to the Association. Such properly executed certificate of the Association regarding the status of assessments against a Lot in Clarendon Farms shall be binding upon the Association as of the date of its issuance. If the Association does not deliver a properly executed certificate within fourteen (14) days after receipt of written request therefor and after payment of the fee by the requesting party, the Association shall have been deemed to certify that no assessments are past due with respect to such Lot and that the Lot Owner is not otherwise in default in the performance of any obligation to the Association. Nothing contained in the foregoing sentence shall be deemed to be a covenant for the benefit of a Lot Owner, and an error made by the Association or delay by the Association in the making or delivery of such certificate shall not stop the Association as to the Lot Owner or preclude the exercise of any right or remedy against the Lot Owner. The certificate described in this Section shall not be deemed a substitute for the disclosure statement which the Association is required to prepare pursuant to the Act.

Section 12. Subordination of the Lien to Mortgages. Except as other provided by the Act or other applicable statute, the lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgages and the lien for real estate taxes. *Sale or transfer of any Lot subject to assessment shall not affect the assessment lien, but, rather, the grantor and grantee shall be jointly and severally liable for the payment of the assessment secured thereby. *A Mortgagee shall not be liable for any lien for assessment arising prior to a foreclosure. *If the sale or transfer of any Lot subject to assessment pursuant to foreclosure of a first mortgage or deed of trust or any proceeding in lieu thereof extinguishes the lien of such assessments as to payments which became due prior to such sale or transfer, the personal obligation of the Lot Owner whose Lot was subject to the lien shall not be extinguished or otherwise affected. No sale or transfer shall relieve such property from liability for any assessments thereafter becoming due or from the lien thereof.

Section 13. Proration of Assessments. All assessments shall be subject to proration based upon the number of days in the year the Lot is owned by the Owner, which assessment in the case of a first time sale shall be due and payable at closing; provided that assessments have commenced as of that date.

ARTICLE VI
INSURANCE AND CASUALTY

Section 1. Insurance With Respect to Clarendon Farms Common Areas. Premiums for all insurance on the Clarendon Farms Common Area shall be common expenses of the Association and shall be included in the annual assessment. The Board of Directors, in its sole discretion, shall obtain a public liability policy covering the Clarendon Farms Common Area, the Association and all Lot Owners for all damage or injury caused by the negligence of the Association or any of its agents or Lot Owners. The public liability policy shall have a severability of interests provision or endorsement and shall be written in such amounts as the Board of Directors shall deem appropriate.

Section 2. Requirements of Policies. All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefited parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth.

(a) All policies shall be written with a company licensed to do business in the Commonwealth of Virginia which holds a rating of A or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies on the Clarendon Farms Common Area shall be for the benefit of the Declarant, Association and all Lot Owners, as their respective interests appear.

(c) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors' provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Lot Owners, occupants, or their Mortgagees.

(e) The Association's Board of Directors shall be required to make reasonable efforts to secure insurance policies that will provide for the following:

(i) a waiver by the insurer of its rights to subrogation as to any claims against the Association's Board of Directors, its manager, the Lot Owners, and their respective tenants, servants, agents, and guests;

(ii) a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of the conduct of any one or more individual Lot Owners;

(iii) a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Lot Owner, or Mortgagee;

(iv) that any "other insurance" clause in any policy exclude individual Lot Owner's policies from consideration; and

(v) that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or nonrenewal.

Section 3. Additional Coverages. In addition to the other insurance required by this Article, the Board of Directors may obtain, as a common expense, such other insurance as the Board deems appropriate, including: (a) worker's compensation insurance, if and to the extent required by law; (b) directors' and officers' liability coverage, if available at a reasonable premium; and (c) a fidelity bond or bonds on directors, officers, agents and employees handling or responsible for the Association's funds, if available at a reasonable premium. The amount of fidelity coverage shall be determined in the Board of Directors' best business judgment but, if available at a reasonable premium, may not be less than three (3) months' annual assessments on all Lots, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

Section 4. Individual Insurance. By virtue of taking title to property within Clarendon Farms subject to the terms of this Declaration, each Lot Owner covenants and agrees to carry blanket all-risk casualty insurance on the Lot Owner's property and structures constructed thereon meeting the same requirements as set forth in Section 2 of this Article. Each Lot Owner further covenants and agrees that, upon any partial loss or damage and destruction resulting in less than total destruction of structures upon the Lot Owner's Lot, the Lot Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with this Declaration. The Lot Owner shall pay any cost of repair or reconstruction which is not covered by insurance proceeds. If the structure is totally destroyed the Lot Owner may decide not to rebuild or to reconstruct, in which case the Lot Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of

construction and thereafter the Lot Owner shall continue to maintain the Lot in a neat and attractive condition consistent with the Clarendon Farms Standards (hereinafter defined).

