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**AMENDED DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR FALLS RUN**

Stafford County, Virginia

This Declaration of Covenants, Conditions, and Restrictions is made this 13th day of February, 2006, by Del Webb Communities of Virginia, Inc., an Arizona corporation (the "Declarant").

Declarant is the owner of the "Properties" described in Exhibit A, which is attached hereto and incorporated herein by reference. This Declaration imposes upon the Properties mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Properties, and establishes a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of the Properties. In furtherance thereof, this Declaration provides for the creation of the Falls Run Community Association, Inc., a Virginia nonstock corporation, to own, operate and maintain the Common Area and, and to administer and enforce the provisions of the Governing Documents.

Declarant hereby declares that all of the Properties described in Exhibit A and any additional Properties subjected to this Declaration by a Supplemental Declaration (collectively "Falls Run") shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, and conditions, which shall run with the title to the real property subjected to this Declaration. This Declaration shall be binding upon all parties having any right, title, or interest in any portion of the Properties, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner of any portion of the Properties.

ARTICLE I

ARTICLE I - DEFINITIONS

The terms in this Declaration and the exhibits to this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1 Activity Cards(s): Those certain cards which are issued by the Association in accordance with the terms and conditions set forth in Section 2.2 and which confer upon the holder rights of access to and use of recreational facilities and other Common Areas within the Properties.

1.2 Age-Qualified Occupant: Any individual (i) 50 years of age or older who owns and occupies a Dwelling Unit and was the original purchaser of the Dwelling Unit from the Declarant; or (ii) 55 years of age or older who occupies a Dwelling Unit. The terms “occupy”, “occupies”, or “occupancy” shall mean staying overnight in a particular Dwelling Unit for at least ninety (90) days in a consecutive twelve (12) month period.

1.3 Area of Common Responsibility: The Common Area together with such other areas, if any, for which the Association has or assumes responsibility for maintenance pursuant to the terms of this Declaration, any Supplemental Declaration or other applicable covenants, contract, or agreement.

1.4 Articles of Incorporation or Articles: The Articles of Incorporation of Falls Run Community Association, Inc., as filed with the State Corporation Commission of Virginia, as amended from time to time.

1.5 Association: Falls Run Community Association, Inc., a Virginia nonstock corporation, its successors or assigns.

1.6 Base Assessment: Assessments levied on all Dwelling Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Dwelling Units.

1.7 Benefited Assessment: Assessments levied in accordance with Section 7.6.

1.8 Board of Directors or Board: The board of directors of the Association.

1.9 Bylaws: The Bylaws of Falls Run Community Association, Inc., as amended from time to time.

1.10 Capital Contribution: A Charge due to the Association upon Closing as defined in Section 7.7.

1.11 Charges: The Base Assessment, Benefited Assessments, any Special Assessment levied by the Association, Subsequent Member Fee, Capital Contribution, and/or any other charges or amounts which an Owner is required to pay or for which an Owner is liable under this Declaration or any Supplemental Declaration, or the Bylaws.

1.12 Common Area: Those portions of the Properties which are described and designated as "Common Area" in Exhibit A hereto, as Exhibit A may be amended or supplemented from time to time, together with all improvements located above and below the ground and rights appurtenant thereto. The Common Area shall generally include community wide recreational facilities, open space, retention areas, and green areas. The Common Area shall not include any streets, streetlights, water mains or sanitary sewers or other improvements which have been dedicated to the County. Common Area may be on a separate subdivided lot or may include a Dwelling Unit. However Common Area shall include the common elements of a condominium.

1.13 Common Expenses: The expenses of administration (including management and professional services), operation, maintenance, repair, replacement, landscaping and snow removal of the Common Area; the cost of insurance, water, electricity, telephone, gas and other necessary utility expenses for the Common Area; the cost of general and special real estate taxes and assessments levied or assessed against any portion of the Common Area owned by the Association; the cost of, and the expenses incurred for, the maintenance, repair and replacement of personal property acquired and used by the Association in connection with the operation of the Common Area; the cost of maintenance of the landscaping of parkways within or adjoining Common Area, if any, on those portions of dedicated rights of way which are adjacent to the Premises; any expenses designated as Common Expenses by this Declaration or any Supplemental Declaration; if not specifically charged to the Owners, the cost of waste removal and scavenger services to the Properties; and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners.

1.14 Community-Wide Standard: The standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standards may be defined in the Design Guidelines or rules and regulations of the Board. Such standards may be specifically determined, and modified by the Board and/or the Modifications Committee.

1.15 Covenant to Share Costs: Any declaration executed by Declarant and recorded in the Public Records, which creates easements for the benefit of the Association and the present and future owners of the real estate subject thereto and which obligates the Association and such owners to share the costs of maintaining certain real estate described therein.

1.16 Declarant: Del Webb Communities of Virginia, Inc., an Arizona corporation, or any successor, successor-in-title, or assign who takes title to any portion of the real estate described on Exhibits A or B for the purpose of development and/or sale

and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant.

1.17 Design Guidelines: The written design and construction guidelines and application and review procedures applicable to the Properties promulgated and administered pursuant to Article IX.

1.18 Dwelling Unit: A portion of the Properties which is described and designated as a Dwelling Unit in Exhibit A, or as provided for in Exhibit A, as Exhibit A may be amended from time to time. A Dwelling Unit will either be (a) a subdivided lot or portion thereof which is legally described in the deed which conveys such portion to the first purchaser thereof, as more fully provided in Exhibit A, and which is, or is planned to be, improved with a single family attached or detached home or (b) a condominium unit.

1.19 Governing Documents: A collective term including the Declaration and any Supplemental Declaration, the Bylaws, the Articles, the Design Guidelines, and rules or regulations adopted by the Board, as any such documents may be amended from time to time.

1.20 Home Owner: An Owner other than the Declarant or a Builder.

1.21 Local Area Association: As defined in Section 13.1.

1.22 Local Area Declaration: As defined in Section 13.1

1.23 Member: A Person entitled to membership in the Association pursuant to Section 3.2.

1.24 Modifications Committee or MC: The committee established by the Board pursuant to Section 8.2(a) to review applications for modifications to Dwelling Units.

1.25 Mortgage: A deed of trust or any other form of security instrument constituting a first lien (other than the lien for real estate taxes and any mechanic's or material men's lien) on a Dwelling Unit. A "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

1.26 Owner: One (1) or more Persons who hold the record title to a Dwelling Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

1.27 Optional Services: As defined in Section 5.4.

1.28 Person: A natural person, corporation, partnership, limited liability company, trustee, or any other legal entity.

1.29 Plat: A plat of subdivision for a portion of the Properties which is recorded in the Public Records.

1.30 Properties: The real estate described in Exhibit A, as amended from time to time.

1.31 Public Records: The Clerk's Office of the Circuit Court of Stafford County, Virginia, as applicable.

1.32 Regulated Work: As defined in Section 8.1.

1.33 Resident or Qualified Resident: Any of the following Persons occupying a Dwelling Unit:

- (a) any Age-Qualified Occupant;
- (b) any Person 19 years of age or older occupying a Dwelling Unit with an Age-Qualified Occupant; and
- (c) any Person 19 years of age or older who occupied a Dwelling Unit with an Age-Qualified Occupant and who continues, without interruption, to occupy the same Dwelling Unit after termination of the Age-Qualified Occupant's occupancy thereof.

The term "occupy" or "occupancy" shall have the same meaning as set forth in Section 1.2. An individual who occupies a Dwelling Unit but does not satisfy the criteria of (a), (b) or (c) above shall not be deemed to be a Resident and shall not be entitled to any rights or privileges granted to a Resident hereunder.

1.34 Special Assessment: Assessments levied in accordance with Section 7.5

1.35 Special Services: As defined in Section 5.3

1.36 Subsequent Member Fee: A fee of one-third of one percent of the gross selling price of resales upon each transfer of title to a Dwelling Unit that will be charged by and payable to the Association. The Subsequent Member Fee shall be charged to the grantor of the Dwelling Unit, shall be payable by grantor or grantee as their contract provides to the Association at the closing of the transfer, and shall be secured by the Association's lien for assessments, as further provided for in Section 7.4

1.37 Supplemental Declaration or Supplement: An amendment to this Declaration filed in the Public Records which identifies any Common Area and Dwelling Units to reflect the addition of such real estate and the characterization thereof and/or imposes, expressly or by reference, additional covenants, conditions, restrictions, easements or obligations on the real estate described in such instrument.

