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DECLARATION OF COVENANTS, EASEMENTS,
CONDITIONS AND RESTRICTIONS
OF THE RETREAT SUBDIVISION
JAMES CITY COUNTY

THIS DECLARATION OF COVENANTS, EASEMENTS, CONDITIONS AND RESTRICTIONS (hereinafter "Declaration"), made this 29th day of December, 1999 by LHIW-3, LLC, a Virginia limited liability company, having an address c/o Property Investments, Suite 213, 9811 Mallard Drive, Laurel, Maryland 20708-3143, (hereinafter "Declarant").

RECITALS

There has been duly approved under the ordinances of James City County, a Subdivision known as "The Retreat" as shown on the subdivision plat entitled "SUBDIVISION PLAT OF THE RETREAT, PHASE ONE, SECTION ONE FOR LHIW-3, LLC, STONEHOUSE DISTRICT, JAMES CITY COUNTY, VIRGINIA" dated May 17, 1999, made by Rickmond Engineering, Inc., and recorded in Plat Book 74, at pages 44 through 46 inclusive, in the Clerk's Office of the Circuit Court for the County of James City, Virginia, all of said property as shown on the subdivision plat herein referred to collectively as "Subdivision."

The foregoing section of the Subdivision designated "SUBDIVISION PLAT OF THE RETREAT, PHASE ONE, SECTION ONE FOR LHIW-3, LLC, STONEHOUSE DISTRICT, JAMES CITY COUNTY", dated May 17, 1999, as aforementioned, is composed of eight single family lots and a certain Common Area provided for herein. The entire property owned by the Declarant consists of approximately 237.40 acres, and it is contemplated that approximately Seventy Five (75) single family lots shall be accommodated, through future subdivision sections and phases developed contiguous to the existing subdivision sections and phases, and that all subdivision sections and phases as proposed by the Declarant, and approved under the ordinances

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of James City County, shall be part of the Subdivision and annexed to it and under this Declaration of Covenants, Easements, Conditions and Restrictions. The Common Areas shall be for the equal benefit of all lot owners in the Subdivision and the necessary costs for maintenance and upkeep shall be borne equally by all lot owners in the Subdivision through the Association. For the purposes herein stated, "Subdivision" shall include not only Phase One, Section One as herein above approved, but all future Phases and Sections of the Subdivision to be known as The Retreat.

Declarant of the Subdivision is dedicated to the creation of a residential community of the highest environmental quality, a community which blends harmoniously with nature. This requires a compatibility of architecture, landscaping and planting, which can be achieved only through careful control. Fair, consistent and reasonable control of architectural design, landscaping and siting of single family detached homes is appropriate, necessary and valuable in a quality community.

NOW THEREFORE, Declarant, as owner of all of the property in the Subdivision, hereby declares that all of the property as shown on Exhibit "A" attached hereto and made a part hereof, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Section 1. "Act" means the Virginia Property Owner's Association Act, the statute which is codified in Va. Code Ann. §§55-508 et seq., as amended from time to time.

Section 2. "Association" shall mean and refer to The Retreat Homeowners' Association, Inc., a non-stock corporation, incorporated in the Commonwealth of Virginia, its successors and assigns.

Section 3. "Common Areas" shall mean all portions of the Property (including all rights of use and all improvements thereon) owned by the Association or owned by the Declarant for future

conveyance to the Association and real property or other facilities in which the Association acquires a right of use for the benefit of it and its members. Each Owner shall have a right and easement of enjoyment to the Common Area, said right and easement being appurtenant to title to the Lot.

Section 4. "Declarant" shall mean LHIW-3, LLC, a Virginia limited liability company, and/or its successors and those assigns which are expressly granted the rights of the Declarant by a written instrument recorded in the Clerk's Office for the Circuit Court for the County of James City, Virginia.

Section 5. "Declaration" shall mean and refer to the covenants, conditions and restrictions and all other provisions herein set forth in this entire document, as same may from time to time be amended.

Section 6. "Developer" shall mean a builder, contractor, investor, or other person or entity, other than the Declarant, who purchases a vacant Lot for the purpose of resale or for the purpose of constructing improvements thereon for resale to a public purchaser.

Section 7. "Dwelling" means a "dwelling" as that term is defined by the provisions of the applicable zoning ordinances.

Section 8. "Governing Documents" shall mean and refer to the Articles of Incorporation of the Association, this Declaration, any Supplementary Declarations, and the Association Bylaws, all as initially drawn by Declarant and filed and recorded as the case may be, and all as may be duly amended from time to time.

Section 9. "Institutional Lender" shall mean and refer to one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds, or business trusts including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such a lender, or any private or governmental institution which has insured, or guaranteed a loan of such a lender, or a combination of any of the foregoing entities.