Section 5. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other casualty to all or any part of the property covered by insurance written in the name of and for the benefit of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Any damage or destruction to the Clarendon Farms Common Area shall be repaired or reconstructed unless Lot Owners representing at least seventy-five percent (75%) of the total votes of all Lot Owners shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within the sixty (60) day period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed an additional sixty (60) days. NO Mortgagee shall have the right to participate in the determination of whether the damage or destruction to Clarendon Farms Common Area or the Recreational Facilities shall be repaired or reconstructed except as may be required by the term of any Mortgage.

(c) If it is determined in the manner described above that the damage or destruction to the Clarendon Farms Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then, the affected property shall be restored to its natural state and maintained by the Association or the owner of the Recreational Facilities, in a neat and attractive condition consistent with the Clarendon Farms Standards.

Section 6. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Clarendon Farms Common Area shall be retained by and for the benefit of the Association and placed in a capital improvements account for the benefit of the Clarendon Farms Common Area. If no repair or reconstruction is made, any proceeds remaining after the Association makes such settlement as is necessary and appropriate with the affected Mortgagee, shall be retained by and for the benefit of the Association and placed in an

appropriate capital improvements account. This is a covenant for the benefit of any Mortgagee of a Lot and may be enforced by such Mortgagee.

Section 7. Repair and Reconstruction. If the damage or destruction to the Clarendon Farms Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors may levy a special assessment without any approval of the members being required, in the amount sufficient to defray the cost thereof. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE VII ARCHITECTURAL CONTROL

The Board of Directors and the Declarant shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the Architectural Review Board established in Section 1 of this Article. This Article and the Clarendon Farms Standards, as defined in Section 1 of this Article, may not be amended without the Declarant's written consent so long as the Declarant owns any property within Clarendon Farms. No construction, which term shall include within its definition, staking, clearing, excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements thereof have been fully met, and until the approval of the Architectural Review Board has been obtained.

Section 1. Architectural Review Board. The Architectural Review Board shall have jurisdiction over all original construction, modifications, additions, improvements or alterations made on or to all existing improvements and the open space, if any, appurtenant thereto, on all property within Clarendon Farms. It shall prepare and, on behalf of the Board of Directors, shall promulgate design and development guidelines and application and review procedures, all as part of the Clarendon Farms Design and Environmental Standards (the "Clarendon Farms Standards"). The Clarendon Farms Standards shall incorporate all restrictions and guidelines relating to development and construction contained in this Declaration as well as restrictions and guidelines with respect to location of structures upon property, size of structures, driveway and parking requirements, and requirements with respect to foundations and length of structures. Copies shall be available from the Architectural Review Board for review. The guidelines and procedures shall be those of the Association, and the Architectural Review Board shall have sole and full authority to prepare and to amend the Clarendon Farms Standards. The Architectural Review Board shall make the Clarendon Farms Standards available to Owners, builders, and developers who seek to engage in development of or construction upon property within Clarendon Farms, and such Owners, builders and developers shall conduct their operations strictly in accordance therewith. Until one hundred percent (100%) of all property within Clarendon Farms has been developed as

Improved Los, and conveyed to purchasers in the normal course of development and sale, the Architectural Review Board shall consist of three (3) members: the Declarant shall retain the right to appoint the three (3) members. There shall be no surrender of this right prior to that time except pursuant to written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board of Directors shall appoint the members of the Architectural Review Board.

Section 2. No Waiver of Future Approvals. The approval of the Architectural Review Board of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters subsequently or additionally submitted for approval or consent.

Section 3. Variance. The Architectural Review Board may authorize variances from compliance with any of the provisions of the Clarendon Farms Standards when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) prevent the committee from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

Section 4. Review and Control by Architectural Review Board. No building, home, fence, garage, swimming pool, improvement, addition, alteration (including change of paint color) or other structure of any kind shall be erected, placed or altered nor shall a building permit for such improvement be applied for on any unimproved property in Clarendon Farms until two (2) complete sets of building plans (including elevations), specifications, exterior color and finish samples, site plan (showing the proposed location of such building, drives and parking areas), landscaping plan and construction schedule shall have been reviewed and approved in writing by the Architectural Review Board. In reviewing such materials, the Architectural Review Board shall consider such things as aesthetic appearance, harmony with surrounding improvements, compliance with this Declaration and any additional criteria adopted by the Architectural Review Board as part of the Clarendon Farms Standards. Approval or disapproval of plans, locations or specifications may be based by the Architectural Review Board upon any ground incorporated within the Clarendon Farms Standards including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Architectural Review Board shall be sufficient. If approval of such plans and specifications is neither granted nor denied within thirty (30) days following receipt by the Architectural Review Board of written request for approval, the party making the submission for approval shall deliver written notice to the Architectural Review Board of

its failure to act, and, if approval is not granted or denied within fifteen (15) days thereafter, the plans and specifications shall be deemed to be approved.