1.38 Voting Member: As defined in Section 3.3.

ARTICLE II

ARTICLE II - PROPERTY RIGHTS

2.1 Right to Use and Enjoy Common Area. Each Resident shall have the non-exclusive right and easement to use and enjoy the Common Area. Such rights and easements shall run with the land, be appurtenant to and pass with title to every Dwelling Unit, and are subject to and governed by the following:

- (a) The Governing Documents;
- (b) Any restrictions or limitations contained in any deed conveying Common Area to the Association;
- (c) Rules and regulations adopted as more fully provided in Section 4.3;
- (d) The right of the Board to suspend the right of an Owner or Resident to use recreational facilities pursuant to Section 4.3;
- (e) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area;
- (f) The right of the Board to impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;
- (g) The right of the Board to permit use of any Common Area by non-Residents upon payment of use fees established by the Board;
- (h) The right of the Board to create, enter into agreements with, and grant easements to tax-exempt organizations under Section 4.10;
- (i) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for Association obligations;
- (j) The right of the Association to rent, lease, or make available, with or without charge, for any purpose, any portion of any clubhouse and other recreational facilities within the Common Area to any Person approved by the Board for such uses as may be approved by the Board, including, without limitation, the leases referred to in Article IV;
- (k) The requirement that access to and use of recreational facilities within the Properties shall be subject to the presentation of an Activity Card issued by the Association for such purpose; and

The initial Common Area as identified in Exhibit A shall be conveyed to the Association free of liens prior to or concurrent with the conveyance of the first Dwelling Unit to a Home Owner. Any Common Area which is subsequently made part of the Properties shall be conveyed to the Association free of any Mortgage and with prorated real estate taxes paid as required by Virginia Code Section 55-509.1 within ninety (90) days after it is made part of the Properties.

2.2 Activity Cards.

(a) Issuance by the Board. One (1) Activity Card shall be allocated to each Qualified Resident of a Dwelling Unit, up to a maximum of two (2) Activity Cards per Dwelling Unit. No Activity Cards shall be allocated to any Dwelling Unit which is not occupied by a Qualified Resident. The Board shall determine entitlement to Activity Cards on an annual basis. Activity Cards shall be renewed annually without charge, provided, the Dwelling Unit continues to be occupied by a Qualified Resident and all applicable assessments and other charges pertaining to the Dwelling Unit have been paid. The Board may establish policies, limits, and charges with regard to the issuance of additional cards and guest privilege cards. The Board may issue Activity Cards to persons who have signed binding contracts to purchase a Dwelling Unit, subject to such policies as the Board may determine from time to time.

(b) Assignment of Rights. The right to an Activity Card is based upon occupancy of a Dwelling Unit. Any Owner who leases or otherwise transfers occupancy of his or her Dwelling Unit shall be deemed to have assigned his or her rights to an Activity Card to the Qualified Residents of such Dwelling Unit. Any Owner who leases or otherwise transfers the right to occupy his or her Dwelling Unit shall provide the Association with immediate written notice thereof and shall surrender to the Association his or her previously issued Activity Card. Activity Cards shall be surrendered by any holder who ceases to occupy a Dwelling Unit, or at any time upon written notification from the Association that the holder no longer is entitled to hold an Activity Card.

2.3 Assumption of Risk and Indemnification. To the fullest extent permitted by law, each Owner, by its participation in events sponsored by the Association and/or use of the Common Areas, assumes all risk for Owner's health and, on behalf of Owners and Owner's heirs, beneficiaries, dependents and personal representatives, releases and holds harmless the Association, affiliates, subsidiaries, shareholders, members, directors, officers, employees, agents, and contractors, and all real property inclusive of Common Areas and the Falls Run community from and against any responsibilities, liabilities, damages, or claims related to their participation in the activities.

The Association does not have the resources to review, and is not responsible for reviewing, an Owner's decision to participate in the activities. Owner understands and acknowledges that participating in the activities naturally involves risk of injury.

2.4 No Partition. Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for partition of the whole or any part thereof. This Section shall not prohibit the Association from acquiring and disposing of tangible personal property or from acquiring and disposing of real estate which may or may not be subject to this Declaration.

2.5 Condemnation. In the case of a taking or condemnation by competent authority of any part of the Common Area, the proceeds awarded in such condemnation shall be paid first to satisfy any indebtedness secured by a Mortgage or other lien encumbering such portion of the Common Area and the balance to the Association. The proceeds, if any, paid to the Association, together with any reserve being held for such part of the Common Area, shall be used first to restore or replace any improvements taken or condemned, and the balance, if any, shall, in the discretion of the Board, either (i) be distributed to the Owners who have the right to use such Common Area and their respective Mortgagees, as their interests may appear, in equal shares, or (ii) be used for the mutual benefit of such Owners, as determined by the Board in its reasonable discretion.

2.6 Age Restriction. Falls Run is intended to provide housing primarily for persons 55 years of age or older. The Properties shall be operated as an age restricted community in compliance with all applicable state and federal laws. No person under 19 years of age shall stay overnight in any Dwelling Unit for more than ninety (90) days in a consecutive twelve (12) month period. Each Dwelling Unit, if occupied, shall be occupied by at least one (1) individual 55 years of age or older; provided, however, that once a Dwelling Unit is occupied by an Age-Qualified Occupant, other Qualified Residents of that Dwelling Unit may continue to occupy the Dwelling Unit, regardless of the termination of the Age-Qualified Occupant's occupancy. Notwithstanding the above, at all times, at least eighty percent (80%) of the Dwelling Units within the Properties shall be occupied by at least one (1) individual 55 years of age or older. The Board shall establish policies and procedures from time to time as necessary to maintain its status as an age restricted community under state or federal law. The Association shall provide, or contract for the provision of, those facilities and services designed to meet the physical and social needs of older persons as may be required under such laws. The provisions of this Section may be enforced by the Association by an action in law or in equity, including, without limitation, an injunction requiring specific performance hereunder.

2.7 Easements, Leases, Licenses and Concessions and Rights: The Board shall have the right and power from time to time (a) to lease or grant easements, licenses, concessions or other rights with regard to any portions or all of the Common Area for such uses and purposes as the Board deems to be in the best interests of the Owners including, without limitation, the right to grant easements relating to installation and operation of utilities, communication systems, satellite or cable television systems, and similar and related purposes and/or (b) with the agreement of the beneficiary or grantee of the easement, and any Owner whose Dwelling Unit is benefited thereby, cancel, alter or modify any easement which affects any Common Area, as the Board in its discretion shall determine. Any and all proceeds from leases, easements, licenses, concessions or

other rights received by the Association with respect to the Common Area shall be used to pay the Common Expenses. Each Person, by acceptance of a deed, mortgage, trust deed, other evidence of obligation, or other instrument relating to a Dwelling Unit, shall be deemed to grant a power coupled with an interest to the Board, as attorney-in-fact, to exercise the powers as provided for in this Section. Any instrument executed pursuant to the power granted herein shall be executed by the President and attested to by the Secretary of the Association (or other appropriate officer) and duly recorded in the Public Records.

ARTICLE III

ARTICLE III - MEMBERSHIP AND VOTING RIGHTS

3.1 Function of Association. The Association shall be the entity responsible for management, maintenance, operation and control of the Area of Common Responsibility; the primary entity responsible for compliance with and enforcement of the Governing Documents; and, to the extent provided for in Article VIII, shall be responsible for administering, monitoring compliance with, and enforcing the Design Guidelines. The Association shall perform its functions in accordance with the Governing Documents and the laws of the Commonwealth of Virginia .

3.2 Membership. Every Owner shall be a “Member” of the Association and shall hold one (1) membership for each Dwelling Unit owned. If a Dwelling Unit is owned by more than one (1) Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation, such reasonable fees as may be established in Section 2.1, and the restrictions on voting set forth in the Bylaws. All such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, manager or trustee, or by any other individual having apparent authority or designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

3.3 Voting. One (1) individual shall be designated by all of the Owners of a Dwelling Unit to be the “Voting Member” with respect to such Dwelling Unit. If no designation is made and more than one (1) person seeks to be the Voting Member for a Dwelling Unit, the Board may either recognize one (1) individual as the Voting Member or suspend the vote for the Dwelling Unit until the issue has been resolved. All of the voting rights at any meeting of the Members of the Association or otherwise shall be vested in the Voting Members and each Voting Member shall have one (1) vote for each Dwelling Unit which the Voting Member represents. Any action may be taken by the Voting Members at any meeting at which a quorum is present (as provided in the Bylaws) upon an affirmative vote of a majority of the votes represented at the meeting by the Voting Members present at such meeting, except as otherwise provided herein or in the Bylaws. Voting Members may vote directly or by proxy as provided in the Bylaws. The Board shall determine whether votes shall be cast in person or by mail from time to time.

3.4 Attendance at Board Meetings by Owners: Members may attend all meetings of the Board or their committees. Also, the Board shall hold informational meetings from time to time, but not less frequently than once each year, to which all Members shall be invited and at which the Board shall report to the Members on what the Board has worked on and accomplished since the preceding meeting and shall open the meeting for questions and comments from the Members.

ARTICLE IV

ARTICLE IV – RIGHTS AND OBLIGATIONS OF THE ASSOCIATION/VARIOUS DISCLOSURES AND DISCLAIMERS

4.1 Common Area: The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements thereon (including, without limitation, furnishings, equipment, and other personal property of the Association used in connection with the Common Area), and shall keep the Common Area in good, clean, attractive, and sanitary condition, order, and repair, pursuant to this Declaration and the Bylaws and consistent with the Community-Wide Standard. The Board is specifically authorized, but not obligated, to retain or employ professional management to assist in carrying out the Association's responsibilities under this Declaration ("Managing Agent").

4.2 Personal Property and Real Property for Common Use. The Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property.

4.3 Rulemaking and Enforcement.

(a) Rulemaking. The Association, through the Board, may make, modify, amend, cancel, limit, create exceptions to and enforce reasonable rules governing the use of the Properties, consistent with the rights and duties established by the Governing Documents, including, without limitation, rules limiting the use of the Common Area by visitors, including visiting children. . Such rules shall be binding upon all Owners, Residents, guests, invitees, and licensees, if any, until and unless overruled, canceled, or modified in a regular or special meeting of the Association by the vote of a majority of the total vote in the Association.