Section 10. "Landscape Maintenance Easement Areas" is defined in Section 1 of Article IX of The Retreat Declaration of Covenants, Easements, Conditions and Restrictions.

Section 11. "Lot" shall mean and refer to a numbered lot on any Subdivision Plat, including

improvements thereon, excluding all Common Areas.

Section 12. "Member" shall mean anyone who is entitled to membership in the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot which is subject to assessment by the Association.

Section 13. "The Membership" means all of the Members.

Section 14. "Mortgage" means any mortgage or deed of trust encumbering any Lot or any or all of the Common Areas, and any other security interest existing by virtue of any other security instrument which has been recorded in the Clerk's Office of the Circuit Court for the County of James City, Virginia.

Section 15. "Mortgagee" means the person secured by a Mortgage.

Section 16. "Owner" is the record owner of the fee simple title to any Lot which is part of the Properties, other than the Declarant for as long as Class B membership exists, to include contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 17. "Person" means any natural person, trustee, corporation, partnership or other legal entity.

Section 18. "Property" or "Properties" means that parcel of land described in Exhibit "A" attached hereto and made a part hereof and such other real properties as may hereafter be added thereto pursuant to the provisions of Article II of The Retreat Declaration of Covenants, Easements, Conditions and Restrictions.

Section 19. "Reserved Area" means any roadway or other area designated as such or as Residual Parcel on any Subdivision Plat.

Section 20. "Rules and Regulations" means the rules and regulations adopted by the Board of Directors or the Architectural Committee pursuant to the provisions of Article XI of The Retreat Declaration of Covenants, Easements, Conditions and Restrictions.

Section 21. "Shared Driveway Easement Areas" are set forth on the Subdivision Plat and described in Section 6 of Article X of The Retreat Declaration of Covenant, Easements, Conditions and Restrictions.

Section 22. "Stormwater Management Easement Area" and "Stormwater Management

Access Easement Area" mean those areas shown on the Subdivision Plat or shown on any recorded easement plats, or any other instrument of record.

Section 23. "Structure" means an improvement regulated by the County as well as:

(a) Any thing or device which might affect the physical appearance of the Lot (including, by way of example rather than of limitation, any building, shed, covered patio, driveway, fountain, pool, paving, curbing, landscaping, antenna or receiving dish, clothes line, deck, skylight, fence or wall, screen doors, awnings, sign or signboard); and (b) any excavation or fill, the volume of which exceeds ten (10) cubic yards; and (c) any excavation, fill, ditch, diversion dam or other thing or device which affects the natural or artificial flow of surface waters upon or across any part the Subdivision.

Section 24. "Subdivision Plat" means all or part of any plats of the Subdivision which have been or will be subjected to this Declaration, and any amendments thereto which are recorded or will in the future be recorded in the Clerk's Office of the Circuit Court for the County of James City, Virginia, in connection with an expansion of the Property. As of the date hereof, "Subdivision Plat" includes the plat prepared by Rickmond Engineering, Inc. dated May 17, 1999 and recorded in the Clerk's Office of the Circuit Court for the County of James City, Virginia, in Plat Book 74, at Pages 44-46, that has been subjected to this Declaration.

Section 25. "Supplementary Declaration" shall mean and refer to any declaration of covenants, conditions and restrictions which may be recorded by Declarant, which extends the provisions of this Declaration to any portion of the Additional Land.

Section 26. "Use" has the meaning it is given in the zoning ordinance of the Code of James City County, as it exists of the date hereof, and as it may be amended or supplemented from time to time. "Use" includes any purpose for which any Structure or land is used or occupied and any activity, occupation, business or operation carried on in a Structure or on any land.

ARTICLE II

THE PROPERTIES AND ADDITIONS THERETO

Section 1. The Properties. The Properties shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, which is for the purpose of protecting the value and desirability of, and which shall run with, the Properties. The Declaration shall be binding on all parties having any

right, title and/or interest in the Properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

Section 2. Additions to the Properties. Declarant shall have the right, but not the obligation, and without the consent or joinder of any other Owner or any Member, Developer, Institutional Lender or Mortgagee, to bring within the scheme of this Declaration additional properties, in whole or in part, lying within the boundaries of that parcel owned by Declarant and more particularly described on Exhibit "B" attached hereto, (the "Additional Land"). Additional properties may become subject to this Declaration by complying with the requirements of the Zoning Ordinance and by filing of record one (1) or more Supplementary Declarations of covenants and restrictions with respect to the additional property, or any part thereof, which shall extend the scheme of this Declaration to such property. Such other additional properties may include additional Common Areas as defined herein.