Section 5. Entry on a Property. The Architectural Review Board or any of its representatives shall have the right to enter any Improved Lot or unimproved Lot within Clarendon Farms for the sole purpose of determining compliance with these covenants and the Clarendon Farms Standards, and with actions of the Architectural Review Board, pending or completed, which affect that property. Entering a property for this purpose shall not be deemed a trespass.

ARTICLE VIII ENVIRONMENTAL COVENANTS

In order to protect the natural beauty of the vegetation, topography or other natural features within Clarendon Farms, the following environmental controls are hereby established.

Section 1. Excavation. Topographic and vegetational characteristics of any property within Clarendon Farms shall not be altered by removal, reduction, cutting, excavation or any other means without the prior written approval of the Architectural Review Board. Written approval will be granted for the minimum amount of earth movement and vegetation reduction required and plans and specifications approved pursuant to the provisions of Section 2 of this Article. All Lots, with the exception of wetlands designated as conservation areas on the County Recordation Plat, shall be cleared of obnoxious vegetation, debris and underbrush with all cleared areas mulched, seeded or sodded.

Section 2. Trees. To the extent reasonably practical, the clearing of mature trees on Lots shall be limited to those areas required to accommodate the residence to be constructed thereon and its normal and customary accessories, open front yard areas and those limited areas required to permit utility services and driveways. No trees measuring six (6) inches in diameter at a point two (2) feet above ground level which are located more than ten (10) feet away from the residence or structure constructed on the Lot, shall be removed without the prior written approval of the Architectural Review Board.

Section 3. Landscaping. The Clarendon Farms Standards may impose specific landscaping requirements for each Lot. A detailed landscaping plan must be submitted with the other plans submitted to the Architectural Review Board for approval and must show all plantings, material size, intended placement and variety, as well as all areas which will be seeded, sodded or mulched. Any significant plantings of trees or shrubs intended to act or resulting as a screen between properties or Lots within Clarendon Farms must be first approved by the Architectural Review Board.

Section 4. Drainage. In order to prevent excessive "runoff" or drainage of any Lot, the Declarant hereby reserves the right for itself and the Architectural Review Board to establish a maximum percentage of land within each Lot which may be covered by a building, patio, driveway or other structure. In the establishment of such a percentage of lot coverage, the Declarant or the Architectural Review Board may consider topography, percolation, soil types and condition, vegetation coverage and other relevant environmental factors.

Section 5. Erosion Control. The Declarant shall have the right, and hereby reserves an easement for itself and the Association, to enter upon any Lot whether improved or unimproved for the purpose of performing necessary grading, landscaping work or constructing and maintaining erosion prevention devices. The Declarant shall have the right, and hereby reserves an easement for itself and the Association, to enter onto any unimproved Lot within Clarendon Farms to implement effective insect, reptile and woods fire control for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth which, in the opinion of the Declarant or the Association, detracts from the overall beauty, setting or safety of Clarendon Farms. The cost of this vegetation control shall be kept as low as reasonably practical and shall be paid by the Lot Owner of the Property upon which such work is performed. Prior to entering upon any property to undertake such maintenance or erosion control work, the Declarant of the Association shall first give the Lot Owner of such property written notice that such work must be performed within thirty (30) days after the date of delivery of the notice, or such shorter period as required by Declarant or Board of Directors if an emergency exists, or a shorter period as otherwise deemed reasonably necessary. Only if the Lot Owner fails to take appropriate corrective action within such thirty (30) day or shorter period, shall the Declarant or the Association take such action. The cost of any work undertaken by the Declarant or the Association shall be paid by the Lot Owner of the Lot and shall be deemed to be an assessment to remedy unsightly conditions giving rise to the lien therefor. Entrance upon any Lot within Clarendon Farms by the Declarant or the Association for such purposes shall not be deemed to be a trespass, but, rather, an easement as reserved above for such purposes by the Declarant for the Declarant and the Association.

Section 6. Wetlands. All areas designated as "Wetland Protection Area (Limits on Non-Tidal Wetlands)" on the County Recordation Plat of the Property and the approved road, drainage and utility plans on file in Henrico county are reserved as easements for wetlands areas and shall remain undisturbed, except as allowed by requirements according to the U.S. Army Corps of Engineers and Henrico County, if applicable, and as approved by the Architectural Review Board.