(b) Enforcement. Subject to the limitations and requirements of Virginia Code Ann. Section 55-513B, the Board or the covenants committee established pursuant to the Bylaws, may impose sanctions for violations of the Governing Documents, after notice and a hearing in accordance with the procedures set forth in the Bylaws. The Board shall establish a range of penalties for violations of the Governing Documents, with violations of the Declaration, unsafe conduct, and harassment or intentionally malicious conduct treated more severely than other violations. Such sanctions may include, without limitation:

(i) imposing a graduated range of reasonable monetary fines which, until paid, shall constitute a lien upon the violator's Dwelling Unit. In the event that any Resident, guest or invitee of a Dwelling Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided, however, if the fine is not paid by

the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board;

(ii) suspending an Owner's right to vote;

(iii) suspending any Person's right to use any recreational facilities within the Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Dwelling Unit;

(iv) suspending any services provided by the Association to an Owner or the Owner's Dwelling Unit if the Owner is delinquent in paying any assessment or other Charge owed to the Association; and

(v) levying Benefitted Assessments to cover costs incurred in bringing a Dwelling Unit into compliance in accordance with Section 7.6(b).

In addition, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations in accordance with any applicable ordinance or requiring immediate abatement of violating activity) or by suit at law or in equity to enjoin any violation or to recover monetary damages, or both, without the necessity of compliance with the procedures set forth in the Bylaws.

All remedies set forth in the Governing Documents are to be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

(i) the Association's position is not strong enough to justify taking any or further action;

(ii) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the Association's right to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule.

The Association, by contract or other agreement, may enforce applicable state and local laws and ordinances and governmental bodies may enforce their respective laws and ordinances within the Properties for the benefit of the Association and its Members.

4.4 Implied Rights; Board Authority: The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

4.5 Dedication of Common Area: The Association may dedicate portions of the Common Area to Stafford County , Virginia , or to any other local, state, or federal governmental or quasi-governmental entity.

4.6 Security: It is the goal of all Owners to have a safe and healthy environment. However, no written or oral representations regarding the safe and secure nature of Falls Run shall be construed in whole or in part as guarantees thereof it being recognized that circumstances which are beyond the control of the Association or the Managing Agent may arise. The Association may maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be; provided, however, that the Association shall not be obligated to maintain or support such activities.

The Association, the Managing Agent, shall not in any way be considered insurers or guarantors of security within the Properties. None of the foregoing shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, traffic controlled access and exits, patrol, burglar alarm system or other security system or measures, including any mechanism or system for limiting access to the Properties, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended.

Each Owner acknowledges, understands and covenants to inform all Residents, tenants, guests, and invitees of the Owner's Dwelling Units that the Association, its Board of Directors and committees, and the Managing Agent are not insurers or guarantors of security within the Properties. Each Owner and all

Residents, tenants, guests, and invitees of the Owner's Dwelling Unit assume all risks for loss or damage to persons, to Dwelling Units, and to the contents of Dwelling Units and further acknowledge that the Association, its Board and committees, and the Managing Agent have made no representations or warranties, nor has any Owner, or any Resident, tenant, guest, or invitee of any Dwelling Unit relied upon any representations or warranties, expressed or implied, relative to any entry gate, patrolling of the Properties, any fire protection system, burglar alarm system, or other security systems recommended or installed or any security measures undertaken within the Properties.

4.7 Assumption of Risk: The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to promote the health, safety and welfare of the Owners and Residents. Notwithstanding anything contained in the Governing Documents or any other document binding the Association, and to the fullest extent permitted by law, none of the Association, the Board, the managing agent, shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner or Resident of any Dwelling Unit or any tenant, guest or invitee of any Owner or Resident or for any property of any such Persons. Each Owner and Resident of a Dwelling Unit and each tenant, guest and invitee of any Owner or Resident shall assume all risks associated with the use and enjoyment of the Properties, including all recreational facilities and assumes full responsibility for choosing to participate and applying any information or instruction Owner receives in relation to the activities they have chosen to participate in.

The Association, the Board, and the Managing Agent, shall not be liable or responsible for any personal injury, illness or any other loss or damage caused by the presence or malfunction of utility lines or utility sub-stations adjacent to, near, over, or on the Properties. Each Owner and Resident of a Dwelling Unit and each tenant, guest, and invitee of any Owner or Resident shall assume all risk of personal injury, illness, or other loss or damage arising from the presence of utility lines or utility sub-stations and further acknowledges that the Association, the Board, the managing agent, have made no representations or warranties, nor has any Owner or Resident, or any tenant, guest, or invitee of any Owner or Resident relied upon any representations or warranties, expressed or implied, relative to the condition or impact of utility lines or utility substations.

No provision of the Governing Documents shall be interpreted as creating a duty of the Association, the Board, and the Managing Agent, to protect or further the health, safety or welfare of any individuals, even if the funds of the Association are used for any such purpose.

Each Owner (by virtue of his or her acceptance of title to his or her Dwelling Unit) and each other Person having an interest in or lien upon, or making any use of, any portion of the Properties (by virtue of accepting such interest or lien or making such use) shall be bound by this Section and shall, to the fullest extent permitted by law, be deemed to have waived any and all rights, claims, demands and causes of action against the

Association, the managing agent, , their directors, officers, committee members, employees, agents, contractors, subcontractors, successors and assigns arising from or connected with any matter for which the liability has been disclaimed.

4.8 Change of Use of Common Area: Pursuant to action of the Members taken at a duly called meeting of the Members, the Board shall have the power and right to change the use of portions of the Common Area.. Any such change shall be pursuant to Board resolution stating that: (a) the present use or service is no longer in the best interest of the Owners, (b) the new use is for the benefit of the Owners, (c) the new use is consistent with any deed restrictions and zoning regulations restricting or limiting the use of the Common Area.

Notwithstanding the above, if the Board adopts a resolution which states that the change in use will not have a material adverse effect on the Association and the Owners, the Board may give notice of the change to all Owners. The notice shall give the Owners a right to object within thirty (30) days of the notice. If less than ten percent (10%) of the Members who will be affected by the change submit written objections, the change shall be deemed approved, and a meeting shall not be necessary.

4.9 View Impairment: The Association does not guarantee or represent that any view from any Dwelling Unit will be preserved without impairment. The Association shall not have the obligation to relocate, prune, or thin trees or other landscaping except as set forth in Article V. **Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.**

4.10 Relationship with Tax-Exempt Organizations: The Association may create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Area to non-profit, tax-exempt organizations for the benefit of the Properties, the Association, its Members and Residents. The Association may contribute money, real or personal property or services to any such entity. Any such contribution shall be a Common Expense of the Association and included as a line item in the Association's annual budget.

For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as but not limited to entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

4.11 Recycling Programs: The Board may establish a recycling program and recycling center within the Properties, and in such event all Residents shall support such program by recycling, to the extent reasonably practical, all materials which the Association's recycling program or center is designed to accommodate. The Association may, but shall have no obligation to, purchase recyclable materials in order to encourage participation, and any income received by the Association as a result of such recycling efforts shall be used to reduce Common Expenses.

4.12 Wildlife Control: The Association reserves the right to undertake such measures as may be appropriate to control wildlife within the Properties including, but not limited to, the taking of deer and large birds so long as such measures are consistent with all applicable legal requirements. Without limiting the foregoing, the Association may, in their discretion, establish regular control programs such as, for example, the use of dogs to prevent non-migratory geese and other species from nesting within and/or causing damage to the Properties or otherwise becoming a nuisance.

ARTICLE V

ARTICLE V - MAINTENANCE

5.1 Association's Responsibility : The Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include, but need not be limited to:

- (a) all Common Area Facilities;
- (b) all water service facilities included in the Common Area;
- (c) all perimeter walls or fences constructed by the Declarant surrounding the Properties or which separate a Dwelling Unit from the Common Area, regardless of whether such wall or fence is located on the Common Area or on a Dwelling Unit; provided that Owners shall be responsible for maintaining the interior surface of the perimeter wall or fence located on such Owner's Dwelling Unit as provided in Section 5.2.
- (d) if, and to the extent, required under applicable County ordinances, landscaping, street lights and signage within public rights-of-way abutting the Properties;
- (e) landscaping and other flora within any public utility easements and scenic easements within the Common Area (subject to the terms of any easement agreement relating thereto);
- (f) any additional property included within the Area of Common Responsibility as may be required under the terms of this Declaration, any Supplemental Declaration, any Plat, or any contract or agreement for maintenance thereof entered into by, or which is binding upon, the Association;
- (g) mail boxes installed by Declarant; and

The Association shall also have the right and power, but not the obligation, to take such actions and adopt such rules as may be necessary for control, relocation and management of wildlife, snakes, rodents, and pests, within the Area of Common Responsibility.

The Association may also maintain other property which it does not own, including, without limitation, property dedicated to public use, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard and if otherwise permitted by applicable law.

Except as hereinafter provided in this Section, the costs of maintenance, repairs and replacement of the Common Area and Areas of Common Responsibility shall be Common Expenses.

