

**DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR
HILLTOP MEDICAL OFFICE
DEVELOPMENT
June 16, 2003**

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HILLTOP MEDICAL OFFICE DEVELOPMENT**

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EXHIBITS

Land Initially Submitted	Exhibit A (22-25)
Assessment Obligations and Voting Rights	Exhibit B (26-27)
Bylaws	Exhibit C (28-40)
Maintenance Agreement for Hilltop Medical Development Regional Stormwater Detention Ponds	Exhibit D (41-44)

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
HILLTOP MEDICAL OFFICE DEVELOPMENT**

This Declaration of Covenants Conditions, and Restrictions is made this first day of January, 2003 by Hilltop Medical Development, LLC, a Virginia corporation (hereinafter referred to as "Declarant");

BACKGROUND STATEMENT

Declarant is the owner of the real property described in Exhibit "A" of this Declaration and intends by this Declaration to impose upon such property mutually beneficial restrictions under a general plan of improvement for the benefit of the owners and occupants of each portion of the property made subject to this Declaration. Declarant desires to provide a flexible and reasonable procedure for the overall development, administration, maintenance, preservation, use, and enjoyment of the property.

In furtherance of the Declarant's plan, this Declaration provides for the Hilltop Lot Owners Association, Inc. to own, operate and maintain Common Areas, as defined in Article I, and to administer and enforce the provisions of this Declaration, the Bylaws attached as Exhibit "C," and the rules promulgated pursuant to the terms hereof. Declarant also desires to provide for the maintenance of permanent stormwater detention ponds as provided for in Exhibit "D".

Declarant hereby declares that the real property described in Exhibit "A" of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby and hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now and hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner and occupant of all or any portion thereof.

Article I
Definitions

Section 1. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which by the terms of this Declaration or by written contract become the responsibility of the Association. In addition, the office of any property manager employed by or contracting with the Association, if located on the Properties, or any public rights-of-way within or adjacent to the Properties may be part of the Area of Common Responsibility.

Section 2. "Articles of Incorporation" or "Articles" shall mean and refer to the Articles of Incorporation of Hilltop Lot Owners Association, Inc. as filed with the State Corporation Commission of the State of Virginia.

Section 3. "Association" shall mean and refer to Hilltop Lot Owners Association, Inc., a Virginia nonprofit corporation, and its successors and assigns. The use of the term "association" or "associations" in lower case shall refer to any condominium association or other owners association having jurisdiction over any part of the Properties.

Section 4. "Base Assessment" shall mean and refer to assessments levied to fund expenses applicable to all Members of the Association.

Section 5. "Board of Directors" or "Board" shall mean the governing body of the Association having its normal meaning under Virginia corporate law.

Section 6. "Bylaws" shall mean and refer to the Bylaws of Hilltop Lot Owners Association, Inc., attached hereto as Exhibit "D" and incorporated herein by reference, as they may be amended from time to time.

Section 7. "Class "B" Control Period" shall mean and refer to the period of time during which the Class "B" member is entitled to appoint a majority of the members of the Board of Directors as specified in Article III, Section 2, of the Bylaws.

Section 8. "Clerk's Office" shall mean and refer to the Clerk's Office of the Circuit Court of Montgomery County, Virginia.

Section 9. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, both for general and District purposes, and any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Bylaws, and the Articles of Incorporation of the Association.

Section 10. "Common Area" shall be an inclusive term referring to all General Common Area and any Exclusive Common Area.

Section 11. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. The Board of Directors may more specifically determine such standard.

Section 12. "Declarant" shall mean and refer to Hilltop Medical Development, LLC a Virginia corporation. The Association and the Owners shall not enjoy any of the rights, powers, privileges or obligations of the Declarant unless specifically assigned or conveyed as provided herein. The beneficiary of the first deed of trust given by the Declarant encumbering undeveloped

property and developed but unsold property subject to this Declaration, may, upon foreclosure of that deed of trust or upon receipt of title to the property encumbered thereby pursuant to a deed in lieu of foreclosure, succeed to any or all of the Declarant's rights under this Declaration, but shall succeed to only those rights of the Declarant which it elects to succeed to as specifically set forth in the trustee's deed or deed in lieu of foreclosure by which it or its nominee take title.

Section 13. "General Common Area" shall mean all real and personal property which the Association now or hereafter owns or otherwise holds for the common use and enjoyment of all Owners.

Section 14. "Hazardous Materials" shall mean and refer to those materials, substances, gases, or vapors identified as hazardous, toxic, or radioactive by any and all applicable federal, state, and local laws, regulations, or ordinances.

Section 15. "Improved Lot" shall mean and refer to land within the Properties upon which a structure has been erected and where a certificate of occupancy has been obtained for any portion of such structure.

Section 16. "Majority" shall mean and refer to those eligible votes, Owners, Voting Representatives, or other group as the context may indicate totaling more than fifty (50%) of the total eligible number.

Section 17. "Member" shall mean and refer to a Person entitled to membership in the Association, as provided herein.

Section 18. "Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of mortgage.

Section 19. "Mortgagee" shall mean and refer to a beneficiary or holder of a Mortgage.

Section 20. "Mortgagor" shall mean and refer to any Person who gives a Mortgage.

Section 21. "Occupant" shall mean any Person occupying all or any portion of a Lot or other property located within the Properties for any period of time, regardless of whether such Person is a tenant of the Owner of such property.

Section 22. "Owner" shall mean and refer to one or more Persons who hold the record title to any Lot which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot is sold under a recorded contract of sale, the purchaser (rather than the fee owner) will be considered the Owner, if the contract so provides.

Section 23. "Person" means a natural person, a corporation, a partnership, trustee, or other legal entity.

Section 24. "Property" shall mean and refer to the real property described in Exhibit "A" attached hereto and the air rights above the property described in Exhibit "A".

Section 25. "Special Assessment" shall mean and refer to assessments levied in accordance with Article VII, Section 3 of this Declaration.

Section 26. "Specific Assessment" shall mean and refer to assessments levied in accordance with Article VII, Section 7 of this Declaration.

Section 27. "Lot" shall mean any of the ten (10) parcels constituting the Property described in Exhibit A, whether improved or unimproved, which is independently owned and developed and intended for ownership and use by one or more Persons. The uses shall include, without limitation, commercial, office, institutional, retail business properties, hotels educational facilities, hospitals, nursing homes, and similar community care facilities.

Section 28. "Voting Representative" shall mean and refer to the Member, or a representative of a Member designated by the Member in a written instrument filed with the Secretary of the Association, who is entitled to cast the votes attributable to a particular Lot.

Article II

Membership and Voting Rights

Section 1. Membership. Every Owner shall be deemed to have a membership in the Association. No Owner, whether one or more Persons, shall have more than one (1) membership per Lot owned. In the event the Owner of a Lot is more than one Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership may be exercised by the Owner or, in the case of a corporate owner or partnership, by the individual designated in a written instrument provided to the Secretary, subject to the provisions of this Declaration and the Bylaws. Notwithstanding anything else contained in these Covenants to the contrary, voting rights shall be determined as called for in Exhibit "B" of the Declaration of Covenants, Conditions and Restrictions for Hilltop Medical Office Development.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B", as follows:

(a) Class "A". Class "A" Members shall be all Owners with the exception of the Class "B" Member, if any.

Class "A" Members shall be entitled on all issues to the number of votes determined in accordance with the formula set out in Exhibit "B."

In any situation where more than one (1) Person holds the interest in a Lot required for membership, the votes for such Lot shall be exercised as those Persons themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Lot's vote shall be suspended in the event more than one Person seeks to exercise it.