ARTICLE IX
RESTRICTIONS APPLICABLE TO CONSTRUCTION

Section 1. **General Restrictions.** All Lots, with the exception of wetlands designated as jurisdictional wetlands on the County Recordation Plat, shall be cleared of all obnoxious vegetation and debris and shall at all times be maintained in a clean and sightly manner as determined by the Board of Directors. All construction shall be prosecuted in a neat and orderly manner. Trash and debris shall not be permitted to accumulate upon any property within Clarendon Farms, but, rather, all debris and trash shall be removed from the property not less than monthly during construction. Mud, debris or trash shall not be allowed to accumulate on any adjacent property or the adjacent streets. Noise, dirt, dust and waste shall be kept to the minimal amount as is practical. All improvements made on any Lot shall be in compliance with the Clarendon Farms Standards as well as all applicable laws, rules and regulations, including, without limitation, all state and local building, fire, health, safety, environmental (including those with respect to erosion and sediment control) and zoning ordinances and regulations.

Section 2. **Utility Fees and Credits.** All sewer, water and other utility tap-connection credits applicable to, or receivable in connection with, any real property within Clarendon Farms shall be the sole property, and for the sole benefit, of Declarant and any party receiving, or receiving the benefit of, any such credit shall immediately pay the amount of the utility tap-connection fee currently charged by the County of Henrico, Virginia, to Declarant.

ARTICLE X
GENERAL RESTRICTIONS

Section 1. **Residential Use.** All Improved Lots shall be used for single family residential purposes exclusively. The use of a portion of any Improved Lot for business purposes by the Owner or occupant thereof shall be considered a residential use only if the Improved Lot is used for residential purposes as well and if such business use (i) is not detectable by sight, sound or smell from the exterior of the residence, (ii) is consistent with zoning and does not violate applicable law; (iii) does not increase the liability or casualty insurance premium or obligation of the Association or of the residence; and (iv) does not create any customer or client traffic to and from the Lot. The use of an Improved Lot shall not be deemed to be for single family purposes if the Improved Lot is to be used (whether by common owners or tenants) by more than three (3) unrelated parties to reside thereon. No structure shall be erected on any Lot other than one (1) single family residential dwelling unit and one (1) small accessory building which may include a detached private garage, provided the use of such accessory building does not overcrowd the site as determined by the Architectural Review Board and provided further that such building is not used for any activity in any way conducted as a business. Such accessory building may not be constructed prior to the construction of the main building.

Section 2. Construction Period. All structures to be constructed upon any Lot must be completed within one (1) year after construction has commenced, unless such completion is impossible or highly impractical due to strikes, fires, national emergencies, natural calamities or other acts of force majeure. commencement of construction shall be deemed to have occurred upon the excavation of a foundation. Residences may not be temporarily or permanently occupied until completed. A residence shall be deemed to be completed upon the issuance of a certificate of occupancy or a temporary certificate of occupancy therefor by the County of Henrico, Virginia.

Section 3. Outbuildings. No tent (except children's "play" tents), barn or similar outbuilding or structure (other than an approved accessory building as described in Section 1) shall be placed on any property within Clarendon Farms at any time either temporarily or permanently during the time when the Declarant owns property within Clarendon Farms, except by written permission of the Declarant or its designee.

Section 4. Temporary Structures. No structure of a temporary character shall be placed upon any property within Clarendon Farms at any time. The foregoing prohibition shall not apply to temporary structures used by a contractor during the construction of improvements, provided such structures are not at any time used as residences and remain only in as inconspicuous a place as is practical as designated by the Architectural Review Board. The foregoing prohibition shall not apply to any temporary sales offices or facilities owned or used by the Declarant.

Section 5. Animals. Only common household pet animals shall be permitted within Clarendon Farms. All pet animals must be secured by a leash or lead, or under the control of a responsible person and obedient to that person's command at any time they are permitted outside a residence or other enclosed area upon a Lot for the maintenance and confinement of pet animals which has been approved by the Architectural Review Board. No livestock, including cattle, horses, sheep, goats, pigs or poultry shall be permitted upon any Lot. After giving a Lot Owner written notice of complaint and reasonable opportunity to remedy the situation, the Board of Directors may order the removal of any pet from Clarendon Farms which has become a nuisance or a danger.

* Section 6. Signs. No sign may be erected upon any property within Clarendon Farms unless first approved in writing by the Architectural Review Board. The Architectural Review Board shall permit one "For Sale" sign, not exceeding two (2) feet by two (2) feet in size, to be placed on an Improved Lot for sale. The Declarant or the Architectural Review Board shall establish criteria for a single sign which may be placed on a Lot during the construction period which may advertise the name of the builder.

Section 7. **Prohibited Vehicles.** No Lot Owner or any guest shall be permitted to park upon the Clarendon Farms Common Area, including the streets and curbsides located thereon, except for such temporary periods as may be approved by the Board of Directors or allowed by rules and regulations promulgated by it. Parking shall only be permitted on driveways, garages and parking areas, approved by the Architectural Review Board. No commercially licensed vehicles, disabled vehicles, vehicles without a current state license, or vehicles which provide for the visible storage of machinery or other equipment shall be kept upon or adjacent to any Improved Lot unless wholly inside an enclosed garage thereon. Boats, boat trailers, campers, buses, commercial trucks, recreational vehicles or utility trailers may be maintained on a Lot but only within a garage or an enclosed or screened area approved by the Architectural Review Board so that they are not generally visible from the street or from adjacent property. This prohibition shall not apply to the mobile homes or recreational vehicles of visiting guests of Lot Owners which are parked in the driveway of a Lot for less than seven (7) days in any thirty (30) day period.