5.2 Owner's Responsibility: Each Owner shall maintain his or her Dwelling Unit and all other improvements comprising the Dwelling Unit in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association hereunder or pursuant to a Supplemental Declaration or to a Local Area Association (as more fully provided for in Article VIII). Without limiting the foregoing, the Board may require an Owner to water portions of the Owner's Dwelling Unit, at the Owner's expense.

If required under a County ordinance, each Owner shall also be responsible for maintaining the sidewalk located in the public right-of-way adjacent to his or her Dwelling Unit, and the interior surface of any perimeter wall or fence, unless such maintenance is made the responsibility of the Association pursuant to the terms of this Declaration, a Supplemental Declaration or additional covenants applicable to such Dwelling Unit. The Owner's responsibility to maintain the sidewalk shall terminate if the local ordinance requiring private maintenance of sidewalks in the public right-of-way is repealed and notice thereof is given to the Owner by the Association.

In addition to any other enforcement rights, if an Owner fails to perform properly his or her maintenance responsibility, the Association shall have the right to come upon such Owner's Dwelling Unit and perform such maintenance responsibilities and assess all costs incurred as a Benefitted Assessment in accordance with Section 7.6. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

5.3 Special Services: To the extent provided for in a Supplemental Declaration or by action of the Board, from time to time, the Association may furnish "Special Services" to a Dwelling Unit or a group or groups of Dwelling Units. By way of example and without limitation, a Special Service may include snow removal from driveways and/or walkways on a Dwelling Unit, or grass cutting or maintenance of landscaping on a Dwelling Unit. The cost of furnishing a Special Service shall be assessed to the benefited Owner as a Benefitted Assessment under Section 7.6; however, at least once during each year, each Owner shall be given the right to choose not to receive any Special Service which would otherwise be furnished to the Owner's Dwelling Unit, in which case the Owner shall not be charged for the Special Service and the Owner shall be responsible for furnishing the Special Service to the Owner's Dwelling Unit at the Owner's sole cost and expense. The Association may also, by Board action, discontinue providing a Special Service. If the Association is required to furnish a Special Service to a Dwelling Unit, but if a portion of the Dwelling Unit with respect to which the Special Service is to be furnished is obstructed with temporary or permanent improvements, personal property or other obstructions which make it difficult or impractical for the Association's agent or contractor to furnish the Special Service, the Association shall not be required to furnish the Special Service and, in such case, the Owner shall be responsible for furnishing the

Special Service to such portion of the Dwelling Unit at the Owner's sole cost and expense, so that the appearance of such portion of the Dwelling Unit is similar to that of those portions where the Special Services are furnished by the Association. Anything herein to the contrary notwithstanding, the Association shall not be obligated to furnish Special Services to condominium property or condominium units and nothing herein shall be deemed to constitute the delegation of any powers of a condominium association to the Association hereunder.

5.4 Optional Services. The Board may offer to furnish a selection of specific services to Dwelling Units at the request of the Owner of a Dwelling Unit ("Optional Services"). One (1) or more Optional Services may be requested by an Owner pursuant to procedures established from time to time by the Board. Unless otherwise provided for in a resolution of the Board, once selected, an Owner shall be obligated to continue to receive an Optional Service for a period of at least twelve (12) months, at the end of which period the Owner may either terminate or elect to once again receive the Optional Service, provided that the Optional Service is still being offered. The Association may also, by Board action, discontinue providing an Optional Service. Without limitation, Optional Services may include grass cutting, landscape maintenance, snow removal, exterior window washing, exterior painting, and replacement of or repairs to siding, roofs, decks, driveways, walkways, windows and doors. The cost of furnishing an Optional Service shall be assessed to each Owner who selects an Optional Service as a Benefitted Assessment under Section 7.6. As an alternative to offering Optional Services, the Association may maintain a list of contractors which are available to furnish services directly to Owners; provided that the Association shall not be deemed to have in any way endorsed, vouched for or guaranteed the work of any such contractor and shall not be liable for any acts or omissions of any such contractor.

5.5 Standard of Performance. Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as such other duties, which may include irrigation, as the Board may determine necessary or appropriate to satisfy the Community-Wide Standard. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants, as determined by the Board.

Without limiting the foregoing, the Board may establish standards for maintenance of portions of the Properties which are higher than those generally required under the Community-Wide Standard.

Notwithstanding anything to the contrary contained herein, none of the Association, any Owner, or the Managing Agent shall be liable for property damage or personal injury occurring on, or arising out of, the condition of property which it does not own unless, and only to the extent that, it has been negligent in the performance of its maintenance responsibilities.

5.6 Alterations, Additions or Improvements. Alterations, additions or improvements to the Common Area may be made only pursuant to action of the Board.

The cost of any such alterations, additions or improvements to Common Area shall be charged to all Owners of Dwelling Units in equal amounts for each Dwelling Unit. However, any proposed alteration, addition or improvement to Common Area which would result in a charge to a Dwelling Unit of more than ten percent (10%) of the annual Base Assessment, as applicable, then payable by Owners of Dwelling Units who will be assessed to pay the cost of such alteration, addition or improvement, shall not be authorized unless such proposed alteration, addition or improvement and the cost thereof is approved by the affirmative vote of at least two-thirds (2/3) of the votes cast by Voting Members who represent the Dwelling Units which would be assessed to pay the cost of the proposed alteration, addition or improvement at a duly called meeting of the Association members. The cost of an alteration, addition or improvement made pursuant to this Section shall be paid either from reserves or by way of a special assessment, all as more fully provided in Article VII hereof.

ARTICLE VI

ARTICLE VI - INSURANCE AND CASUALTY LOSSES

6.1 Association Insurance.

(a) Required Coverage. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as are reasonably available:

(i) Blanket property insurance covering “risks of direct physical loss” on a “special form” basis (or comparable coverage by whatever name denominated) for all insurable improvements within the Area of Common Responsibility to the extent that it has assumed responsibility for maintenance, repair and/or replacement in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then “broad form” coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Association may obtain such additional coverage or limits;

(iii) Workers compensation insurance and employer’s liability insurance, if and to the extent required by law;

(iv) Directors’ and officers’ liability coverage;

(v) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board’s best business judgment but not less than an amount equal to one-sixth (1/6) of the total annual assessments then in effect, plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of individuals serving without compensation; and

(vi) Such additional insurance as the Board, in its business judgment, determines advisable.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses and shall be included in the Base Assessment.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one (1) or more qualified individuals, at least one (1) of whom must be familiar with insurable replacement costs in the Stafford County area. All Association policies shall provide for a certificate of insurance to be furnished, upon request, to each Member insured, to the Association and each Mortgagee.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 6.1(a). In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one (1) or more Owners or Residents, or their guests, invitees, or lessees, then the Board may specifically assess the full amount of such deductible as a Benefitted Assessment against such Owner(s) and their Dwelling Units pursuant to Article VIII.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in the Commonwealth of Virginia which satisfies the requirements of the Fannie Mae, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the benefitted parties. Policies on the Common Areas shall be for the benefit of the Association and its Members;

(iii) not be brought into contribution with insurance purchased by Owners, Residents, or their Mortgagees individually;

(iv) in the case of property insurance, contain an inflation guard endorsement;

(v) in the case of property insurance, include an agreed amount endorsement, if the policy contains a co-insurance clause;

(vi) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area or membership in the Association;

(vii) in the case of commercial general liability insurance, provide a waiver of subrogation under the policy against each Owner and each Resident;

(viii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one (1) or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(ix) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one (1) or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insured and provide:

(i) a waiver of subrogation as to any claims against the directors, committee members, officers, employees, and the Association's manager, the Owners, Residents and their respective tenants, servants, agents, and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(iv) an endorsement requiring at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(v) a cross liability provision; and

(vi) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Damage and Destruction. Immediately after damage or destruction to all or any part of the Properties covered by insurance written in the name of the

Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Any damage to or destruction of the Common Area shall be repaired or reconstructed unless at least eighty percent (80%) of the total vote in the Association decide within sixty (60) days after the loss not to repair or reconstruct. However, if either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such sixty (60) day period, then the period shall be extended until such funds or information are available, not to exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be distributed among all Owners, if such proceeds are for Common Area, in equal amounts for each Dwelling Unit owned.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 6.1(a).

6.2 Owners' Insurance. By virtue of taking title to a Dwelling Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Dwelling Unit, less a reasonable deductible, unless (i) the Association voluntarily carries such insurance, or (ii) a Local Area Association, as provided in Article XIII, is responsible for maintaining such insurance. If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Benefited Assessment against the benefited Dwelling Unit and the Owner thereof pursuant to Section 7.6.

Each Owner further covenants and agrees that if the Owner is required to carry property insurance for his or her Dwelling Unit, in the event of damage to or destruction of structures on or comprising his Dwelling Unit, the Owner shall proceed promptly to

repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article VIII, regardless of whether the insurance proceeds are sufficient to pay the cost of such work. Alternatively, the Owner shall clear the Dwelling Unit and maintain the Dwelling Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds.

ARTICLE VII

ARTICLE VII - ASSESSMENTS

7.1 Creation of Assessments. The Association may levy assessments against each Dwelling Unit for Association expenses as the Board may specifically authorize from time to time. There shall be three(3) types of assessments: (a) Base Assessments to fund Common Expenses for the general benefit of all Dwelling Units; (b) Special Assessments; and (c) Benefited Assessments. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments.