(b) Class "B". The Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve actions taken under this Declaration and the Bylaws, are specified elsewhere in this Declaration and the Bylaws. The Class "B" Member shall be entitled on all issues to the number of votes determined in accordance with the formula set out in Exhibit "B." In addition, the Class "B" Member shall be entitled to appoint a majority of the Board of Directors during the Class "B" Control Period, as specified in the Bylaws. The Class "B" membership shall terminate and become converted to Class "A" membership upon the sale of the eighth Lot of the ten lots described in Exhibit "A".

Article III

Maintenance

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter

provided. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, signs and improvements situated upon such areas. The Association shall also maintain any setback area required on Lots as required by the Town of Blacksburg.

The Association shall also have the right, but not the obligation, to maintain and provide services for other property not owned by the Association, whether located within or without the boundaries of the Properties, and to enter into easements and covenants to share costs agreements regarding such property where the Board has determined that this would benefit Owners. The foregoing right shall also include, without limitation, the right to maintain entry features and areas adjacent to rights-of-Way serving any part of the Properties (whether such rights-of-way are located within or without the Properties) and the right to maintain property dedicated to any public or governmental entity.

All maintenance performed by the Association shall be performed consistently with the Community-Wide Standard.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement as described above shall be a Common Expense to be allocated among all Lots as part of the Base Assessment.

Section 2. Owner's Responsibility. Each Owner shall maintain its Lot and all structures, parking areas and other improvements comprising the Lot in a manner consistent with the Community-Wide Standard and all applicable covenants. If any Owner fails properly to perform his or her maintenance responsibility, the Association may perform it and assess all costs incurred by the Association against the Lot and the Owner thereof in accordance with Article VII, Section 3 of this Declaration; provided, however, except when entry is required due to an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

Article IV

Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain a public liability policy covering the Common Area and the Association for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a Three Million (\$3,000,000.00) Dollar single person limit as respects bodily injury and property damage, a Three Million (\$3,000,000.00) Dollar limit per occurrence, if reasonably available, and a One Million (\$1,000,000.00) Dollar minimum property damage limit. The Board shall also obtain insurance in an amount equal to the replacement cost of any repair or reconstruction of any improvement in the common area even t of damage or destruction from any insured hazard.

Premiums for all insurance on the General Common Area shall be Common Expenses of the Association and shall be included in the Base Assessment. The policy may contain a reasonable deductible, and in the case of casualty insurance the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All such insurance coverage obtained by the Board of Directors shall be written in the

name of the Association. Such insurance shall be governed by the provisions hereinafter set forth:

- (a) All policies shall be written with a company authorized to do business in Virginia.
- (b) Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.
- (c) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.
- (d) Any casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Montgomery County and/or Blacksburg, Virginia, area.
- (e) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:
 - (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective Occupants, servants, agents, and guests;
 - (ii) that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any one or more individual Owners;
 - (iii) that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or mortgagee;
 - (iv) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
 - (v) that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or non-renewal.

Section 2. Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket liability insurance and casualty insurance which shall, at a minimum, provide fire and extended coverage on its Lot(s) and structures constructed thereon meeting the same requirements of insurance provided for in Section 1 of this Article IV. Each Owner further covenants and agrees that in the event of a loss or damage and destruction of the Lot improvements, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction and thereafter maintain the Lot in a neat and attractive condition consistent with the Community-Wide Standard.

Section 3. Damage and Destruction.

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

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless Voting Representatives representing at least seventy-five (75%) percent of the total vote of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the Common Area damage or destruction shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event, the affected portion of the Properties shall be restored to its natural state or other landscaped and ground covered state as may be approved by the Board

Section 4. Repair and Reconstruction. If the damage or destruction for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of Voting Representatives, levy a special assessment against all Owners in accordance with the assessment formula provided in Exhibit "B." Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article V

No Partition

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any Person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Declaration.

Article VI

Rights and Obligations of the Association

Section 1. Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon and common landscaped areas, and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard.

Section 2. Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration and the Bylaws. Sanctions may include reasonable monetary fines and suspension of the right to vote and the right to use the Common Area except as necessary for ingress and egress to the Lot. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Imposition of sanctions shall be as provided in the Bylaws of the Association. In addition, the Association may, through the Board, by contract or other agreement, enforce city or county ordinances.

Section 3. Implied Rights. The Association, through its Board of Directors, may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it in the foregoing documents or reasonably necessary to effectuate any such right or privilege.

Section 4. Governmental Interests. The Association, through its Board of Directors shall have the right to designate sites within the Properties for fire, police, water, sewer, or natural gas facilities.

Article VII

Assessments

Section 1. Creation of Assessments. There are hereby created assessments for Common Expenses as may from time to time specifically be authorized by the Board of Directors to be commenced at the time and in the manner set forth in Section 7 of this Article. There shall be three (3) types of assessments: (a.) Base Assessments, to fund expenses for the benefit of all Members of the Association; (b) Special Assessments, as described in Section 3 below; and (c) Specific Assessments against any particular Lot as described in Section 7 below.

Base Assessments shall be allocated for all Lots according to the formula set forth in Exhibit "B." Special Assessments and Specific Assessments shall be levied as provided in Section 3 and Section 7, respectively, below. Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these assessments.

The Association shall upon demand at any time furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment of such assessment to the Association therein stated to have been paid. The Association may require the advance payment of a processing fee not to exceed Fifty (\$50.00) Dollars for the issuance of each such certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual assessment for delinquents. Unless the Board otherwise provides, assessments shall be paid in annual installments.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration and not limitation, by non-use of Common Area or abandonment of the Lot. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board.

under this Declaration or the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

Section 2. Computation of Assessment. It shall be the duty of the Board, at least sixty (60) days before the beginning of the fiscal year to prepare a budget covering the estimated costs of the Common Expenses of the Association during the coming year. The budget may include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared and shall separately list general expenses. The Board shall cause a copy of the budget and the amount of assessments to be levied against each Lot for the following year to be delivered to each Owner at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessments shall become effective unless disapproved at a meeting by a vote of Voting Representatives representing at least a Majority of the total Class "A" vote in the Association, and the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering a budget except on petition of the Voting Representatives as provided for special meetings in Article II, Section 4 of the Bylaws.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Section 3. Special Assessments. In addition to the other assessments authorized herein, the Board may levy Special Assessments in any year. So long as the total amount of the Special Assessment levied against all Lots in a fiscal year does not exceed Five Thousand (\$5,000.00) Dollars, the Board may impose the Special Assessment.

Any Special Assessment which would exceed this limitation shall be effective only if such assessment has the affirmative vote or written consent of Voting Representatives representing a Majority of the Class "A" votes of the Association present at a meeting duly called for such purpose and the consent of Declarant. Special Assessments shall be paid as determined by the Board, and the Board may permit Special Assessments to be paid in installments extending beyond the fiscal year in which the Special Assessment is imposed. Special Assessments shall be allocated among Lots in the same manner as Base Assessments.

Section 4. Lien for Assessments. Upon recording of a notice of lien, there shall exist a perfected lien for unpaid assessments on the respective Lot prior and superior to all other liens, except (a) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (b) the lien or charge of any first mortgage of record (meaning any recorded mortgage or deed of trust with first priority over other mortgages or deeds of trust) made in good faith and for value.

Such lien, when delinquent, may be enforced by suit, judgment, or foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Lot is owned by the Association following foreclosure: (a) No right to vote shall be exercised on its behalf; (b) no assessment shall be assessed or levied on it; and (C) each other Lot shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same. After notice and hearing, the Board may temporarily suspend the vote of a Member who is in default in payment of any assessment.

Section 5. Date of Commencement of Assessments. The obligation to pay the assessments provided for herein shall commence as to a Lot on the first day of the month following the month in which the Lot is conveyed to a party other than the Declarant. All assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide.