ARTICLE III

PROPERTY RIGHTS

Section 1. Property Rights in and to Common Areas.

(a) The Declarant shall convey to the Association (i) the legal title to all of the Common Areas initially contained within the Property by no later than the date on which the Declarant or any Developer conveys to any person (other than the Declarant or a Developer) the legal title to any Lot, and (ii) the legal title to all of the Common Areas within any parcel of land hereafter added to the Property by an expansion thereof by not later than the date on which the Declarant or any Developer conveys to any person (other than the Declarant or any Developer) the legal title to any Lot within such expansion parcel.

(b) The title conveyed shall be good and marketable, free and clear of encumbrances, and shall be conveyed in fee simple by a general warranty deed subject only to the operation and effect of:

(i) each prior instrument and matter of record and

(ii) each instrument or matter of the types in Section 2 which is then recorded.

Section 2. Permitted Action by the Association. While the Association holds the legal title to the Common Areas, the Board of Directors may:

(a) convey to all Owners, including the Declarant, other rights with respect to the Common

Areas as are held by LHW-3, LLC under the Declaration;

(b) grant, convey or dedicate to the County, the Commonwealth of Virginia or to any one or more public or quasi-public governmental bodies, utility companies or cable television companies, any and all licenses, easements and/or rights-of-way in, over and through the Common Areas for the construction, operation, maintenance, repair and replacement of any and all sanitary, sedimentary control or storm sewer lines, ponds or pumping stations, water lines, electrical lines, telephone or television lines, gas lines, cable television lines and other similar facilities. Notwithstanding a grant, conveyance or dedication of any such license, easement or right-of-way, the land subject thereto shall remain a part of the Common Areas, and the Association shall continue to maintain such land (except for any improvements thereon owned by others or the Commonwealth of Virginia), in accordance with the provisions of this Declaration or any easement agreement.

(c) grant a Mortgage pursuant to the provisions of this Article;

(d) convey the legal title to, or any interest in, any or all of the Common Areas to, or at the direction of, any governmental or quasi-governmental authority either through the condemnation thereof, or under threat of such condemnation (after which grant, conveyance or dedication, that portion of the Common Areas which is the subject of the same shall not be a part of the Common Areas); or

(e) grant or reserve, by or to the Declarant for the benefit of any parcel of land which may be added to the Property or any portion thereof (whether or not it then or thereafter is part of the Property), an easement in, over and through the Common Areas for the construction, installation, use, operation, maintenance, repair and replacement of any facility or roadway.

Section 3. Maintenance of the Common Areas, Landscape Maintenance Easement Areas and Stormwater Management Easement Areas. The Association shall maintain the Common Areas and any improvements thereon, Landscape Maintenance Easement Areas and Stormwater Management Easement Areas until conveyed to or maintained by a governmental authority. The Association shall also perform the duties required of the "Covenantor" pursuant to the Inspection and Maintenance of Private On-Site Stormwater Management Facility Agreement - Declaration of Covenants with the County from and after the end of the Development Period.

Section 4. Control of the Common Areas. Anything contained in the foregoing provisions

of this Section to the contrary notwithstanding, the Association (a) may borrow money to improve the Common Areas and Landscape Maintenance Easement Areas in accordance with the provisions of this Declaration, and secure its repayment by subjecting any or all of the Common Areas which it owns to the lien of a mortgage or deed of trust; provided that if there is a default under the mortgage or deed of trust the mortgagee's or beneficiary's remedies on account of such default shall be limited to those of (i) taking possession of the property covered thereby, (ii) thereafter charging admission or other fees as a condition to the continued use thereof by the Owners, and (iii) if necessary and if not prohibited by applicable law opening the enjoyment thereof to the general public or any segment thereof until such debt is satisfied; and (b) may adopt reasonable rules and regulations in accordance with Article XI hereof governing the use of the Common Areas by Owners, their family members and guests or any other person.

Section 5. Management. The Association may contract with others to provide management and/or any other services.

Section 6. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws and rules and regulations of the Association, his right of enjoyment to the Common Areas to the members of his household, his guests, his tenants or contract purchasers who reside on the Lot.

ARTICLE IV

INSURANCE AND CASUALTY LOSSES

Section 1. Types of Insurance Maintained by Association. The Board of Directors may, obtain casualty, liability, and other coverages and the premiums shall be an expense of the Association. The Association shall use its discretion with regards to the restoration or repair of losses. The Association has the authority to levy a Special Assessment against all Owners without the vote of the Owners if the sole purpose of said Special Assessment is to repair or restore the Association's property that has been damaged or destroyed by casualty to the extent that said loss is not covered by insurance.