Assessments shall be paid in such manner and by such dates as the Board may establish. Unless the Board otherwise provides, the Base Assessment for a Dwelling Unit shall be due and payable in advance on the first day of the Association's fiscal year; provided, that, upon the first conveyance of a Dwelling Unit to a purchaser for value, the pro rata portion of such assessments for the balance of the fiscal year shall be due and payable upon conveyance of the Dwelling Unit. If any Owner is delinquent in paying any assessments or other charges levied on his or her Dwelling Unit, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

The Association shall, upon request by an Owner, furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid and any delinquent amount. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Dwelling Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

7.2 Computation of Base Assessment. Not less than sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget covering the Common Expenses estimated to be incurred during the coming year. The budget shall include a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 7.3. The Base Assessment shall be levied equally against all Dwelling Units subject to assessment and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including contributions to reserves. In determining the level of assessments,

the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Dwelling Units subject to assessment under Section 7.10 on the first day of the fiscal year for which the budget is prepared and the number of Dwelling Units reasonably anticipated to become subject to assessment during the fiscal year.

A budget and a proposed assessment may be disapproved at a meeting of the Members upon the vote of Voting Members representing at least a majority of the total Association vote. There shall be no obligation to call a meeting for the purpose of considering the budget and proposed assessment except on petition of the Voting Members as provided for special meetings in the Bylaws, which petition must be presented to the Board within thirty (30) days after notice of the proposed assessments. Notice of proposed assessments shall be posted in a prominent place within the Properties and included in the Association's newsletter, if any. If the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

7.3 Reserve Budget. The Board shall annually prepare reserve budgets for general purposes which take into account the number and nature of replaceable assets within the Area of Common Responsibility, the expected life of each asset, and the expected repair or replacement cost. Such reserve budgets may also anticipate making additional capital improvements and purchasing additional capital assets. The Board shall include in Base Assessments reserve contributions in amounts sufficient to meet these projected needs. So long as the Board exercises business judgment in determining an adequate amount of reserves, the amount of the reserve fund shall be considered adequate.

The Board may adopt resolutions regarding the expenditure of reserve funds, including policies designating the nature of assets for which reserve funds may be expended. Such policies may differ for general Association purposes..

7.4 Subsequent Member Fee. As an additional funding source, in addition to the administrative or transfer fee collected to cover administrative costs of membership transfer, the Association shall, subject to the contractual provisions set forth below for paying fifty percent (50%) of the Subsequent Member Fee to the previous property owner per a contractual requirement imposed in the sale of the land for Falls Run, collect a Subsequent Member Fee upon each transfer of title to a Dwelling Unit, other than exempt transfers as set forth herein. The Subsequent Member Fee shall be charged to the grantor of the Dwelling Unit, shall be payable by grantor or grantee as their contract provides to the Association (or fifty percent (50%) to the Association and fifty percent (50%) to the previous property owner as provided below) at the closing of the transfer, and shall be secured by the Association's lien for assessments. Each Owner transferring a Dwelling Unit shall notify the Association's secretary or designee at least seven days prior to the scheduled closing. Such notice shall include the name of the buyer, the date of title transfer, and other information the Association may reasonably require.

The fee shall equal 1/3 of one percent of the Gross Selling Price of the Dwelling Unit, with all improvements, upgrades and premiums included, and shall be due upon the transfer of title to the Dwelling Unit. For purposes hereof, the "Gross Selling Price" shall be the total cost to the purchaser of the Dwelling Unit, excluding governmental transfer taxes, if any, imposed on the transfer.

Subsequent Member Fees shall be used for purposes which the Association Board deems beneficial to meet the general operating needs of the Association. By way of example and not limitation, Subsequent Member Fees may be used to assist the Association or one or more tax-exempt entities in funding operating and maintenance costs for recreational facilities, common areas open space preservation and all other funding needs for operating the Association.

Notwithstanding the above, no Subsequent Member Fee shall be levied upon transfer of title to property:

- (i) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;
- (ii) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;
- (iii) to an entity wholly owned by the grantor or to a family trust created by the grantor for the direct benefit of the grantor and his or her spouse and/or heirs at law, or foreclosure of such a Mortgage; provided, upon any subsequent transfer of an ownership interest in such entity, the Subsequent Member Fee shall become due; or
- (iv) to an institutional lender as security for the performance of an obligation pursuant to a Mortgage.

7.5 Special Assessments. The Board may from time to time levy Special Assessments consistent with Virginia Code Section 55-514.

There shall be no obligation to call a meeting for the purpose of considering Special Assessments except on petition of the Voting Members or Owners as provided for special meetings in the Bylaws, which petition must be presented to the Board within thirty (30) days after notice of the Special Assessment. Notice of Special Assessment shall be provided as set forth in Section 7.2. A Special Assessment may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

7.6 Benefited Assessments. The Board may levy "Benefited Assessments" against particular Dwelling Units for expenses incurred or to be incurred by the Association, as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items, Special Services or Optional Services to the Dwelling Unit or Residents thereof, which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner; and

(b) to cover costs incurred in bringing a Dwelling Unit or Dwelling Units into compliance with the terms of the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or Residents of the Dwelling Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Dwelling Unit Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Benefited Assessment under this subsection (b).

7.7 Creation of Lien and Personal Obligation: Each Owner of a Dwelling Unit by acceptance of a deed therefore (whether or not it shall be so expressed in any such deed or other conveyance) shall be and is deemed to covenant and hereby agrees to pay to the Association all Charges made with respect to the Owner or the Owner's Dwelling Unit. Each Charge, together with interest thereon, late charges, and reasonable costs of collection (including attorney's fees), if any, as hereinafter provided, shall be a continuing lien upon the Dwelling Unit against which such Charge is made and also shall be the personal obligation of the Owner of the Dwelling Unit at the time when the Charge becomes due. The lien or personal obligation created under this Section shall be in favor of and shall be enforceable by the Association.

7.8 Non-Payment of Charges: Any Charge which is not paid to the Association when due shall be deemed delinquent. Any Charge which is delinquent for thirty (30) days or more shall bear interest at twelve percent (12%) or less, if required by law, per annum from the due date to the date when paid and the Association may assess a late fee in an amount of five percent (5%) of the delinquent amount and may (i) bring an action against the Owner personally obligated to pay the Charge to recover the Charge (together with interest, late fees, costs and reasonable attorney's fees for any such action, which shall be added to the amount of the Charge and included in any judgment rendered in such action), and (ii) enforce and foreclose any lien which it has or which may exist for its benefit. The Association shall also have all rights set forth in Virginia Code Section 55-516.

7.9 Lien for Charges Subordinated to Mortgages: The lien for a Charge, provided for in Section 7.7, shall be subordinate to a Mortgage on the Dwelling Unit which was recorded prior to the date that the lien for any such Charge attached. Except as hereinafter provided, the lien for Charges, provided for in Section 8.7, shall not be affected by any sale or transfer of a Dwelling Unit. Where title to a Dwelling Unit is transferred pursuant to foreclosure of the superior Mortgage or by deed or assignment in lieu of foreclosure of the superior Mortgage, such transfer of title shall extinguish the lien for unpaid Charges which became due prior to the date of the transfer of title. However, the transferee of the Dwelling Unit shall be personally liable for his share of the Charges

with respect to which a lien against his Dwelling Unit has been extinguished pursuant to the preceding sentence where such Charges are reallocated among all the Owners pursuant to a subsequently adopted annual or revised Base Assessment, , Benefited Assessment, Special Assessment, and non-payment thereof shall result in a lien against the transferee's Dwelling Unit, as provided in this Article.

7.10 Date of Commencement of Assessments. The obligation to pay assessments shall commence as to each Dwelling Unit on the first day of the month following: (a) the month in which the Dwelling Unit is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessment, if any, levied on each Dwelling Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Dwelling Unit.

7.11 Failure to Assess. Failure of the Board to fix assessment amounts or rates or to post, deliver or mail each Owner an assessment notice shall not be deemed to be a waiver, modification, or release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments, and Benefited Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

7.12 Exempt Property. The following property shall be exempt from payment of Base Assessments, Benefited Assessments and Special Assessments:

- (a) All Common Area; and
- (b) Any property dedicated to and accepted by any governmental authority or public utility.

In addition, the Association shall have the right, but not the obligation, to grant exemptions to certain Persons qualifying for Section 501(c) status under the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

7.13 Utility Costs Billed to Owners: Certain utility charges incurred in connection with the use, operation and maintenance of the Common Area may not be separately metered to the Common Area. If such charges are metered to an individual Dwelling Unit rather than being separately metered for the Common Area, then the following shall apply:

- (a) If, in the opinion of the Board, each Owner is sharing in a fair and equitable manner the cost of such service, then no adjustment shall be made and each Owner shall pay his own bill; or

(b) If, in the opinion of the Board, the Owner of a Dwelling Unit is being billed disproportionately for costs allocable to the Common Area, then the Association shall pay, or reimburse such Owner, an amount equal to the portion of the bill which in the reasonable determination of the Board is properly allocable to the Common Area, as the case may be, and the amount thereof shall be Common Expenses hereunder, as applicable.

Any determinations or allocations made hereunder by the Board shall be final and binding on all parties.