Section 8. **Motor Bikes, All Terrain Vehicles.** No motor bikes, motorcycles or all terrain vehicles shall be driven upon the Clarendon Farms Common Area, Lots or roads (unless properly licensed on roads) within Clarendon Farms, with the exception of licensed vehicles and mopeds which shall be operated solely upon the public streets within Clarendon Farms for direct ingress and egress purposes only.

Section 9. **External Lighting.** No external lighting shall be installed or utilized on any property within Clarendon Farms which is of such character, intensity or location as to interfere with the use, enjoyment and privacy of any Lot or owner in the near vicinity. No neon or flashing lights shall be permitted. All external lighting shall be approved by the Architectural Review Board, as appropriate, as to size, location, color and intensity.

Section 10. **Swimming Pools.** No swimming pool, whether in ground or above ground, whether permanent or temporary, shall be installed upon any Lot without the prior written consent of the Architectural Review Board. The Architectural Review Board shall require that all swimming pools be adequately screened from the view of adjacent lots and streets. No swimming pool shall be located nearer to any street line than the rear building line of the dwelling, or side yard building line in the case of a corner lot.

Section 11. **Nuisance.** No obnoxious or offensive trade or activity shall be carried on upon any Lot nor shall anything be done which shall be or become an annoyance or nuisance to anyone residing on neighboring Lots or elsewhere within Clarendon Farms.

Section 12. Antennae. No television antenna, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of any building or structure on any Lot except as follows:

(a) The provisions of this paragraph shall not prohibit the installation by the Declarant or the Association of equipment necessary for a master antenna system, community antenna television (CATV) and mobile radio systems or similar systems within Clarendon Farms.

(b) A Lot Owner may make written application to the Architectural Review Board for permission to install a small (18" diameter or less) satellite receiving antenna. The decision to grant permission shall be in the Architectural Review Board's discretion, provided that such antenna shall not extend above the roof line of the house and that it shall either be screened from view or not present an unsightly appearance.

Section 13. Fireplaces. All coal-burning or wood-burning fireplaces must have masonry chimneys; gas or ornamental fireplaces may be wall-vented with no chimneys, as allowed by applicable building codes.

Section 14. Foundations. All visible portions of exterior foundations shall be constructed of brick or stone. Synthetic stucco foundations may be permitted when the entire house is constructed of synthetic stucco.

Section 15. Construction Quality. Each dwelling shall be constructed of quality materials consisting of brick, wood or vinyl or a combination of such materials. Alternate materials of similar quality in appearance and durability may be approved by the Committee in connection with the approval of plans and specifications for the dwelling.

Section 16. Carports. Carports are prohibited.

Section 17. Minimum House Size. The minimum house size shall be 1100 square feet. A maximum of one-third (1/3) of the total floor area of the dwelling may be contained in unfinished rooms capable of being made livable.

Section 18. Water and Sewer Service. Each dwelling constructed must be connected to and served by public water and sewer facilities.

Section 19. Resubdivision. No Lot shall be subdivided, partitioned in kind or its boundary lines otherwise changed, nor shall application for same be made to the County of Henrico, Virginia, or any court of the Commonwealth of Virginia, unless with the prior written consent of the Architectural Review Board. However, the Declarant expressly reserves for itself, its successor and assigns, subject to the approval of the County of Henrico, Virginia, the right to replat or resubdivide any Clarendon

Farms Common Area, Lot or other property owned by it in order to create a modified Lot or property and to take such other steps as are reasonably necessary to make such Lots and property suitable as a building site, including, but not limited to, relocation of easements, walkways and rights-of-way, or to remove gaps and gores between the property boundaries. This Section shall not be deemed to prohibit the combining of two (2) or more contiguous Lots into one (1) larger Lot, however, the resulting Lot, if combined by an Owner other than the Declarant, shall retain the vote and assessment unit of two (2) Lots.

Section 20. Rules and Regulations. The Board of Directors is granted and shall have the power to promulgate and enforce rules and regulations, from time to time, governing the use of, and activity upon the common Area. All rules and regulations promulgated by the Board of Directors shall be published and distributed to each member of the Association, at least thirty (30) days prior to their effective date.

ARTICLE XI EASEMENTS

Section 1. Scenic Easement.