ARTICLE V

THE ASSOCIATION, ITS MEMBERSHIP AND VOTING RIGHTS

Section 1. Organization.

(a) The Association. The Association is a non-profit, non-stock corporation

organized and existing under the laws of the Commonwealth of Virginia charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents, as such may be amended from time to time, provided no other Governing Documents other than this Declaration shall for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

(b) Board of Directors.

i. Number and Term. The affairs of the Association shall be managed by a Board of three (3) Directors. The initial Board shall consist of three (3) directors appointed by Declarant. Directors shall serve staggered three (3) year terms, and to achieve this goal, at the first meeting the Declarant shall appoint one director for a term of one year, one director for a term of two years, and one director for a term of three years. Upon the expiration of the initial terms, all reappointments or elections, as the case may be, shall be for a three year term. Except for those directors appointed by the Declarant, the directors must be Members of the Association.

Notwithstanding anything contained herein to the contrary, as long as Class B membership exists, the Declarant shall appoint and/or remove all directors of the Association. After the termination of the Class B membership, all directors shall be elected by the Members.

ii. Method of Nomination. After the termination of Class B membership, candidates for election shall file a Petition of Candidacy, signed by not less than three (3) Members, with the Board at least three (3) weeks before the Annual Meeting. The Board shall provide all Members with a ballot containing the names of all bona fide candidates with the notice of the Annual Meeting.

iii. Method of Election. After the termination of Class B membership, the Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. Cumulative voting is not permitted. Those persons receiving the largest number of votes shall be elected.

iv. Resignation and Removal. The unexcused absence of a Director from three (3) consecutive regular Meetings of the Board shall be deemed a resignation. Any Director, except those appointed by the Declarant, may be removed from the Board, with or without cause, by a majority vote of the Members of the Association.

v. Vacancies. After the Class B Membership^a ceases, in the event of death, resignation, or removal of an Elected Director, a successor shall be selected by the remaining Elected Directors and shall serve for the unexpired term of his predecessor.

vi. Powers. The Board of Directors shall have all powers for the conduct of the affairs of the Association which are enabled by law, the Declaration, the Association Bylaws, and the Articles of Incorporation which are not specifically reserved to Members or the Declarant.

vii. Duties. Without limiting the generality of its powers, it shall be the duty of the Board to:

- (a) exercise its powers in accordance with the Governing Documents;
- (b) cause to be kept a complete record of all its corporate affairs, make such records available for inspection by any Member, his agent or Institutional Lender who has an interest in the Property and present an annual statement thereof to the Members and, if requested, to any First Mortgagee;
- (c) adopt and follow procedures for adoption and publication of board resolutions, including the provision for hearing and notice to Members for resolution on rules and other matters affecting the rights of Members;
- (d) adopt and publish rules and regulations, including fees, if any, governing the use of the Common Area and facilities and the personal conduct of the Members and their guests thereon;
- (e) establish and review architectural standards for the Property;
- (f) supervise all officers, agents, and employees of the Association, if any, and see that their duties are properly performed;
- (g) designate depositories for Association funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate in its sole discretion;
- (h) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of the annual assessment;
- (i) appoint the Architectural Committee prescribed herein and such other committees the Board deems necessary or helpful;
- (j) hire, contract for and discharge such agents, employees and management agents as

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may be desired to carry out the provisions of the Declaration, the Articles of Incorporation, the Association Bylaws and the resolutions and rules and regulations adopted pursuant thereto; and

(k) exercise their powers and duties in good faith, with a view to the interests of the Association and to that end adopt appropriate guidelines for action on matters where a potential conflict of interest may exist.

Section 2. Membership.

(a) Basis. Membership shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except as provided in the Governing Documents.

(b) Members Rights and Duties. Each Member shall have the rights, duties and obligations set forth in the Governing Documents.

(c) Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all owners except the Class B Member. Class A Members shall be entitled to one (1) vote for each Lot owned.

Class B. The Class B Member shall be Declarant who shall have three (3) votes for each Lot owned.

The Class B membership and the Class B voting rights shall cease upon the earlier of the following events: (i) when the Declarant ceases to own any of the Property or the Additional Land; or (ii) on December 31, 2020, whichever first occurs. Thereafter, the Declarant shall have Class A membership rights for each Lot it may own.

(d) Exercise of Vote. The vote applicable to a Lot, where title to such Lot is held by more than one (1) person, may be exercised by any one (1) of them unless any objection or protest is made by any person who has an ownership interest in such Lot prior to the completion of a vote, in which case the vote applicable to such Lot shall not be counted.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants, and each Owner of a Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association such annual

and special assessments as are established herein and paid in the manner hereinafter provided.