ARTICLE VIII

ARTICLE VIII - ARCHITECTURAL STANDARDS

8.1 General. For purposes hereof “Regulated Work” shall consist of and include excavating, filling, grading, installation or alteration of landscaping, construction of a building, driveway, walkway, fence, porch, patio, deck, balcony, flag, flagpole, sign or other advertising or promotional devices or any other temporary or permanent improvement to any portion of the Properties or any modification, alteration, major repair, renovation, addition or removal of or to any of the foregoing which is visible from outside of a Dwelling Unit. Regulated Work shall not include repainting the exterior of a structure in accordance with the originally approved color scheme or rebuilding of a damaged Dwelling Unit in accordance with originally approved plans and specifications.

8.2 Architectural and Design Review. Responsibility for administration of the Design Guidelines, as defined below, and review of all applications to do Regulated Work under this Article shall be as described in subsections (a) and (b). The Reviewing Entity (defined below), may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. The Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of any such persons employed by the Association in the Association’s annual operating budget as a Common Expense.

(a) Modifications Committee. The Board of Directors shall establish a committee, which may consist of Residents (the “Modifications Committee” or “MC”). The MC shall have exclusive jurisdiction over all Regulated Work

(b) For purposes of this Article, the term “Reviewing Entity” shall mean the MC.

8.3 Guidelines and Procedures. The MC, may prepare and may amend Design Guidelines which shall apply to all Regulated Work within the Properties. Any amendments to the Design Guidelines shall apply to Regulated Work commenced after the date of such amendment only and shall not apply to require modifications to or removal of Regulated Work previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; the Design Guidelines may be amended to remove requirements previously imposed or otherwise to make the Design Guidelines less restrictive.

The Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon the location, unique characteristics, intended use, the Master Plan, and any other applicable zoning ordinances. The Design Guidelines are intended to provide guidance to Owners regarding matters of particular concern in considering applications hereunder. The Design Guidelines are not the exclusive basis for decisions of the Reviewing Entity and compliance with the Design Guidelines does not guarantee approval of any application.

The Association shall make the Design Guidelines available to Owners. Such Design Guidelines may be recorded in the Public Records, in which event the recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

All Regulated Work shall be done in strict compliance with the Design Guidelines in effect at the time the plans for the Regulated Work are submitted to and approved by the MC, unless a variance has been granted in writing pursuant to Section 8.6. So long as the Reviewing Entity has acted in good faith, its findings and conclusions with respect to appropriateness of, applicability of or compliance with the Design Guidelines and this Declaration shall be final.

8.4 Submission of Plans and Specifications.

(a) Prior to commencing any Regulated Work, an Owner shall submit an application for approval of the proposed Regulated Work to the appropriate Reviewing Entity. Such application shall be in the form required by the Reviewing Entity and shall include plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening therefore and other features of proposed construction, as applicable. The Design Guidelines shall set forth the procedure and any additional information for submission of the Plans. Before the Owner may begin the proposed Regulated Work, the application must be approved by the Reviewing Entity in accordance with the procedures described below.

(b) In reviewing each submission, the Reviewing Entity may consider whatever factors it deems relevant. The MC may require relocation of native plants within the construction site or the installation of an irrigation system for the landscaping including the natural plant life on the Dwelling Unit as a condition of approval of any submission.

The Reviewing Entity shall, within the period specified in the Design Guidelines, advise the party submitting the same, in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans, or (ii) the segments or features of the Plans which are deemed by the Reviewing Entity to be inconsistent or not in conformity

with this Declaration and/or the Design Guidelines, and the reasons for such finding. In the event the Reviewing Entity fails to advise the submitting party by written notice within the period specified in the Design Guidelines of either the approval or disapproval, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice or confirmed facsimile and simultaneous mailing thereof shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the submitting party.

(c) If construction does not commence on a project for which Plans have been approved within one hundred twenty (120) days of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans to the Reviewing Entity for reconsideration. If construction is not completed on a project for which plans have been approved within the period set forth in the Design Guidelines or in the approval, such approval shall be deemed withdrawn, and such incomplete construction shall be deemed to be in violation of this Article and subject to the enforcement provisions of this Article.

8.5 No Waiver of Future Approvals. Each Owner acknowledges that the persons reviewing applications will change from time to time and that opinions on aesthetic matters, as well as the interpretation, application and enforcement of the Design Guidelines, may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

8.6 Variance. The Reviewing Entity may authorize, in writing, variances from its guidelines and procedures, but only: (a) in accordance with duly adopted rules and regulations, (b) when unique circumstances dictate, such as unusual topography, natural obstructions, hardship or aesthetic or environmental considerations, and (c) when construction in accordance with the variance would be consistent with the purposes of the Declaration and compatible with existing and anticipated uses of adjoining properties. Inability to obtain, or the terms of, any governmental approval, or the terms of any financing shall not be considered a hardship warranting a variance.

8.7 Limitation of Liability. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the over all aesthetics of Falls Run; they do not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the Reviewing Entity shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

The Association, the Board, any committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition or quality of work of any contractor or its subcontractors, employees or agents, or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Dwelling Unit. In all matters, , the Board, the MC, and the members of each shall be defended and indemnified by the Association as provided in Section VI.

8.8 Enforcement. Any construction, alteration or other work done in violation of this Article or the Design Guidelines shall be deemed to be non-conforming. Upon written request from the MC, or the Board, Owners shall, at their own cost and expense and within such reasonable time frame as set forth in such written notice, cure such nonconformance to the satisfaction of the requester or restore the property, Dwelling Unit and/or Dwelling Units to substantially the same condition as existed prior to the non-conforming work. Should an Owner fail to remove and restore as required, , the Association or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All such costs, together with the interest at the rate established by the Board (not to exceed the maximum rate then allowed by law), may be assessed against the benefited Dwelling Unit and collected as a Benefited Assessment unless otherwise prohibited in this Declaration.

All approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Dwelling Unit, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work by the deadline set forth in the approval, the Association shall be authorized, after notice to the Owner of the Dwelling Unit and an opportunity to be heard in accordance with the Bylaws, to enter upon the Dwelling Unit and remove or complete any incomplete work and to assess all costs incurred against the Dwelling Unit and the Owner thereof as a Benefited Assessment unless otherwise prohibited in this Declaration.

All acts by any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded from the Properties, subject to the notice and hearing procedures contained in the Bylaws. In such event, none of the Association, its officers, or directors shall be held liable to any Person for exercising the rights granted by this paragraph.

The Association shall be primarily responsible for enforcement of this Article VIII.

In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the Reviewing Entity.

ARTICLE IX

ARTICLE IX - USE RESTRICTIONS

The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any managing agent or agents retained by the Association). Any Supplemental Declaration or rules and regulations of the Board may impose stricter standards than those contained in this Article and the Association shall have standing and the power to enforce such standards.

9.1 Signs. Except as required by law, no sign shall be erected within the Properties without the written consent of the Board, including posters, circulars and billboards; provided, one (1) “for sale” (but not “for rent” or “for lease”) sign of a design prescribed, the MC may be displayed on a Dwelling Unit being offered for sale if approved pursuant to Article VIII. If permission is granted to any Person to erect a sign within the Properties, the MC shall have the right to restrict the size, color, lettering, and placement of such sign. The Association shall have the right to erect signs as it, in its discretion, deem appropriate, including, without limitation, entry and directional signs.

9.2 Vehicles and Parking. No commercial vehicle, recreational vehicle, motorcycles, snow mobile, motorcycle or other motorized vehicle and no boat, trailer, hitch or other similar personal property shall at any time be parked or stored on any portion of the Properties other than on a driveway or in a garage. Unless otherwise specifically permitted by the Board or pursuant to rules and regulations adopted by the Board, driveways on the Properties may only be used to park commercial vehicles, recreational vehicles, snow mobiles, boats, trailers, or other similar vehicles for not more than twenty-four (24) hours total during any seven (7) day period at a time and to park operable automobiles.

9.3 Occupants Bound. All provisions of the Governing Documents shall also apply to all Residents, guests, and invitees of any Dwelling Unit. Every Owner shall cause all Residents, guests and invitees of his or her Dwelling Unit to comply with the foregoing, and every Owner shall be responsible for all violations and losses to the Common Area caused by such Residents, guests and invitees notwithstanding the fact that such Residents, guests and invitees of a Dwelling Unit are fully liable and may be sanctioned for any violation.

9.4 Animals and Pets. No animals of any kind, including livestock and poultry, shall be raised, bred, or kept on any portion of the Properties, except that for each Dwelling Unit there shall be permitted up to a total of three (3) dogs or three (3) cats or a combination of dogs and cats not to exceed three (3) in total, no more than two (2) birds, and a reasonable number, as determined by the Board, of other usual and common household pets, subject to compliance with applicable local codes. In no event, however, shall monkeys, snakes, pigs, or ferrets be permitted in any Dwelling Unit. Pets which are permitted to roam free, or which, in the sole discretion of the Association, make objectionable noise, endanger the health or constitute a nuisance or inconvenience to the

Owners of other Dwelling Units or the owner of any portion of the Properties shall be removed from the Properties upon request of the Board. If the Owner fails to honor such request, the pet may be removed by the Board. The Board may adopt reasonable rules designed to minimize damage and disturbance to other Owners and Residents, including rules requiring damage deposits, waste removal, leash controls, noise controls, more restrictive pet occupancy limits than those set forth above based on size and facilities of the Dwelling Unit and fair share use of the Common Area; provided, however, any rule prohibiting the keeping of ordinary household pets shall apply prospectively only and shall not require the removal of any pet which was being kept on the Properties in compliance with the rules in effect prior to the adoption of such rule. Nothing in this provision shall prevent the Association from requiring removal of any animal that presents an actual threat to the health or safety of Residents or from requiring abatement of any nuisance or unreasonable source of annoyance. No pets shall be kept, bred, or maintained for any commercial purpose.