Section 2. Easements for Utilities. There is hereby reserved for the local water supplier, electric company, natural gas supplier, and cable television supplier easements across all Lots and the Common Areas for ingress, egress, installation, reading, replacing, repairing and maintaining utility meters and boxes. The exercise of this easement shall not extend to permitting entry into the dwelling on any Lot. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines or other utilities may be installed, relocated or accessed on the Property, except as approved by the Declarant, as long as the Declarant owns any Lot within the Property, and by the Board of Directors.

Section 3. Easement for Hedges and Fences. Each Lot and its Lot Owner are declared to have an easement and the same is granted by the Declarant, for encroachments on adjoining Lots or Common Area, as the case may be, due to hedges or fences, if any, (which shall have been previously approved by the Architectural Review Board belonging to such Lot, to the extent such hedge or fence encroaches on adjoining Lots or Common Area, provided such encroachments do not exceed one (1) foot or interfere with the use of any improvements on the servient property. No such easement shall be created in favor of a Lot Owner if the encroachment occurred due to the willful misconduct of the Lot Owner.

Section 4. Duties of the Association. There are reserved for the benefit of and granted to the Association such easements as may be necessary to perform the duties and obligations of the Association set forth in this Declaration.

Section 5. Priority of Easements. Each of the easements hereinabove referred to shall be deemed to have been established or reserved upon the recordation of this Declaration and shall henceforth be deemed to be easements and covenants running with the land for the use and benefit of the Lots, and the Clarendon Farms Common Area, as the case may be, superior to all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

ARTICLE XII ENFORCEMENT

Section 1. Charges for Violations. The Board of Directors shall have the power to impose reasonable charges for violations, which shall constitute a lien upon the property of the violating Lot Owner, and to suspend a Lot Owner's right to vote for violation of any duty imposed under this Declaration, the By-Laws, or any rules and regulations duly adopted thereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Lot. If any occupant of a Lot violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant within the time period set by the Board of Directors and, if not promptly paid, the Lot Owner shall pay the fine upon notice from the Association. The failure of the Board of Directors to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

(a) Notices. Prior to imposition of any sanction hereunder, the Board of Directors or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than fourteen (14) days within which the alleged violator may present a written request to the Board of Directors or its delegate for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within fourteen (14) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed. Such notice shall be deemed given upon deliver, by hand or when mailed by registered or certified mail return receipt requested to the violator at the address of record with the Association.

(b) Hearing. If a hearing is requested in a timely manner, the hearing shall be held before the board of Directors, or a committee thereof, affording the Lot Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction imposed hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of deliver, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction if

lation is cured within the fourteen (14) day period. Such suspension shall not
ute a waiver of the right to impose sanctions as a result of future violations of the
or other provisions and rules by any party.

Section 2. **Compliance With Declaration.** Every Lot Owner, and all
entitled to occupy a lot shall comply with all lawful provisions of the Act and all
ons of the declaration. Any lack of such compliance shall be grounds for an action
to recover sums due, for damages or injunctive relief, or for any other remedy
le at law or in equity, maintainable by the association, or by its executive organ or
naging agent on behalf of such association, or in any proper case, by one or more
ved lot owners on their own behalf or as a class action. The prevailing party shall
tled to recover reasonable attorneys' fees and costs expended in the matter .

Section 3. **Additional Enforcement Rights.** In addition to the
nent of charges, the Declarant and the Association shall have the right to enforce
ictions, conditions, covenants, reservations, liens and charges now or hereafter
d by the provisions of this Declaration as may be provided by law, including any
ction or proceeding at law or in equity. Failure by the Declarant or the Association
rce any covenant or restriction herein contained shall not be construed or deemed a
of the right to do so thereafter. In the event either the Declarant or the Association
o obtain an injunction against a Lot Owner, it shall comply with 55-513 of the Act
ccessor. Notwithstanding anything to the contrary herein contained, the
ation, acting through the Board of Directors, may elect to enforce any provision of
laration, these By-Laws, or the rules and regulations of the Association by self-
pecifically including, but not limited to, the towing of vehicles that are in violation
ing rules and regulations) or by suit at law or in equity to enjoin any violation or to
monetary damages or both without the necessity of compliance with the
re set forth above. In any such action, to the maximum extent permissible, the
ner or occupant responsible for the violation of which abatement is sought shall
costs, including reasonable attorney's fees actually incurred.

ARTICLE XIII **GENERAL PROVISIONS**

Section 1. **Amendment by the Declarant.** The Declarant specifically
; the right to exclusively amend this Declaration, or any portion hereof, without
irement of obtaining consent of any Owner, during the Period of Declarant
, so long as no such amendment dilutes the voting power of existing Members or
ie amounts of assessment of such existing Members.