All such assessments, together with interest thereon and costs of collection thereof, (including a reasonable attorneys' fee), as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest thereon and costs of collection thereof (including a reasonable attorneys' fee), shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and shall not pass to his successors in title unless expressly assumed by them. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

Section 2. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or first deed of trust or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.

Section 3. Method of Assessment. All assessments shall be levied by the Association against Lots and collected and disbursed by the Association. The Board of Directors shall fix the amount of the assessments as provided hereinafter and set the dates such assessments shall become due. Annual Assessments and Special Assessments will be collected on an annual basis.

Section 4. Purpose of Assessments. The assessments shall be used exclusively to promote the health, safety and welfare of the Members and in particular to improve, maintain, insure and operate the Common Area and facilities, including funding of appropriate reserves for future repairs and replacement.

Section 5. Maximum Annual Assessment. Until the first day of the fiscal year following commencement of assessments, the maximum annual assessment rate shall be TWO HUNDRED FORTY AND XX/100 (\$240.00) DOLLARS. Nothing herein shall be construed to prohibit the Board of Directors from adopting an annual assessment less than the maximum annual assessment rate set forth herein.

From and after the first day of the fiscal year immediately following the commencement of assessments, the Board of Directors may increase the maximum annual assessment rate each year by an amount deemed necessary by the Board of Directors to provide sufficient funds required to carry out the functions of the Association; such increase shall become effective the first day of the next fiscal year.

Section 6. Special Assessments.

(a) Capital Improvement Assessment. The Association may levy in any assessment year a special assessment, applicable to that year and payable over not more than the next three (3) succeeding years, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including facilities and fixtures and personal property related thereto.

(b) Restoration Assessment. The Association may levy a Restoration Assessment upon any Lot whose Owner fails to maintain such Lot as provided for herein, or who fails to provide such maintenance funds as may be required by the Declaration for such Lot. Restoration Assessments shall be limited to the amount necessary to meet the cost of restoration or deficiency in required funds and the cost of collection thereof.

Section 7. Effect of Nonpayment of Assessments; Remedies of The Association. Any assessment installment not paid within thirty (30) days after the due date shall be delinquent. Thereupon, the Association shall provide notice of such delinquency and may (i) charge interest from the due date at a percentage rate no greater than the statutory maximum, such rate to be set by the Board for each assessment period; (ii) give written notice to the Owner that in the event payment with accrued interest is not paid within thirty (30) days from the date of such notice, then the expressed contractual lien provided for herein shall be foreclosed; (iii) upon written notice to the Owner, suspend the right of such Owner to vote or to use the recreational facilities until the assessment and accrued interest is paid in full, or (iv) exercise any other remedy available to the Association under the Virginia Property Owners' Association Act, as amended.

Section 8. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein: (i) all properties dedicated and accepted by a public authority and devoted to public use; (ii) all Common Areas; (iii) all properties

exempted from taxation by the state or county government upon the terms and to the extent of such legal exemption, provided that no property utilized for residential purposes shall be exempt; (iv) any property used as a sales or leasing center, model, maintenance center or management facility or for similar purposes by Declarant or by any Developer approved by Declarant.

Section 9. Date of Commencement of Annual Assessments. The Annual Assessments provided for herein shall commence as to each Lot or Parcel on the first day of the month following the date of recordation of the first Deed conveying such Lot or Parcel to an Owner other than the Declarant or a Developer. The first Annual Assessment on a Lot or Parcel shall be adjusted according to the number of months remaining in the calendar year. Unless the Board of Directors of the Association amends the Bylaws to provide otherwise, the Annual Assessments shall be paid in annual installments.

ARTICLE VII
ARCHITECTURAL CONTROL

Section 1. Architectural Control.

(a) No land may be cleared or graded and no Structure may be commenced, constructed, erected, placed, maintained or permitted to remain on a Lot, and no Structure existing on a Lot may be altered in any way, including but not limited to exterior painting, and no Use may be commenced on a Lot, unless prior thereto plans and specifications therefor, and a description of any such use (herein referred to collectively as "Plans"), have been submitted to and approved in writing by the Architectural Committee (the "Architectural Committee").

(b) Such Plans shall: (i) designate by reference to the Subdivision Plat the Lot for which such Plans are submitted; (ii) include a plan of each such Lot showing the nature, exterior color scheme, kind, shape, height, materials and location (both with respect to each such Lot and with respect to Structures located on adjoining portions of the Community) of all Structures then existing or proposed by such Plans to be placed thereon, any existing or proposed front, rear and side setbacks from such Structures, and the location of any existing or proposed parking spaces and driveways upon such Lot; (iii) include a plan drawn to one-quarter inch (1/4") scale showing all exterior elevations; the Declarant or the Architectural Committee shall require that a surveyor set, at a minimum, stakes for the building envelope and any detached accessory structures, i.e. garages; and

(iv) be in such form and contain such other information as is required by the Architectural Committee.