9.5 Quiet Enjoyment. Nothing shall be done or maintained on any part of a Dwelling Unit which emits foul or obnoxious odors outside the Dwelling Unit or creates noise or other conditions which tend to unreasonably disturb the peace, quiet, safety, comfort, or serenity of the Residents and invitees of other Dwelling Units. No activity shall be carried on upon any portion of the Properties, which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the Residents and invitees of other Dwelling Units.

9.6 Unsightly or Unkempt Conditions. All portions of a Dwelling Unit outside of enclosed structures shall be kept in a clean and tidy condition at all times. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Dwelling Unit so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other portion of the Properties. No other nuisance shall be permitted to exist or operate upon any Dwelling Unit so as to be offensive or detrimental to any other portion of the Properties. No activities shall be conducted upon or adjacent to any Dwelling Unit or within improvements constructed thereon which are or might be unsafe or hazardous to any Person or property. No open fires shall be lighted or permitted on the Properties, except in a barbecue unit while attended and in use for cooking purposes or within a safe and well designed interior fireplace. No Owner shall engage in any activity which materially disturbs or destroys the vegetation, wildlife, or air quality within the Properties or which results in unreasonable levels of sound or light pollution.

9.7 Antennae. Standard TV antennas and other over-the-air reception devices (including satellite dishes) of less than one (1) meter in diameter shall be permitted upon the Properties. Installation of standard TV antennas and over-the-air reception devices shall comply with any and all Design Guidelines, or other applicable rules and guidelines adopted pursuant to Article VIII; provided, however, that such rules or regulations do not unreasonably increase the cost of installing, maintaining, or using such devices. The Association shall have the right, without obligation, to erect an aerial, satellite dish, or

other apparatus (of any size) for a master antenna, cable, or other communication system for the benefit of all or any portion of Falls Run, should any master system or systems require such exterior apparatus.

9.8 Fences and Dog Runs. No wall, dog run, animal pen, or fence of any kind shall be constructed on any Dwelling Unit, except as approved in accordance with Article VIII.

9.9 Exterior Lighting. Except for seasonal holiday decorative lights, which may be displayed between November 15 and January 15 only, all exterior lights must be approved in accordance with Article VIII of this Declaration.

9.10 Temporary Structures. Tents, shacks, or other structures of a temporary nature shall not be permitted on any Dwelling Unit, except as approved in accordance with Article VIII. Temporary structures used during the construction or repair of a Dwelling Unit or other improvements shall be removed immediately after the completion of construction or repair.

9.11 Storage. Storage of furniture, fixtures, appliances, machinery, equipment or other goods and chattels not in active use on the Common Area, or on any portion of a Dwelling Unit which is visible from outside the Dwelling Unit shall not be permitted, except as approved in accordance with Article VIII. Detached storage buildings and detached sheds are prohibited.

9.12 Subdivision of Dwelling Unit and Time-Sharing. No Dwelling Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Board.

No Dwelling Unit shall be made subject to any type of timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Dwelling Unit rotates among members of the program on a fixed or floating time schedule over a period of years.

9.13 Firearms/Fireworks. The discharge of firearms or fireworks within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Nothing herein shall be construed to prohibit the Association from using portions of the Common Area from time to time to put on a fireworks show.

9.14 Business Use. No business or trade, garage sale, moving sale, rummage sale, or similar activity shall be conducted in or from any Dwelling Unit, except that an Owner or Resident may conduct ancillary business activities within the Dwelling Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Dwelling Unit; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve regular visitation of the Dwelling Unit by clients, customers, suppliers,

or other business invitees or door-to-door solicitation of residents of the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board. "Business and trade" shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the family of the producer of such goods or services and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (a) such activity is engaged in full or part time, (b) such activity is intended to or does generate a profit, or (c) a license is required.

The leasing of a Dwelling Unit shall not be considered a business or trade within the meaning of this subsection. "Leasing," for purposes of this Declaration, is defined as regular, exclusive occupancy of a Dwelling Unit by any person other than the Owner, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. Dwelling Units may be leased only in their entirety. No fraction or portion may be leased. There shall be no subleasing of Dwelling Units or assignment of leases unless prior written approval is obtained from the Board. All leases shall be in writing.

No transient tenants may be accommodated in a Dwelling Unit, and all leases shall be for an initial term of no less than thirty (30) days. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Dwelling Unit Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Governing Documents. The Board may adopt reasonable rules regulating leasing and subleasing.

9.15 Occupancy. Dwelling Units shall not be occupied by more than two (2) persons per bedroom in the Dwelling Unit.

9.16 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Dwelling Unit, except in covered containers of a type, size and style which are approved in accordance with Article VIII or as required by the applicable governing jurisdiction and, if applicable, the private collection contractor. In no event shall such containers be maintained so as to be visible from outside the Dwelling Unit unless they are being made available for collection and then only for the shortest time reasonably necessary to effect such collection. All rubbish, trash, or garbage shall be removed from the Dwelling Units and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Dwelling Unit.

9.17 Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Dwelling Unit and no clothes, sheets, blankets or laundry of any kind shall be hung outside on any portion of the Properties.

9.18 Snowmobiles Prohibited. The operation of snowmobiles or similar mechanized snow vehicles within the Properties is prohibited.

9.19 Skiing. Cross country skiing within the Properties shall be restricted to marked trails established by the Association.

9.20 Bird and Squirrel Houses. No Dwelling Unit shall be allowed to have more than one (1) bird, squirrel or similar house, and such house shall be mounted on a single pole so that the total height of the pole and house does not exceed the height of the eave of the residence on that Dwelling Unit. Feeding of wildlife by Residents is prohibited.

9.21 Flagpoles. No Dwelling Unit shall be allowed to have a free-standing flagpole of any type. Flags on Dwelling Units must be flown only on poles mounted to the side of the residence by a bracket.

9.22 Above-Ground Pools. The installation of an above-ground swimming pool within any Dwelling Unit is prohibited. The foregoing does not apply to indoor or outdoor Jacuzzis and hot-tubs included within a deck, screened from view from neighboring Dwelling Units and installed with the prior approval of the MC.

9.23 Irrigation/Wells. No sprinkler or irrigation system of any type which would draw water from creeks, streams, rivers, lakes, ponds, canals or other ground or surface waters within the Properties shall be installed, constructed or operated within the Properties. All sprinkler and irrigation systems shall be subject to approval in accordance with Article VIII of this Declaration. Private wells are prohibited on the Properties. The provisions of this Section shall not apply to wells or irrigation systems installed by Declarant or its assignee or the County of Stafford.

9.24 Drainage-and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. The Association hereby reserves a perpetual easement across the Properties for the purpose of altering drainage and water flow; provided, such easement right shall not be exercised in such a manner as to unreasonably interfere with the use of any Dwelling Unit without the affected Owner's consent. Septic systems are prohibited on the Properties.

9.25 Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Properties. Exterior sculpture, fountains, flags, and similar items must be approved in accordance with Article VIII of this Declaration.

9.26 Storm Water Effects. The community has been planned so that low-lying areas adjacent to creeks are generally designated for open space and recreational uses. Portions of the Common Area and adjacent areas are within the regulated flood plain as

determined in accordance with Federal Emergency Management Agency guidelines.
During and after storm events, certain portions of the Common Area such as creek side

ARTICLE X

ARTICLE X - EASEMENTS

10.1 Easements of Encroachment. The Declarant grants to the Association and to each Dwelling Unit reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Dwelling Unit and any adjacent Common Area and between adjacent Dwelling Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

10.2 Easements for Utilities. The Association, and the designees of each (which may include, without limitation, any governmental or quasi-governmental entity and any utility company) has perpetual non-exclusive easements upon, across, over, and under all of the Properties (but not through a structure) to the extent reasonably necessary to install, replace, repair, and maintain cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, trails, lakes, ponds, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity. The Association may assign these rights to any local utility supplier, cable company, security company or other company providing a service or utility to the Properties subject to the limitations herein.

This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any structure permitted to be constructed on a Dwelling Unit, and any damage to a Dwelling Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Dwelling Unit and, except in an emergency, entry onto any Dwelling Unit shall be made only after reasonable notice to the Owner or Resident.

The Association specifically grants to the local utility suppliers easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into the structures on any Dwelling Unit, nor shall any utilities be installed or relocated on the Properties, except as approved by the Board.

10.3 Easements for Cross-Drainage. The Association has an easement across every Dwelling Unit and all Common Area for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter the natural drainage on any Dwelling Unit to increase materially the drainage of storm water onto adjacent

portions of the Properties without the consent of the Owner(s) of the affected property, and the Board..