Section 2. **Term and Amendment.** The covenants and restrictions of
laration shall run with and bind the land, for a period of fifty (50) years from the
ion of this Declaration in the Clerk's Office after which the term of this
tion shall be automatically extended for successive periods of ten (10) years,

unless an approved instrument terminating this Declaration is recorded in the Clerk's Office. This Declaration may be amended or terminated at any time by an instrument approved by more than two-thirds (2/3) of the votes entitled to be cast by all of the members of the Association. Any amendment or termination of this Declaration to be effective must (i) be executed by the president of the Association and be attested to by the secretary of the Association, (ii) have attached to it the sworn affidavit of the secretary of the Association stating that the amendment was approved by the requisite number of votes of the members of the Association, and (iii) be recorded in the Clerk's Office.

Section 3. Declarant's Rights.

(a) Any or all of the special rights and obligations of the Declarant may be transferred to other parties, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is pursuant to a written instrument signed by the Declarant and duly recorded in the Clerk's Office. So long as the Declarant is a Member of the Association, no party shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of Clarendon Farms without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant. This Section may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Section shall terminate upon the earlier of (a) twenty-five (25) years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement by which the Declarant terminates its rights hereunder.

(b) Declarant may designate a successor declarant or declarants to take and hold some or all of its respective rights, powers, privileges and obligations as Declarant under this Declaration, by written instrument recorded in the Clerk's Office. The Association and the Owners shall not enjoy any of the rights, powers, privileges or obligations of the Declarant unless specifically granted or assigned by this Declaration or by written instrument executed by the Declarant and recorded in the Clerk's Office. The "Declarant's Utility Rights" shall continue to remain vested exclusively in the Declarant even after such time as the Declarant has conveyed some or all of its other rights, title and interest in and to the Lots and all other portions of the Property, unless specifically assigned or conveyed as provided herein. The beneficiary of the first deed of trust given by the Declarant, encumbering undeveloped property and developed but unsold property subject to this Declaration, may, upon foreclosure of that deed of trust or upon receipt of title to the property encumbered thereby pursuant to a deed in lieu of foreclosure, succeed to any or all of the Declarant's rights under this Declaration, but shall succeed to only those rights of the Declarant which it elects to succeed to as specifically set forth in the trustee's deed or deed in lieu of foreclosure by which it or its nominee take title.

Section 4. Exclusive Use of the Name "Clarendon Farms". The Declarant is the sole and exclusive owner of, and shall have the sole and exclusive right to use, the Name "Clarendon Farms" within, on or about and with respect to the property, ventures, trade and housing within, conducted within or about, or located on any of the property within Clarendon Farms. No party shall use the name "Clarendon Farms" in connection with any business, neighborhood or organization, nor shall the name "Clarendon Farms" be placed on or incorporated in any sign or other visible medium without the prior written consent of the Declarant, which consent may be withheld by the Declarant in its sole discretion.

Section 5. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 6. Interpretation. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to and conform with the applicable provisions of the Zoning Approval for Clarendon Farms. The Declaration shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. To the extent this Declaration contains provisions relating to elements of, or property within, Clarendon Farms which are not presently a part of Clarendon Farms, such provisions shall not be deemed applicable unless and until such time, if ever, that such elements or such property becomes a part of Clarendon Farms by the annexation of such property or the construction of such elements, or both. However, all provisions which may initially be inapplicable but which become applicable at a later date upon the occurrence of a future event shall be deemed to have been applicable beginning on the date that this Declaration is recorded in the Clerk's Office with the same priority as all provisions of this Declaration which are initially applicable.

ARTICLE XIV

SPECIAL FHLMC, FNMA, HUD, AND VA PROVISIONS

Section 1. So long as required by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the United States Department of Housing and Urban Development, or the United States Department of Veterans Affairs, the following provisions apply in addition to and not in lieu of any other provisions in this Declaration. Unless at least two-thirds (2/3) of the Mortgagees or Lot Owners representing at least two-thirds (2/3) of the Association's total votes entitled to be cast thereon consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any material portion of the real property comprising the Clarendon Farms Common Area which the Association owns, directly or indirectly (the exercise of the Declarant's Utility Rights and granting of easements for utilities or other similar

purposes consistent with the intended use of the Clarendon Farms Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Lot (a decision, including contracts, by the board of Directors or provisions of any declaration subsequently recorded on any portion of Clarendon Farms shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of improvements on Lots and of the Clarendon Farms Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) fail to maintain insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any Clarendon Farms Common Area losses for other than the repair, replacement or reconstruction of such property.

Section 2. Annexation of additional properties, dedication of Common Areas, and amendment of this Declaration requires HUD/VA prior approval as long as there is a Class B voting membership.

Section 3. Mortgagees may, jointly or individually, pay taxes or other Charges which are in default and which may or have become a charge against the Clarendon Farms Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized officers.