Section 2. Architectural Committee. An Architectural Committee shall be established, the members of which shall be selected pursuant to the By-Laws. The purposes of the Architectural Committee shall be to (a) establish reasonable standards for the development of the Lots and the construction and/or installation of Structures upon Lots, (b) to review and approve Plans for the development of the land and the construction and/or installation of Structures upon Lots prior to their installation and /or construction to assure that the Structures comply with the standards promulgated by the Architectural Committee or, if no standards for such Structures have been promulgated, to assure that the Structures constructed and/or installed on a Lot are in conformity with Plans approved by the Architectural Committee.

Section 3. Certain Rules and Regulations, Statements of Policy and Criteria

(a) The Architectural Committee may adopt (i) certain rules and regulations governing the form and content of any Plans to be submitted to the Architectural Committee for its consideration, and (ii) a statement of policy and design criteria with respect to its approval or disapproval of the architectural styles or details, or other matters, reflected in such Plans and (iii) a reasonable fee or charge to be paid to the Architectural Committee and/or its designee for the processing of such Plans and their review, the payment of which shall be a condition of the obligation of the Architectural Committee to process such Plans and (v) procedures for the submission and approval of Plans to the Architectural Committee.

(b) Such rules and regulations and statement of policy may be amended, modified or revoked from time to time by the Architectural Committee in its sole discretion.

(c) The inclusion or omission of any matter in or from, or the amendment of, any of such rules and regulations or statement of policy shall not be deemed to bind the Architectural Committee to approve or disapprove any Plans or to constitute a waiver of the exercise of the Architectural Committee's discretion as to any such matter; provided, that no such amendment or revocation shall affect the finality of any such approval granted before such amendment or revocation.

Section 4. Basis for Disapproval.

(a) The Architectural Committee may disapprove any Plans submitted to it whenever, in its reasonable opinion, any of the following circumstances exist:

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(i) such Plans, or any Structure or Use covered by such Plans, are not in accordance with the provisions of this Declaration, or of the said Rules and Regulations and statements of policy;

(ii) such Plans do not contain information which the Architectural Committee may reasonably require to be contained therein;

(iii) any Structure covered by such Plans is incompatible with any Structure on or Use of any Lot, due to the former's exterior design, height, shape, color scheme, finish, style of architecture, configuration, appearance, materials, location or relative cost;

(iv) any Use covered by such Plans is incompatible with any Structure on or Use of any Lot;

(v) the existence, size, configuration or location of any parking area proposed for such Lot is incompatible with, or insufficient, inadequate or inappropriate in relation to, any existing or proposed Use or Structure on such Lot or elsewhere within the Subdivision; and,

(vi) any other set of circumstances which, in the reasonable judgement of the Architectural Committee, would render any Structure or Use which is the subject of such Plans inharmonious with the general plan of development of the Subdivision.

(b) If the Architectural Committee disapproves any Plans or approves them only upon the satisfaction of any specified condition requiring the modification of such Plans or the taking of any other action, it shall immediately notify the applicant thereof in writing, and shall furnish with such notice a statement of the grounds on which it was based.

(c) If the Architectural Committee approves any Plans without conditioning such approval on the satisfaction of any such conditions, it shall immediately notify the applicant thereof in writing.

(d) Unless the Architectural Committee, by written notice to the applicant, disapproves any Plans submitted to it or approves them only upon the satisfaction of any specified condition, as aforesaid, within thirty (30) days after such Plans are submitted to it, it shall conclusively be deemed for all purposes of this Declaration to have approved such Plans unconditionally for the Lot for which they were so submitted.

Section 5. Effect of approval. The approval by the Architectural Committee of Plans for any Lot for which such Plans are submitted to it shall not constitute a waiver of its right, in its sole discretion, to disapprove such Plans if such plans are subsequently submitted to it for any other Lot:

but as to any Lot for which such Plans are so approved, such approval shall be final and irrevocable.

Section 6. Inspection of Lots. Any agent of the Architectural Committee may at any reasonable time enter upon and inspect any Lot and the exterior of any Structure thereon to ascertain whether the maintenance, construction or alteration of such Lot or Structure, and any Use thereof, are in accordance with the provisions hereof and the Architectural Committee; such agent shall not be deemed to have committed any trespass or other wrongful act by reason of such entry or inspection.