Section 6. Subordination of the Lien to First Mortgages. The lien of assessments, including interest, late charges (subject to the limitations of Virginia law), and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first Mortgage of record obtains title, neither it nor its successors and assigns shall be liable for the share of the Common Expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Lots, including such acquirer, its successors and assigns.

Section 7. Specific Assessments. The Board shall have the power to assess specifically pursuant to this section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this section. The Board may specifically assess Lots for the following Association expenses except for expenses incurred for maintenance and repair of items which are the maintenance responsibility of the Association, as provided herein:

- (a) Expenses of the Association which benefit less than all of the Lots may be specifically assessed equitably among all of the Lots which derive benefit according to the benefit received.
- (b) Expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.
- (c) Expenses of the Association which are occasioned by the conduct of less than all of those entitled to occupy all of the Lots or by the licensees or invitees of any such Lot.

Section 8. Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Base Assessments and Special Assessments:

- (a) all Common Area; and
- (b) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, libraries, public schools, public streets, and public parks, if any.

Article VIII

Architectural Standards

The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the committee established in Sections 1 this Article VIII. This Article may not be amended without the Declarant's written consent so long as the Declarant retains veto power over the actions of the Board of Directors pursuant to the Bylaws.

No construction, which term shall include within its definition staking, clearing, excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements thereof have been fully met, and until the approval of the Architectural Control Committee has been obtained.

Section 1. Architectural Control Committee.

(a) There shall exist an Architectural Control Committee (ACC) which shall consist of three (3) or more members and may be composed of the Board of Directors in its entirety, should the Board of Directors choose not to appoint an ACC. So long as there is a Class B membership of the Association, control of the Committee and approval of all plans and specifications and other functions herein shall be vested in the Declarant, who shall appoint all ACC Members. Appointive ACC members need not be Owners, and shall serve indefinitely, at Declarant's pleasure.

(b) After Declarant's Class B membership in the Association converts to Class A membership, three (3) ACC members shall be elected by a majority vote of the Board of Directors of the Association at its annual meeting. Members may include members of the Board of Directors and Association Managers. Two (2) elected ACC members must be Owners, and shall serve until their successors are elected at the next annual meeting. ACC members may be re-elected.

(c) A quorum of the ACC shall consist of a majority of its members; it shall take the affirmative vote of a majority of the members at the meeting at which a quorum is present to approve or perform any action. The ACC shall keep written records of its actions. The ACC shall meet from time to time as necessary.

Section 2. Construction Plan Review.

(a) No dwelling, building or structure or landscaping of any kind shall be constructed, erected, planted or altered on any Lot or on any portion of the Properties, nor shall any exterior additions, changes or alterations therein be made until the plans and specifications showing the nature, kind, color, shape, height, materials, and location thereof shall have been first submitted to and approved by the ACC.

(b) Two sets of construction plans and specifications shall be submitted to the ACC showing all intended construction and alterations on the subject Lot, including but not limited to site plan, tree survey, landscape plan, sidewalk construction, exterior elevations, paint colors, shingle samples, exterior materials samples, and other descriptions necessary to describe project. All plans and specifications required or described in any section of these covenants and submitted to the Lot Owners' Association must be prepared by an architect or engineer licensed in the State of Virginia or a professional, design/build construction company. An administrative fee of \$75.00 shall be paid to the Association for processing the plans, payable at the time of submission. Plans and specifications in regards to topography and finished grade elevation must also be submitted for approval by the ACC prior to the commencement of any excavation work or activity which will alter the existing topography of the Lot. The ACC shall notify the Lot

Owner, in writing, within thirty (30) days of receipt of all required evidence, of the ACC's approval or disapproval of any project. Said written notice may be signed by any one member of the ACC. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an Owner to modify the interior of buildings located within a Lot in any way. In the event that the ACC fails to approve or to disapprove such plans or to request additional information reasonably required within forty-five (45) days after submission, the plans shall be deemed approved.

(c) The name of the contractor performing any work must be submitted to the ACC. They must be a contractor licensed in the State of Virginia who normally works in the immediate area.

(d) The plans, specifications, and location of all contemplated construction shall be in accordance with the terms hereof and with all applicable codes and ordinances of the local governing agency issuing permits for construction or land alteration in effect at the time of such proposed construction or alteration. The ACC shall have the right, in its sole discretion based upon these Covenants and Restrictions, to approve or disapprove any Lot improvement, including but not limited to building, fence, wall, screened enclosure, grading, floor elevation, drainage plan, mailbox, solar energy device, posts, antennas, fountains, decorative building features, landscaping plan, landscape device or object, entry gates or columns, yard decorations, or other improvement, whether as new construction or additions, modifications or alterations to Lots.

(e) In the event any required approvals are not obtained prior to commencement of improvements, or in the event improvements are made which vary from those approved, it shall be deemed that no approvals were given and that a violation and/or breach of this Declaration has occurred. A fine of \$100.00 per occurrence shall be assessed against the Lot and shall accrue with interest as provided in Article VII, Section 4 until the fine is paid and approval is obtained or improvements corrected to comply with an approval given. If after 120 days from the date the first fine is assessed and the non-compliance has not been corrected, the ACC may re-assess the \$100.00 fine as a second occurrence of the same violation and may continue to do so every 120 days until the violation has been corrected. In any action required to enforce architectural review standards, the Association, when the prevailing party, shall be entitled to recover reasonable attorneys fees and costs incurred prior to and as part of the action and attorneys fees and costs on appeal.

Section 3. No Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the ACC shall bear no responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board of Directors, any committee, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Lot.

Article IX Use Restrictions

The Properties shall be used subject to such further restrictions as may be set forth in this Declaration, amendments hereto or subsequently recorded declarations creating associations subject to this Declaration. The Association, acting through the Board of Directors, shall have standing and the power to enforce use restrictions contained in any such declaration as if such provisions were a regulation of the Association.

The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of the Properties, in addition to those contained herein. Such regulations and use restrictions shall be binding until and unless overruled, canceled, or modified in a regular or special meeting of the Association by Voting Representatives representing a Majority of the total Class "A" vote in the Association and the consent of the Declarant.

This Declaration or other creating document for any association may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

Section 1. Signs. No sign of any kind shall be erected by an Owner within the Properties without the written consent of the ACC, as appropriate. The Board of Directors or Declarant shall have the right to erect signs without obtaining the approval of the ACC.

Section 2. Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants of Lots and to all employees, licensees, or invitees of Owners or Occupants. All leases for any portion of the Properties shall provide that lessees shall be bound by the terms and provisions of this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 3. Vehicles. The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, automobiles and bicycles.

No vehicle may be left upon any portion of the Properties, unless it is screened from view or in a garage or other area designated by the Board, for a period longer than five (5) days if it is unlicensed or if it is in a condition such that it is incapable of being operated upon the public highways. After such five (5) day period, such vehicle shall be considered a nuisance and may be removed from the Properties. Any trailer, boat, recreational vehicle, motor home, mobile home, or other vehicle stored in the Properties for periods longer than forty-eight (48) hours shall be considered a nuisance and may be removed from the Properties unless parked or stored so as to be screened from view of all roads in or adjacent to the Properties.

No motorized vehicles shall be permitted on pathways or unpaved Common Area except for public safety vehicles and vehicles authorized by the Board.

Section 4. Parking; Loading Docks. Vehicles shall be parked only in appropriate parking spaces or designated areas in which parking may or may not be assigned. All parking on the Common Area shall be subject to such rules and regulations as the Board of Directors may adopt. All loading docks and parking areas for trucks must be located or screened so as to be concealed from the view of neighboring streets.

Section 5. Animals and Pets. Unless otherwise permitted by the Board in the case of animal hospitals or research labs and similar facilities which the Board may, in its discretion, allow, no animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any

Lot.