Clarendon Associates, L.L.C., a Virginia
Limited liability company

By: Atack Properties, Inc., a Virginia
corporation, its sole member and manager

By: Cindy L. Sheppard
Cindy L. Sheppard, Vice President

State of Virginia
City/County of Harrison, to-wit:

I Peggy H. Kucelcy, a notary public of the state and county aforesaid do certify that Cindy L. Sheppard, Vice President whose name was signed on April 22, 1998 in her capacity on that date to the foregoing document has acknowledged said document and signature before me in the county aforesaid.

Given under my hand and notarial seal this 22nd day of April, 1998

Peggy H. Kucelcy
Notary Public

My Commission expires: 10/31/2001

EXHIBIT A

**TO THE DECLARATION OF RIGHTS, EASEMENTS, RESTRICTIONS,
COVENANTS, AFFIRMATIVE OBLIGATIONS AND CONDITIONS
APPLICABLE TO ALL PROPERTY IN CLARENDON FARMS**

Being all those certain lots, pieces, or parcels of land, with all improvements thereon and appurtenances thereunto belonging, lying and being in the Fairfield Magisterial District, Henrico County, Virginia, known and designated as Lots 1 through 7, Block A; 1 through 13, Block B; and 1 through 26, Block C, as shown on the plat entitled, "Clarendon Farms, Section 2, Fairfield Magisterial District, Henrico County, Virginia", made by Draper Aden Associates, dated August 11, 1997, recorded December 12, 1997, in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Plat Book 105, pages 120 and 121, and to which plat reference is made for a more particular description of said land.

Being a portion of the same property conveyed to Clarendon Associates, L.L.C., a Virginia limited liability company, by deed from Attack Properties, Inc., a Virginia Corporation, dated July 31, 1997, recorded August 4, 1997, in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Deed Book 2738, Page 530.

EXHIBIT B

TO THE REVISED AND RESTATED DECLARATION OF RIGHTS, EASEMENTS, RESTRICTIONS, COVENANTS, AFFIRMATIVE OBLIGATIONS AND CONDITIONS APPLICABLE TO ALL PROPERTY IN CLARENDON FARMS

PARCEL 1:

ALL that certain lot, piece, or parcel of land lying and being in the Fairfield District, Henrico county, Virginia, containing 90.55, more or less, acres as shown on the plat of survey entitled, "Plat Showing: 90.55 +/- Acres of Land Lying on the North Line of Cedar Fork Road, Fairfield District, Henrico County, Virginia," made by Draper Aden Associates, dated January 24, 1995, revised February 14, 1995, March 23, 1995, March 28, 1995, and April 3, 1995, a copy of which plat is recorded in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Plat Book 100, Page 85, and to which plat reference is made for a more particular description of said land.

PARCEL 2:

ALL those certain lots, pieces, or parcels of land laying and being in the Fairfield Magisterial District, Henrico County, Virginia, known and designated as Lots 1 through 8, Block A, as shown on the plat entitled, "Clarendon Farms, Section 1, Fairfield Magisterial District, Henrico County, Virginia," made by Draper Aden Associates, dated October 12, 1995, recorded December 13, 1995, in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Plat Book 101, pages 125 and 126, and to which plat reference is made for a more particular description of said land.

PARCEL 3:

ALL that certain lot, piece, or parcel of land lying and being in the Fairfield District, Henrico County, Virginia, containing 61.54, more or less, acres as shown on that plat of survey entitled, "Plat Showing: 61.54 +/- Acres of Land Lying to the North of Cedar Fork Road, Fairfield District, Henrico County, Virginia," made by Draper Aden Associates, dated January 11, 1995, revised February 15, 1995, March 23, 1995, and April 3, 1995, a copy of which plat is recorded in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Plat Book 100, page 87, and to which plat reference is made for a more particular description of said land.

PARCEL 4:

ALL that certain lot, piece, or parcel of land lying and being in the Fairfield District, Henrico County, Virginia, containing 6.486 acres as shown on the plat of survey entitled, "Plat Showing 6.486 Acres of Land Lying on the North Line of Cedar Fork Road, Fairfield District, Henrico County, Virginia," made by Draper Aden Associates, dated February 15, 1995, revised March 24, 1995 and March 29, 1995, a copy of which plat is recorded in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Plat Book 100, page 88, and to which plat reference is made for a more particular description of said land.

LESS AND EXCEPT from said parcel 4 all that certain parcel of land containing 4.615 acres conveyed to St. Joseph's Villa, Inc., a Virginia corporation, by deed dated March 14, 1997, in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Deed Book 2707, page 551.

As to Parcels 1, 2, 3, and 4, being part of the same real estate conveyed to Clarendon Associates, L.L.C., a Virginia limited liability company, by deed from Attack Properties, Inc., a Virginia corporation, dated July 31, 1997, and recorded August 4, 1997, in the Clerk's Office, Circuit Court, Henrico County, Virginia, in Deed Book 2738, page 530.