Section 7. Removal. If any land is cleared or any Structure is altered, erected, placed or maintained on any Lot other than in accordance with Plans approved in accordance with this Article, or if any Structure is damaged by casualty or some other cause so that its present condition is not in accordance with the Plans previously approved, such action shall be deemed to be a violation of the provisions of this Article and, within ninety (90) days after the Association gives written notice thereof to its Owner, such land shall be restored to its condition prior to such action or such Structure shall be removed or restored to its condition prior to such action, and/or such use shall cease, so as to terminate such violation. If within ninety (90) days after having been given such notice, the Owner has not remedied such violation, a designated agent of the Association may enter upon such Lot and take such steps as are reasonable necessary to terminate such violation. Such Owner shall be personally liable to the Association for any and all reasonable expenses incurred by the Association in taking such action, to the same extent as he is liable for an Assessment levied against such Lot, and, upon the failure of the Owner to pay such cost within ten (10) days after such Owner's receipt of written demand therefor from the Association, the Association may establish a Restoration Assessment and a lien therefor upon such Lot in accordance with and subject to the provisions of this Declaration.

Section 8. Liability. Neither the Declarant nor the Architectural Committee, as the case may be, nor any member of the Architectural Committee, as the case may be, shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of (i) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (ii) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; or (iii.) the development of any property within the community.

(e) No living tree having a diameter of six inches or more, as measured at a point two feet above ground level, shall be removed from any Lot, it being the express intent of this restriction that any improvements upon a Lot be constructed in a natural, wooded setting.

(f) No chain link fence shall be erected or maintained on any Lot.

(g) No fence, wall, or other permanent structure shall interfere with any underground or surface drainage structure, pipe or ditch, or any other easement.

(h) No fence or wall shall be located within the area lying between the front boundary line of a Lot and any Structure on such Lot.

(i) No livestock, poultry or any other animal shall be raised, bred or kept on any Lot, either temporarily or permanently, other than ordinary household pets.

(j) No trees, shrubs or other plantings shall be planted or otherwise maintained in any public right-of-way adjacent to a lot.

(k) No sign of any kind shall be displayed to the public view on any Lot except that the following shall be permissible: (i) one (1) sign of not more than five (5) square feet advertising the property for sale or rent; (ii) a sign or signs used by the Declarant or any Developer to advertise the Property during the construction and sales period, (iii) signs erected or owned by or on behalf of the Association on any Lot, or at the entrance to the Property which identify the development or neighborhood.

Ag. Poolage
(l) No Dwelling may be constructed on any Lot unless the Dwelling contains a two-car garage and the finished living area of such Dwelling exclusive of basements, garages, porches, decks and balconies contains (i) for a one-story Structure at least 1,800 square feet, (ii) and for Structures of two or more stories, at least 2,100 square feet.

Section 3. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, no odors, noise or light shall be permitted to emanate therefrom, and no condition shall be maintained thereon, so as to render any Lot or portion thereof unsanitary, unsightly, unreasonably offensive or detrimental, or a nuisance, to any of the Community, any occupants thereof or any property.

Section 4. Repair of Structures. Each Owner shall at all times keep his Lot and the exterior of all Structures thereon in good condition and repair and adequately painted or otherwise finished, in accordance with the provisions hereof and the Rules and Regulations adopted by the Architectural

Section 9. Compliance with Laws. Notwithstanding anything to the contrary contained herein, all land shall be cleared and all Structures shall be constructed or erected only in accordance with any federal, state and County laws, regulations and policies. The approval of Plans for such Structures by the Architectural Committee and/or any consultant to whom such Plans are submitted by the Architectural Committee, if any, shall not be deemed to constitute approval thereof with respect to conformity with laws, regulations, codes, ordinances or policies.

Section 10. Completion of Construction. Construction of any improvements, once commenced, shall be completed within twelve (12) months. Improvements not so completed, or upon which construction has ceased for ninety (90) consecutive days, or which have been partially or totally destroyed and not rebuilt within twelve (12) months, shall be deemed nuisances. Declarant or the Association may remove any such nuisances or repair or complete the same at the cost of the Owner. For the purposes of this Section, commencement of construction occurs when clearing of the Lot has commenced.

Section 11. Prohibition Against Used Structures. Without approval of the Declarant of the Architectural Committee no used buildings or structures, intended for use as a dwelling, shall be placed on any Lot.

ARTICLE VIII RESTRICTIONS

Section 1. Absolute Restrictions.