Section 6. Nuisance and Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her property. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause such property to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property.

No noxious or offensive activity shall be carried on within the Properties; nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any portion of the Properties, including, without limitation, nuisances resulting from vibration, sound, electrical or mechanical disturbance and radiation, air or water pollution, dust, or emission of toxic or odorous nontoxic matter.

There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties.

Section 7. Hazardous Materials. No Owner shall use, generate, store, or dispose of Hazardous Materials on the Properties or discharge or release any Hazardous Material on above, or under the Properties except in full and complete compliance with all applicable federal, state and local laws, regulations, ordinances, and permits.

Section 8. Antennas. No exterior antennas or satellite dishes or other apparatus of any kind for the sending or receiving of radio, television, electromagnetic, or microwave signals shall be placed, allowed, or maintained upon any portion of the Properties without the prior written consent of the ACC, as appropriate. No such antenna shall be approved unless located behind the front of a building and screened from the view of public streets.

Section 9. Tree Removal. No trees shall be removed without the express consent of the ACC, as appropriate, except for (a) diseased or dead trees; (b) trees needing to be removed to promote the growth of other trees; or (c) safety reasons.

Section 10. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit a clear line of vision across the street corners. No sign, fence, wall, hedge, or shrub planting shall be placed or permitted to remain where this would create a traffic or sight problem.

Section 11. Mechanical Equipment, Garbage Cans, Trash Containers, Tanks, Etc. All mechanical equipment servicing buildings, above-ground tanks, ducts, elevator enclosures, cooling towers, mechanical ventilation or air conditioners and other similar items, storage facilities, garbage cans, trash containers and employee lunch areas shall be located or screened so as to be concealed from the view of neighboring streets and property. Such screening shall be as approved by the ACC, as appropriate, and shall meet or exceed the requirements of applicable zoning. All rubbish, trash, and garbage shall be regularly removed and shall not be allowed to accumulate.

Section 12. Outdoor Storage. Any outdoor storage area must be completely enclosed as approved by the ACC, as appropriate, and shall meet or exceed the requirements of applicable zoning. No merchandise, supplies, equipment or any other item may be stored, placed, or kept on the roof of any building, except that machinery or equipment designed to be installed upon a roof

shall be permitted if approved by the ACC, as appropriate.

Section 13. Subdivision of Lot. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the ACC. The Declarant, however, hereby expressly reserves the right to make changes to the plat of any Lot or Lots. Any such division, boundary line change, or plat changes shall not be in violation of the applicable subdivision and zoning regulations.

Section 14. Tents, Trailers and Temporary Structures. Except for tents, trailers or temporary structures used by the Declarant in the marketing or leasing of Lots, no tent, trailer, or temporary structure of any kind shall be placed upon a Lot or any part of the Properties without the express written consent of the ACC, as appropriate, except that temporary tents, trailers or structures shall be permitted during initial construction on a Lot provided they are not used for residential purposes and are removed as soon as practicable after completion of construction.

Section 15. Air-Conditioning Units. Except as may be permitted by the ACC, as appropriate, no window air conditioning units may be installed.

Section 16. Lakes. No lake, pond or other body of water may be constructed, allowed or maintained in the Properties without the prior written consent of the ACC.

Section 17. Other Prohibited Uses. All uses must be consistent with the zoning for the Properties.

Section 18. Guns. The use of firearms within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size.

Section 19. Irrigation. All sprinkler and irrigation systems shall be subject to approval in accordance with Article VIII of this Declaration. Private irrigation wells are prohibited on the Properties.

Section 20. 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 Owner or Occupant may obstruct or rechannel the drainage flows or alter location and installation of drainage swales, storm sewers, or storm drains without written permission of the Declarant. Declarant and the Association hereby reserve a perpetual easement across the Properties for the purpose of altering drainage and water flow. Septic systems are prohibited on the Properties.

Section 21. Lighting. All exterior lights must be approved as provided in Article VIII.

Article X

Easements and Property Rights

Section 1. Easements for Encroachment. There shall be reciprocal appurtenant easements for encroachment as between each Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than seven and one-half (7.5) feet, as measured from any point on the common boundary between each Lot and the adjacent portion of the Common Area or as between adjacent Lots, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment

exist if such encroachment occurred due to willful conduct on the part of an Owner, Occupant, or the Association.

Section 2. Easements for Use and Enjoyment of Common Area. Every Member shall have a right and nonexclusive easement of ingress and egress, use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to his property, subject to the following provisions:

(a) the right of the Board to charge reasonable fees for the use of any portion of the Common Area or any sign placed in the Common Area;

(b) the right of the Board to suspend the voting rights of an Owner and the right of an Owner and Occupant to use the Common Area for any period during which any assessment which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, Bylaws, use restrictions, rules and regulations or design guidelines;

(c) the right of the Board, upon the affirmative vote of a Majority of the total Association vote entitled to vote thereon, to borrow money for the purpose of improving the Common Area, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon,

(d) the right of the Board to dedicate or convey all or any portion of the Common Area subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by Voting Representatives representing at least a Majority of the Association vote present at a meeting duly called for such purpose (or, if a meeting is not called, upon the affirmative vote of Voting Representatives representing at least a Majority of the votes cast in a referendum on the issue); and

An Owner's right of use and enjoyment in and to the Common Area and facilities located thereon shall extend to the Owner's employees, Occupants, and guests. An Owner shall be deemed to have made a delegation of all such rights to the Occupants of such Owner's Lot, if the Lot is leased.

Section 3. Easements for Utilities, Etc. There is hereby reserved to the Declarant, the Association, and the designees of each (which may include, without limitation, any governmental or quasi-governmental entity and any utility company):

(a) a non-exclusive easement upon, across, over, and under all of the Properties (but not through a structure whether now or hereafter existing), for ingress, egress, installation, monitoring, replacing, repairing, and maintaining cable television systems, master television antenna systems or other devices for sending or receiving data and/or other electronic signals; security and similar systems; walkways; drainage systems; street lights; signage; and all utilities, including, but not limited to, water, sewer, telephone, gas, and electric lines and meters; for the purpose of altering drainage and water flow across the Properties; and otherwise as may be necessary, in the sole discretion of the Declarant or the Association, for the performance of the Association's maintenance responsibilities under this Declaration; and

(b) the non-exclusive right and power to grant such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property described on Exhibit "A".

The Owner of any property to be burdened by any easement granted pursuant to this Section shall be given written notice in advance of the grant. The location of any easement

granted pursuant to this section shall be consistent with the existing or anticipated development of the property affected by the easement and subject to the written approval of the Owner of the property burdened by that easement, which approval shall not be unreasonably withheld, delayed or conditioned. Upon the grant of any easement pursuant to this Section, the grantee shall (a) cause all work associated with that easement to be performed with the least possible interference to the use and enjoyment of the property burdened by that easement; and (b) upon completion of all work associated with that easement, cause the property burdened by that easement to be restored, to the extent reasonably possible, to its condition prior to the commencement of the work.

Notwithstanding anything to the contrary contained in this section, no above ground sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties except (a) as may be approved by the Declarant, as long as it has the unilateral right to subject additional property to this Declaration, or by the Board after the expiration of such rights; or (b) as may be constructed as a part of the original development and/or parcel sold by the Declarant; or (C) as may be permitted by the terms of any easement affecting the Properties and recorded prior to the recording of this Declaration.

The easements provided for in this section shall in no way adversely affect any other recorded easement on the Properties.