10.4 Right of Entry. The Association has an easement of access and right, but not the obligation, to enter all portions of the Properties, including each Dwelling Unit, for emergency, security, and safety reasons. Such right may be exercised by the authorized agents of the Association, its Board, officers, or committees, and by all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in emergencies, entry into a structure on a Dwelling Unit shall be only during reasonable hours and after notice to and permission from the Owner thereof. This easement includes the right to enter any Dwelling Unit to cure any condition which increases the risk of fire or other hazard if an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but does not authorize entry into any structure on a Dwelling Unit without permission of the Owner, except by emergency personnel acting in their official capacities.

10.5 Easements for Maintenance and Enforcement. The Association and its authorized agents have a perpetual easement and right to enter all portions of the Properties, including each Dwelling Unit, to (a) perform its maintenance responsibilities under Article V, and (b) make inspections to ensure compliance with the Governing Documents. Except in emergencies, entry into a structure on a Dwelling Unit shall be only during reasonable hours and after notice to and permission from the Owner. This easement shall be exercised with a minimum of interference to the quiet enjoyment to Owners' property, and any damage shall be repaired by the Association at its expense.

The Association has an easement and the right to enter a Dwelling Unit to abate or remove, using such measures as may be reasonably necessary, any structure, thing or condition which violates the Governing Documents. All costs incurred, including reasonable attorneys' fees, shall be assessed against the violator as a Benefitted Assessment.

10.6 Easements for Exterior Landscaping and Maintenance. The authorized agents of the Association have the right to enter upon those portions of the Dwelling Unit outside of the home thereon to furnish services required or permitted to be furnished by the Association hereunder or under any Supplemental Declaration. Any damage caused by the exercise of this Easement shall be repaired by the Association at its expense.

10.7 Rights to Storm Water Runoff, Effluent and Water Reclamation. The Association has all rights to ground water, surface water, storm water runoff, and effluent located or produced within the Properties, and each Owner agrees, by acceptance of a deed to a Dwelling Unit, that the Association shall retain all such rights. Such rights shall include the reservation of an easement over the Properties for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff, and effluent.

ARTICLE XI

ARTICLE XI - MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Dwelling Units in the Properties. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

11.1 Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Dwelling Unit to which its Mortgage relates, thereby becoming an “Eligible Holder”), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which materially affects a material portion of the Common Area;

(b) Any delinquency in the payment of assessments or charges owed by a Dwelling Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Declaration or Bylaws relating to such Dwelling Unit or the Owner or Resident which is not cured within sixty (60) days; or

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

11.2 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Dwelling Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

11.3 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner’s Dwelling Unit.

ARTICLE XII

ARTICLE XII - DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

12.1 Prerequisites to Actions Against Declarant. Prior to any Owner or the Association filing a civil action, undertaking any action in accordance with Section 12.4, the Owner or the Board, as appropriate, shall notify and meet with the Members to discuss the alleged problem or deficiency. Moreover, prior to taking any action, the potential adverse party shall be notified of the alleged problem or deficiency and provided reasonable opportunity to cure the problem.

12.2 Consensus for Association Litigation. Except as provided in this Section, the Association shall not commence a judicial or administrative proceeding without first providing at least twenty-one (21) days written notice to its Members of a special meeting to consider such proposed action. Taking such action shall require the vote of Owners of seventy-five percent (75%) of the total number of Dwelling Units in the Association. This Section shall not apply, however, to (a) actions brought by the Association to enforce the Governing Documents (including, without limitation, the collection of assessments and the foreclosure of liens); (b) counterclaims brought by the Association in proceedings instituted against it; or (c) actions to protect the health, safety, and welfare of the Members. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

12.3 Alternative Method for Resolving Disputes. The Association, and their respective officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances, or disputes described in Section 12.2 ("Claims") shall be resolved using the procedures set forth in Section 12.4 in lieu of filing suit in any court.

12.4 Claims. Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application, or enforcement of the Governing Documents, or the rights, obligations, and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Properties shall be subject to the provisions of Section 12.5.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not constitute a Claim and shall not be subject to the provisions of Section 12.5:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article VII;

(b) any suit between Owners, which does not include the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(c) any suit by an Owner concerning the aesthetic judgment of the Modifications Committee or the Association, pursuant to their authority and powers;

(d) any suit in which any indispensable party is not a Bound Party; and

(e) any suit as to which any applicable statute of limitations would expire within ninety (90) days of giving the Notice required by Section 12.5(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 12.5.

12.5 Mandatory Procedures.

(a) Notice. Any Bound Party having a Claim (“Claimant”) against any other Bound Party (“Respondent”) (collectively, the “Parties”) shall notify each Respondent in writing (the “Notice”), stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and Respondent’s role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) Claimant’s proposed remedy; and

(iv) that Claimant will meet with Respondent to discuss good faith ways to resolve the Claim.

(b) Negotiation and Mediation. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination

of Negotiations”), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of an independent agency providing dispute resolution services in the Stafford County, Virginia area.

If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation, or within such time as determined by the mediator, the mediator shall issue a written notice of termination of the mediation proceedings. The notice of termination of mediation shall set forth that the Parties are at an impasse and the date that mediation was terminated.

12.6 Allocation of Costs of Resolving Claims. Each Party shall bear its own costs, including attorneys’ fees, and each Party shall share equally all charges rendered by the mediator.

12.7 Enforcement of Resolution. After resolution of any Claim through negotiation or mediation, if any Party fails to abide by the terms of any agreement, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 12.5. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one (1) non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys’ fees and court costs.

12.8 Attorneys’ Fees. In the event of an action instituted to enforce any of the provisions contained in the Governing Documents, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorneys’ fees and costs, including administrative and lien fees, of such suit. In the event the Association is a prevailing party in such action, the amount of such attorneys’ fees and costs shall be a Specific Assessment with respect to the Dwelling Unit(s) involved in the action.

ARTICLE XIII

ARTICLE XIII - CONDOMINIUM AND OTHER HOMEOWNERS ASSOCIATIONS

13.1 In General. The Association may determine, in its sole discretion, that it is necessary or appropriate to have a portion of the Properties administered by a condominium or non-condominium homeowners association which is separate and apart from the Association hereunder. An example of a situation where the Association may create a separate homeowners association to administer a portion of the Properties is where the homes which are made part of the Properties will require services which are quantitatively or qualitatively different than those which will be furnished by the Association hereunder with respect to the Common Area. For purposes hereof, any separate declaration which is recorded against a portion of the Properties shall be referred to herein as a "Local Area Declaration" and the association which administers the real estate which is subject to the Local Area Declaration shall be referred to herein as a "Local Area Association".

13.2 Relationship of the Association and the Local Area Associations. It is intended that each Local Area Association shall operate independent of the Association hereunder. Thus, to the extent that a Local Area Association is granted the power and authority to maintain Dwelling Units or portions of the Properties which serve Dwelling Units, the Association hereunder shall not be obligated to maintain such areas or furnish such services. However, nothing herein shall be deemed to restrict or limit the right of the Association or the MC to approve Regulated Work as provided in Article XIII.

ARTICLE XIV

ARTICLE XIV - GENERAL PROVISIONS

14.1 Term. Unless otherwise provided by Virginia law, in which case such law shall control, this Declaration shall run with the land and have perpetual duration. This Declaration may be terminated only by an instrument signed by Owners of at least sixty-six and two thirds percent (66-2/3%) of the total Dwelling Units within the Properties, which instrument is recorded in the Public Records. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

14.2 Amendment. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Amendments to this Declaration shall be prepared, executed, recorded and certified by the President of the Association.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within one (1) year of its effective date or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

14.3 Severability. Invalidation of any provision of this Declaration, in whole or in part, or any application of a provision of this Declaration by judgment or court order shall in no way affect other provisions or applications.

14.4 Cumulative Effect; Conflict. The provisions of this Declaration shall be cumulative with any additional covenants and restrictions provided for in any Supplemental Declaration, and the Association may, but shall not be required to, enforce such additional covenants and restrictions. Nothing herein shall preclude any Supplemental Declaration or other recorded covenants and restrictions applicable to any portion of the Properties from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration, and the Association shall have the standing and authority to enforce the same.

14.5 Use of the Words "Falls Run" . Owners may use the term "Falls Run" in printed or promotional matter where such term is used solely to specify that particular property is located within "Falls Run" and the Association shall be entitled to use the words "Falls Run" in its name.

14.6 Compliance. Every Owner and Resident of any Dwelling Unit shall comply with the Governing Documents.

14.7 Notice of Sale or Transfer of Title. Any Owner desiring to sell or otherwise transfer title to his or her Dwelling Unit shall give the Board at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. Subject to Virginia Code Section 55-512, the transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Dwelling Unit, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

14.8 Attorneys' Fees. In the event of an action instituted to enforce any of the provisions contained in the Governing Documents, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorneys' fees and costs, including administrative and lien fees, of such suit. In the event the Association is a prevailing party in such action, the amount of such attorneys' fees and costs shall be a Benefitted Assessment with respect to the Dwelling Unit(s) involved in the action.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 13th day of February, 2006.

Dennis Ouellette, Vice-President

COMMONWEALTH OF VIRGINIA))SS.

COUNTY OF STAFFORD

The foregoing instrument was acknowledged before me this ____ day of February, 2006 by Dennis Ouellette, Vice President of Del Webb Communities of Virginia, Inc., an Arizona corporation, on behalf of the corporation.

_____ Notary Public

[NOTARIAL SEAL]

My Commission Expires: _____