Section 4. Easement for Maintenance. Declarant hereby expressly reserves a perpetual easement for the benefit of the Declarant and the Association, over and upon the Properties, except for structures, to the extent reasonably necessary, for the maintenance required under Article III, hereof. This easement shall include the rights of ingress and egress for the purposes of installation, construction, landscaping and maintenance of entry features, street signs, street lights, set back areas, drainage retention facilities, irrigation systems which serve more than one (1) Lot and landscaped areas adjacent to rights-of-way for the Properties. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around all entry features and adjacent to rights-of-way and the right to grade the land under and around and adjacent to entry features, drainage retention facilities and adjacent to rights-of-way.

The easements across the portions of the Properties which are within Lots shall be exercised so as to interfere as little as reasonably possible with the possession, use and enjoyment of the Owner or Occupant of any Lot and shall be preceded by reasonable notice whenever the circumstances permit.

Section 5. Easements for Stormwater Drainage and Retention. Each portion of the Properties is hereby subjected to a non-exclusive easement appurtenant to and for the benefit of each other portion of the Properties and any other property now or hereafter designated by Declarant for the purpose of stormwater drainage and runoff in accordance with the master drainage plan established by Declarant for the Properties, which easement shall include, but shall not be limited to, the right to tie in to existing stormwater drainage facilities and to divert stormwater runoff from each Lot into such stormwater drainage facilities at such points and in such manner as approved by the Declarant, and for the flow of stormwater runoff over the Properties to such points and from such points through the stormwater drainage facilities into wetlands, ponds, or other retention facilities within or outside the Properties. The foregoing easements shall be subject to any and all restrictions regarding quantity, rate and quality of discharge which the Declarant may hereafter impose or which may be imposed on the Properties, the Declarant or any Owner by any governmental entity having jurisdiction.

Furthermore, Hilltop Lot Owners' Association, Inc. specifically agrees to accept the "Maintenance Agreement For Hilltop Medical Development Regional Stormwater Detention Ponds" attached as Exhibit D, and to carry out all responsibilities as described therein.

Section 6. Easement of Pedestrian Walkways and Trails. The Declarant hereby reserves for the Association an easement for pedestrian pathways and jogging trails within the 25 foot maintenance easement described in section 4 of this Article. Such pathways and trails shall be available for use by all Lot Owners and Occupants.

Section 7. Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, and to inspect for the purpose of ensuring compliance with this Declaration, the Bylaws, and the Association rules. This right may be exercised by any member of the Board, any officer, manager, agent or employee of the Association acting with the permission of the Board, and all police, fire and similar emergency personnel in the performance of their duties. This right of entry shall include the right of the Association to enter upon a Lot to perform maintenance or cure any condition which may increase the possibility of a fire or other hazard, in the event that the Owner fails or refuses to perform such maintenance or cure such condition within a reasonable time after request by the Board. Except in an emergency situation to avoid an imminent threat of personal injury or property damage, entry into any portion of a Lot not generally open to the public shall only be authorized during reasonable hours and after receipt of the Owner's or occupant's consent.

Section 8. Landscape Easements. There are hereby reserved to Declarant (so long as the Declarant owns any property described on Exhibit "A" of this Declaration), the Association and the designees of each, non-exclusive easements for access, installation, pruning and other maintenance, removal and replacement of trees and landscaping; access, use, operation, maintenance, repair, and installation of signs, lighting, irrigation, and sidewalks over those portions of the Properties lying adjacent to private or public road rights-of-way and the "15' Common Open Space Easement" on recorded plats of the Properties executed by or attached to instruments executed by Declarant and recorded in the Clerk's Office or so designated in instruments executed by Declarant and recorded in the Clerk's Office. Such easement shall include the right to disturb existing landscaping within the easement area, to dig holes and to temporarily pile dirt and plant material upon the easement area, provided the area is restored to a neat and attractive condition, to the extent practical, as soon as reasonably possible after completion of the activities authorized hereunder. Nothing herein shall obligate the Declarant or the Association to undertake any of the activities which such easement authorizes. Except as may otherwise be provided in any written agreement executed by the Declarant, the Declarant may, but shall not be obligated to, install trees and landscaping within such public rights-of-way and/or the easement area at its option, at such times and in such numbers and locations as it may deem appropriate in its sole discretion.

Article XI

General Provisions

Section 1. Enforcement. Each Owner and every Occupant shall comply strictly with the Bylaws, the rules and regulations, and with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and in the deed to his or her property within the Properties, if any. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws, the rules and regulations, use restrictions, or design guidelines shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board, on behalf of the Association, or, in a proper case, by an aggrieved Owner. Failure by the Board or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate Recorder's Office a notice of violation of the Declaration, Bylaws, rules and regulations, use

restrictions, or design guidelines and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

Section 2. Self-Help. In addition to any other remedies provided for herein, the Board or its duly authorized agent shall have the power to enter upon a Lot or any portion of the Properties to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, the Bylaws, the rules and regulations, the use restrictions, or the design guidelines. Except in the case of emergency situations and towing, the Board shall give the violating Owner ten (10) days written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Properties subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, to terminate the same.

Section 4. Indemnification. To the extent allowed by law, the Association shall indemnify every officer, director, and committee member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 5. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 6. Security. ALL OWNERS, OCCUPANTS, GUESTS, AND INVITEES, AS APPLICABLE, ACKNOWLEDGE THAT THE DECLARANT, THE ASSOCIATION AND ITS BOARD OF DIRECTORS, DO NOT REPRESENT OR WARRANT THAT ANY SAFETY OR SECURITY MEASURES WILL BE IMPLEMENTED, THAT ANY SAFETY OR SECURITY MEASURES IMPLEMENTED MAY NOT BE COMPROMISED OR CIRCUMVENTED OR THAT ANY SUCH SAFETY OR SECURITY MEASURES WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THEY ARE DESIGNED. EACH OWNER, OCCUPANT, GUEST, OR INVITEE, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE DECLARANT, THE ASSOCIATION, AND THE BOARD OF DIRECTORS ARE NOT IN

ANY WAY TO BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES AND THAT EACH OWNER, OCCUPANT, GUEST, AND INVITEE ASSUMES ALL RISKS OF PERSONAL INJURY AND PROPERTY DAMAGE AND FURTHER ACKNOWLEDGES THAT DECLARANT, THE ASSOCIATION, AND THE BOARD OF DIRECTORS HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS ANY OWNER, OCCUPANT, GUEST, OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE RELATIVE TO ANY SAFETY OR SECURITY MEASURES IMPLEMENTED OR APPROVED.

Section 7. Views from Properties. Each Owner, Occupant, guest, and invitee acknowledges that neither the Association, the Board of Directors, nor the Declarant, shall in any way be considered insurers or guarantors of views from within the Properties and neither the Association, the Board of Directors, nor the Declarant shall be held liable for the obstruction of any view caused by the Association, the Declarant, any Owner, or any other Person. Each Owner, Occupant, guest, and invitee acknowledges that neither the Association, the Board of Directors, nor the Declarant have made any representations or warranties, nor has any Owner, Occupant, guest, or invitee relied upon any representations or warranties, express or implied, regarding the continued existence of any view from within the Properties.

Section 8. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by the affirmative vote of Voting Representatives holding seventy-five (75%) percent of the total Association. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article VII hereof, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Declarant or is approved by the percentage vote, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Article XII Declarant's Rights

Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Lots shall continue, it shall be expressly permissible for Declarant, its designee(s) and any builder approved by Declarant, to maintain and to carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Lots, including, but not limited to, business offices, signs, and sales offices, and the Declarant, and any builder approved by Declarant, shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Lots as sales offices.

So long as Declarant continues to have rights under this Declaration, no person or entity shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently

approved by recorded consent signed by the Declarant.

This Article may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Article shall terminate upon the earlier of (a) thirty (30) years from the date this Declaration is recorded or (b) upon recording by Declarant of a written statement terminating the rights of the Declarant hereunder.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this sixth day of August, 2003.

HILLTOP MEDICAL DEVELOPMENT, LLC, a
Virginia limited liability corporation

BY: William Ellenbogen

Name: William Ellenbogen

Title: President

STATE OF VIRGINIA /COUNTY OF Montgomery, to-wit:

I Aaren A. Putnam a notary public in and for the State and County

aforesaid, do certify that William Ellenbogen whose name is signed to the writing above,
bearing date on the 6th day of August, 2003 has acknowledged the same before me
in my County aforesaid.

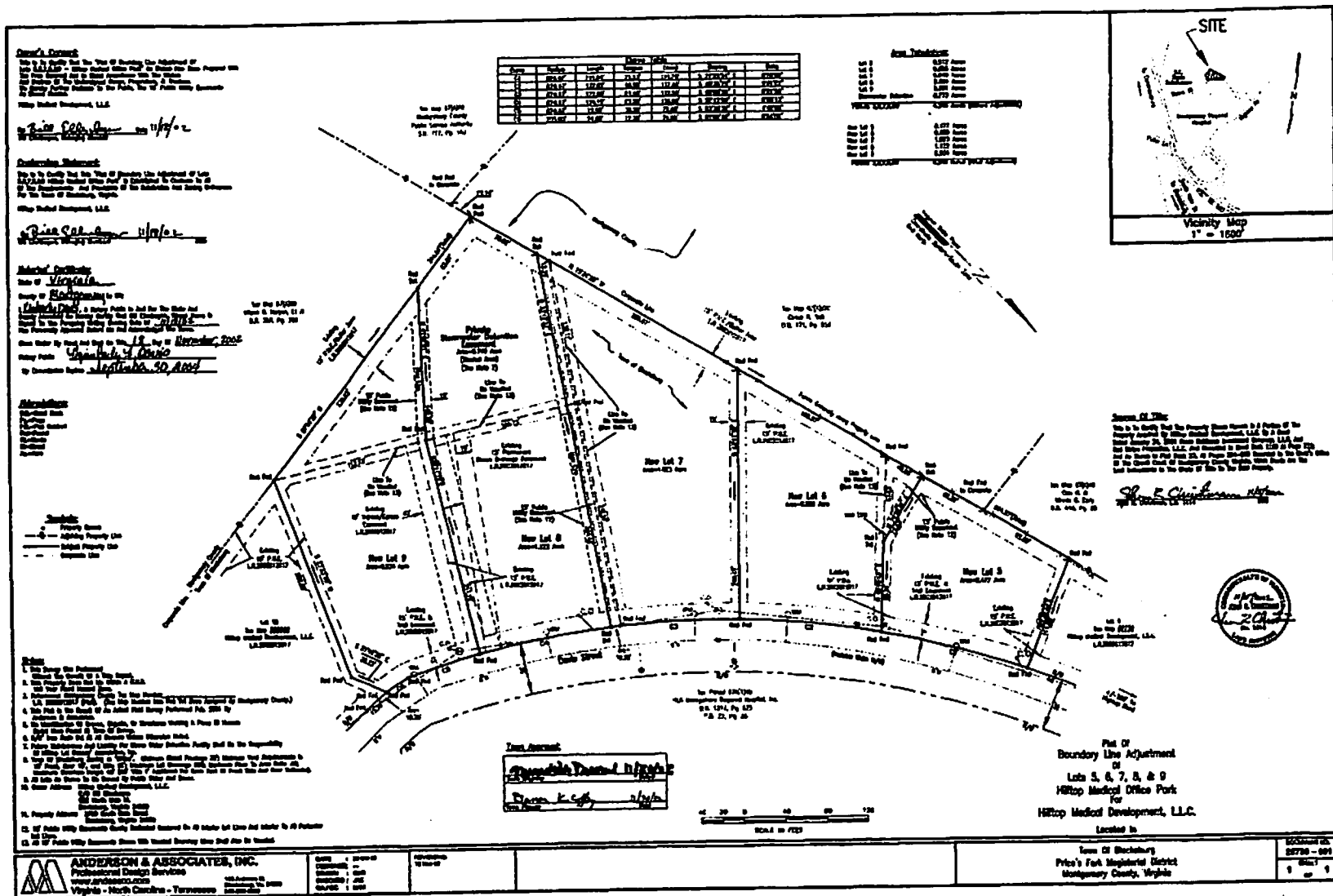
Given under my hand this 6th day of August, 2003.

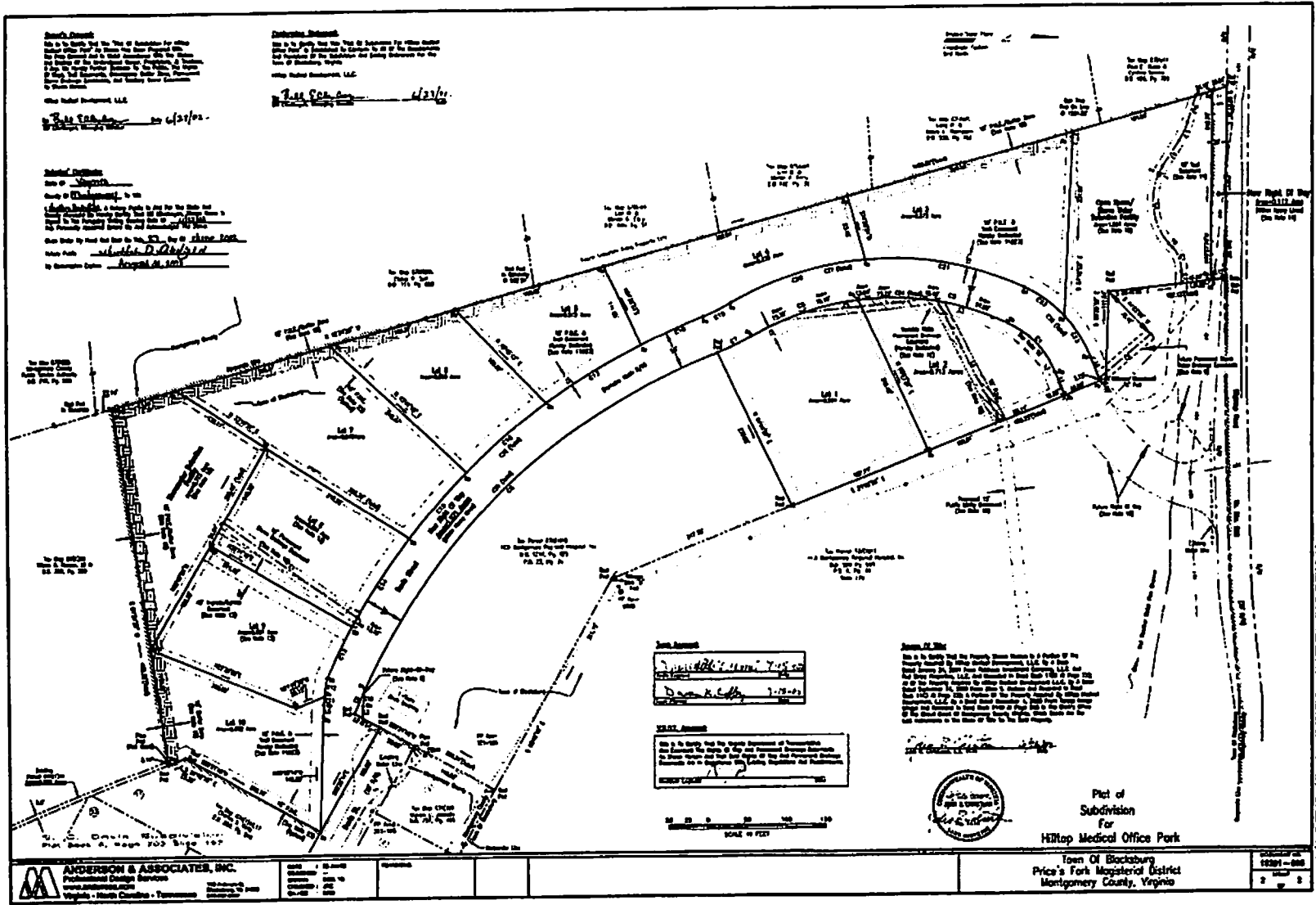
My Commission expires: _____

Aaren A. Putnam
Notary Public

My Commission Expires Sept. 30, 2003

**EXHIBIT A
LAND INITIALLY
SUMMITTED**





**EXHIBIT B
ASSESSMENT OBLIGATIONS
&
VOTING RIGHTS**

Exhibit B
Assessment Obligations and Voting Rights

I. ASSESSMENTS

Assessments are computed as follows. Each Lot in the Properties, whether or not shown upon a recorded plat, shall be assigned one (1) point for each one thousand (1,000) square feet (rounded to the nearest one thousand (1,000) square feet) of land within the boundaries of that Lot ("land points"). Each Improved Lot, whether or not shown upon a recorded plat, shall also be assigned three (3) points for each one thousand (1,000) square feet (rounded to the nearest one thousand (1,000) square feet) of gross floor area (including everything within the outer perimeter shell of the building or buildings thereon) in a structure which is part of the Lot ("building points").

Total land points and building points shall be added together for all property subject to a particular assessment. The percentage of the total assessment to be levied on a particular Lot shall be computed by dividing the total points assigned to that Lot (including land points and building points) by the total points for all Lots subject to the assessment. For example, a forty thousand (40,000) square foot unimproved Lot shall have forty (40) points. The same Lot improved with an office building containing five thousand (5,000) square feet of gross floor area shall have fifty-five (55) points. The point totals for all the Lots subject to the particular assessment and the percentage of the total assessment for each Lot shall be computed annually as of the last day of the fiscal year for each type of assessment by the Board of Directors of the Association, and notice of the percentages for all Lots (including a summary of the computations) shall be sent to all Owners together with the notice of any assessment. The points to be allocated to a Lot each year shall be adjusted annually where a certificate of occupancy has been issued for such Lot or any portion thereof at least sixty (60) days prior to the last day of the fiscal year of the Association. Only those certificates of occupancy issued prior to the cutoff date shall be reflected in the points allocation for the succeeding year.

When a Lot comes into existence or becomes an Improved Lot, the assessment for such Lot shall be computed using the above formula; provided, however, the amount of the assessment for a Lot that has come into existence or the amount of assessment increase for a Lot that has become an Improved Lot during a fiscal year shall be adjusted pro rata based upon the number of days remaining in that fiscal year. The foregoing shall not be construed to require the proration of assessments for the initial fiscal year of the Association as to Lots and Improved Lots in existence at the time that assessments initially commence as provided in this Declaration. When a Lot comes into existence or becomes an Improved Lot, assessments for other Lots shall not be recomputed until the next annual budget is prepared.

II. VOTES

Each Owner shall be entitled to one (1) vote for each land point and to one (1) vote for each building point assigned under Paragraph I, above.

EACH OWNER'S ASSESSMENT OBLIGATION AND VOTING RIGHT IS WEIGHTED AS PROVIDED ABOVE AND THIS DECLARATION SHALL NOT BE CONSTRUED AS CREATING AN EQUAL ASSESSMENT OBLIGATION OR VOTING RIGHT FOR EACH OWNER.

EXHIBIT "C"
BYLAWS
OF HILLTOP LOT OWNERS
ASSOCIATION, INC.

Exhibit C
Bylaws of
Hilltop Lot Owners' Association, Inc.

Article I
Name, Principal Office, and Definitions

Section 1. Name. The name of the Association shall be Hilltop Lot Owners' Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the State of Virginia shall be located in the County of Montgomery.

Section 3. Definitions. The words used in these Bylaws shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Hilltop Medical Office Development (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

Article II
Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur at least ninety (90) but not more than one hundred twenty (120) days before the close of the Association's fiscal year on a date and at a time set by the Board.

Section 4. Special Meetings. The president may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Voting Representatives representing at least ten (10%) percent of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof, and, if such meeting is called as a result of a direction to do so signed by Voting Representatives representing at least ten (10%) percent of the total votes of the Association, the notice shall be delivered not less than thirty (30) nor more than sixty (60) days before the date of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Except as provided herein, written or printed notice stating the place, day, and hour of any meeting shall be delivered, by mail, to each Voting Representative entitled to vote at such meeting, not less than ten (10) nor more than sixty (60)

days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. Notices may also be delivered personally if notice is given not less than twenty (20) or more than sixty (60) days before the meeting.

In the case of a special meeting or when required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the Loted States mail addressed to the Voting Representative at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of any meeting of the Association shall be deemed the equivalent of proper notice. Any Voting Representative may, in a signed writing delivered to the Secretary of the Association, waive notice of any meeting, either before or after such meeting. Attendance at a meeting by a Voting Representative shall be deemed waiver by such Voting Representative of notice of the time, date, and place thereof, unless such Voting Representative specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Voting Representatives who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Representatives in the manner prescribed for regular meetings.

The Voting Representatives present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Representatives to leave less than a quorum, provided that Voting Representatives representing at least twenty-five (25%) percent of the total votes of the Association remains present, and provided further that any action taken shall be approved by at least a majority of the Voting Representatives required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. Voting Representatives may vote in person or by proxy. Every proxy shall be in writing specifying the Lot for which it is given, signed by the Member or its duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of any Lot for which it was given, upon receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, or 90 days from the date of the proxy, unless a shorter period is specified in the proxy.

Section 10. Majority. As used in these Bylaws, the term "majority" shall mean more than fifty (50%) percent of the total number of persons or things of which a majority is required.

Section 11. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of Voting Representatives representing one-half (1/2) of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Association, or any action which may be taken at a meeting of the Association, may only be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Voting Representatives entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Voting Representatives. Except as provided herein, no form of written ballot shall be allowed to authorize action required to be taken at a meeting or which may be taken at a meeting of the Association.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except as provided in Section 2 of this Article, the Directors shall be Members or, in the case of a corporate owner or partnership, such individual designated by the Owner to exercise its privileges of membership as provided in Article II, Section 1 of the Declaration.

Section 2. Directors During Class "B" Control Period. The Directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

- (a) when eight of the ten lots described on Exhibit "A" of the Declaration have been conveyed to Persons other than the Declarant;
- (b) December 31, 2022; or
- (c) when, in its discretion, the Class "B" Member so determines.

Within one hundred twenty (120) days thereafter, the Class "B" Member shall cause the Board to call a meeting, as provided in Article II, Section 4, of these Bylaws for special meetings, to advise the membership of termination of the Class "B" Control Period.

Section 3. Veto. This Section 3 may not be amended without the express, written consent of the Class "B" Member as long as the Class "B" membership exists.

So long as the Class "B" membership exists, the Class "B" Member shall have a veto power over all actions of the Board and the Architectural Control Committee(ACC), as is more fully provided in this Section. This veto power shall be exercisable only by the Class "B"

Member, its successors, and assigns who specifically take this power in a recorded instrument. The veto shall be as follows:

No action authorized by the Board of Directors or ACC Committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class "B" Member shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or Modifications Committee by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Sections 9, 10, and 11, of these Bylaws as to regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board, any committee thereof, or the Association. The Class "B" Member and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee or the Board. The Class "B" Member shall have and is hereby granted a veto power over any such action, policy, or program authorized by any committee or the Board of Directors and to be taken by such committee or Board or the Association or any individual member of the Association if Board, committee, or Association approval is necessary for such action. This veto may be exercised by the Class "B" Member, its representatives, or agents, at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. Any veto power shall not extend to the requiring of any action or counteraction on behalf of any Committee, or the Board or the Association.

Section 4. Number of Directors. The number of Directors in the Association shall be no less than three (3) and no greater than five (5), as set forth below. The initial Board shall consist of three (3) members, however, the total number of Directors shall be an odd number.

Section 5. Nomination of Directors. Except with respect to Directors selected by the Class "B" Member, nominations for election to the Board of Directors may be made by any member of the Board of Directors. All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Representatives and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after the time at least thirty (30%) percent of the total acreage described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon, or whenever the Class "B" Member earlier determines, the number of Directors shall be increased to three (3) and the Association shall call a special meeting at which Voting Representatives other than the Class "B" Member shall elect one (1) of the three (3) Directors, who shall be an at-large director. The remaining two (2) Directors shall be appointees of the Class "B" Member. The Director so elected shall not be subject to removal by the Class "B" Member acting alone and shall be elected for a term of two (2) years or until the first annual meeting after termination of the Class "B" membership, whichever is shorter. If such Directors' terms expire prior to the event described in subparagraph (C) below, successors shall be elected for like terms. If the number of the members of the Board of Directors increases after Voting Representatives elect any of the Directors, the Class "B" Member shall have the right to appoint the directors for the positions created by the increase.

(b) Within thirty (30) days after the time at least sixty (60%) percent of the total acreage described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon, or whenever the Class "B" Member earlier determines, the number of Directors shall be increased to five (5) and the Association shall call a special meeting at which Voting Representatives representing the Class "A" Members shall elect two (2) of the five (5) directors, who shall serve as at-large directors. The remaining three (3) directors shall be appointees of the Class "B" Member. The directors elected by the Voting Representatives shall not be subject to removal by the Class "B" Member acting alone and shall be elected for a term of two (2) years or until the first annual meeting after termination of the Class "B" membership, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subparagraph (c) below, successors shall be elected for a like term.

(c) At the first annual meeting of the membership after the termination of the Class "B" membership and at each annual meeting of the membership thereafter, all Directors shall be elected by the Voting Representatives. Separate slates shall be proposed for candidates specifying those representing each General Land Use Classification and only those Voting Representatives within a General Land Use Classification shall vote on the representative for that General Land Use Classification. A separate slate shall also be proposed specifying those candidates running for the at-large Director(s) on the Board and all Voting Representatives shall vote for the at-large Director(s) on the Board.

The terms of the initially elected Directors shall be two (2) years. At the expiration of the term of office of each of the initially elected Director, a successor shall be elected to serve for a term of two (2) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected.

Section 7. Removal of Directors and Vacancies. Any director elected by the Voting Representatives may be removed, with or without cause, by a vote of a majority of the Voting Representatives present at a meeting called for that purpose. Any director whose removal is sought will be given notice prior to any meeting called for that purpose. A Director who was elected solely by the votes of Voting Representatives other than the Class "B" member may be removed from office prior to the expiration of his or her term by the votes of a majority of Voting Representatives other than the Declarant. Upon removal of a Director, a successor shall be elected to fill the vacancy.

Any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment for more than thirty (30) days may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board. In the event of the death, disability, or resignation of a Director, a vacancy may be declared by the Board and it may appoint a successor. Any Director appointed by the Board shall serve for the remainder of the term such successor was appointed to fill.

Section 8. Voting Procedure for Directors. The Voting Representatives may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Directors shall be elected as provided in Section 6 above. The persons receiving the largest number of votes shall be elected.

B. Meetings.

Section 9. Organization Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by a majority of Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; (d) by telegram, charges prepaid; or (e) by facsimile. All such notices shall be given at the Director's telephone number or sent to the Director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a Loted States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least forty-eight (48) hours before the time set for the meeting.

Section 12. Waiver of Notice. The transactions of any meetings of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No Director shall receive any Compensation from the Association for acting as such unless approved by Voting Representatives representing a majority of the total vote of the Association at a regular or special meeting of the Association.

Section 15. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Members of the Board of Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Such participation in a meeting constitutes presence in person at such meeting.

Section 16. Open Meetings. Subject to the provisions of Section 17 of this Article, all meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 17. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these. Bylaws directed to be done and exercised exclusively by the Members.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent or Manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment, provided, unless otherwise determined by the Board of Directors, the annual assessment for each Lot's proportionate share of the Common Expenses shall be payable in semi-annual installments, each such installment to be due and payable in advance on the first day of each six-month period for said six-month-period;

(c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; the reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

- (h) contracting with any person for the performance of various duties and functions;
- (i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the Association or its Members and not chargeable to Owners;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the owners. All books and records shall be kept in accordance with generally accepted accounting practices;
- (m) make available to any prospective purchaser of a Lot, any Owner of a Lot, and any first Mortgagee current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing the Lot, any District, and all other books, records, and financial statements of the Association; and
- (n) permit utility suppliers to use portions of the Common Areas reasonably necessary to the ongoing development or operation of the Properties.

Section 19. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Section 20. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) any financial or other interest which the managing agent or any Member may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board

of Directors;

(f) commencing at the end of the six-month period in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least semi-annually containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a balance sheet as of the last day of the preceding period;

(iv) a delinquency report listing all Owners who are delinquent in paying the semi-annual installments of assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A semi-annual installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of the six-month period unless otherwise determined by the Board of Directors); and

(g) an annual report as of the end of the fiscal year consisting of at least the following shall be distributed to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant.

Section 21. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, or restoration of the Area of Common Responsibility without the approval of the Voting Representatives of the Association for an amount no greater than \$5,000. The Board shall also have the power to borrow money for other purposes; provided, however, the Board shall obtain Voting Representative approval in the same manner provided in Article IX, Section 3, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year.

Section 22. Rights of the Association. With respect to the Common Areas or other Association responsibilities, and in accordance with the Articles of Incorporation and Bylaws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions.

Section 23. Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or to use the Common Areas for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Lot. In the event that any occupant of a Lot violates the Declaration, Bylaws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) **Notice.** Prior to imposition of any sanction hereunder, the Board or its delegate shall

serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction further violations of the same or other provisions and rules by any Person.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations, as provided below) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV

Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, although all offices do not need to be filled. The offices of President and Secretary must be filled. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Voting Representatives, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and

may delegate all or part of the preparation and notification duties to a finance committee.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the president, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least one (1) officer or by the President or Treasurer or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V **Miscellaneous**

Section 1. Fiscal Year. The initial fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Virginia law, the Articles of Incorporation, the Declaration, or these Bylaws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Virginia law, the Articles of Incorporation, the Declaration, and these Bylaws, then the provisions of Virginia law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 4. Books and Records.

(a) **Inspection by Members and Mortgagees.** The Declaration and Bylaws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) **Rules for Inspection.** The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) **Inspection by Directors.** Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be

deemed to have been duly given if delivered personally or if sent by U.S. Mail, first class postage prepaid:

(a) if to a Member or Voting Representative, at the address which the Member or Voting Representative has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by the notice in writing to the Members pursuant to this Section.

Section 6. Amendment. The Declarant may unilaterally amend these Bylaws so long as long as the amendment has no material adverse effect upon any the right of any Member. Otherwise, these Bylaws may be amended only by the affirmative vote or written consent or any combination thereof of Voting Representatives representing seventy-five (75%) percent of the total votes of the Association, including seventy-five (75%) percent of votes other than votes of the Declarant. However, 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. Any amendment must be recorded in the Clerk's Office.

EXHIBIT D
MAINTENANCE AGREEMENT
FOR HILLTOP MEDICAL
DEVELOPMENT REGIONAL
STORMWATER DETENTION PONDS