(a) Subject to the operation and effect of the provisions of subsection (b),

(i) no Lot shall be devoted to a principal Use other than a residential Use; provided, however, that an acceptable secondary use for a house can be a home-based business or practice that can be contained within the house;

(ii) no Lot or Dwelling may be used for transient or hotel purposes;

(iii) no trailer, basement, tent, shack, garage, barn, other outbuilding or other Structure of a temporary character located on any Lot shall be used as a separate residence;

(iv) no Structure shall be placed upon a Lot wherein any first floor or basement level is constructed less than one foot above the flood plain elevation;

(b) Nothing in the provisions of this Declaration shall be deemed in any way to prohibit the

use by the Declarant or any Developer, and their respective agents, employees, officers, contractors and invitees, of the improvements on each Lot of which the Declarant or a Developer is then the Owner (i) as offices or as speculative or sample dwellings in connection with its sale or leasing of any Lot, or (ii) in any other manner, unless any other person would, were he the Owner thereof, be prohibited or restricted in the same manner.

(c) There shall be no discharge of firearms for recreation or hunting on any portion of the Subdivision, including, without limitation on any public streets within the Subdivision.

(d) No dogs shall be allowed in the Community unless (i) The dogs are controlled by leashes, when not on the property of their Owner(s); or (ii) The dogs on their Owners' property are confined by fences, either visible or invisible, or are on lines or leashes within the property.

(e) No above ground swimming pools shall be permitted in the Subdivision.

Section 2. Uses Prohibited Without Prior Approval by the Architectural Committee.

Subject to the foregoing provisions of this Article, and unless the same has been approved by the Architectural Committee and is in accordance with all laws, regulations and policies:

(a) No house-trailer, trailer, tractor trailer or other truck, boat, boat trailer, camper or recreational vehicle or any similar item, and unless current and valid license plates are affixed thereto automobile, shall be temporarily stored in any area that is visible from the street or in any shared driveway area on any Lot or on any street or parking area within the Community.

(b) No automobile shall be permanently stored or repaired in any area visible from the street or in any shared driveway area on any Lot or on any street or parking area within the community; furthermore, no automobile, vehicle or any other object shall be parked or stored in such a way as to obstruct or impede access to any driveway, shared driveway or any other street or road.

(c) No machinery shall be placed or operated on any Lot, except for such machinery as is customarily utilized in occupying a private residence.

(d) No lumber, metals, bulk materials, refuse or trash shall be kept, stored or allowed to accumulate on any Lot; provided, that building materials being utilized in the initial construction, reconstruction or repair of any Structure may be stored thereon while such activities are being carried on. All containers or equipment for the storage or disposal of rubbish, trash, garbage and other waste shall be kept in a clean and sanitary condition.

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Committee from time to time.

Section 5. Corner Lots. All Dwellings on corner lots shall be situated so that the front of the Dwelling faces the corner (corner on the Lot) and shall have the garage entrances on the side or the back of the Dwelling unless a waiver is obtained from the Architectural Committee.

Section 6. Landscaping. Except for patios, walkways, vegetable or flower gardens (including displays of wildflowers properly attended), hedges and trees, which shall be neatly maintained, all unimproved open areas on any Lot shall be maintained as lawns, which shall be kept mowed to a height not exceeding eight (8) inches, or in a natural wooded state. Any Lots, owned by any person other than the Declarant, which have not been improved with a Dwelling by the later to occur of (i) six months from the conveyance thereof to an Owner other than the Declarant; or (ii) one year from the Effective Date shall be graded, seeded or sodded and maintained and mowed until construction of the Dwelling commences. Any Lot, the rear of which is adjacent to a public road shall be properly screened from the roadway with hedges and other shrubbery.

Section 7. Right of Entry. The Association and the Declarant shall each have the right to enter on any Lot and cure any violation of the provisions of this Article, provided that the Owner of such Lot is given forty-five (45) days prior written notice of such action. In such event, such Owner shall pay to the Association the amount of any and all reasonable expenses incurred by the Association in taking such action within ten (10) days after such Owner's receipt of written demand therefor from the Association, and, upon the failure to pay such expenses, the Association may establish a lien therefor upon such Lot in accordance with and subject to the provisions of this Declaration.

Section 8. Sales and Other Offices. Anything to the contrary contained in this Declaration notwithstanding, real estate sales, construction and management offices and builder's storage areas may be erected, maintained or operated on any Lot or on any portion of the Common Areas, provided that the prior written approval of the Declarant in its sole and absolute discretion is first obtained and further provided that such offices are used solely in connection with the initial development of the Property or the land which, under the provisions hereof, may be annexed to the Property.

Section 9. Additional Rules and Regulations. The Owners shall comply with all rules and regulations adopted or amended by the Board of Directors pertaining to the use of the Lots or

Common Areas. Such rules and regulations may relate to the use or storage of motor homes, trailers, campers, boats and commercial vehicles; the erection and maintenance of clothes lines, fences, awnings, fireplaces, grills, decks, patios, lawn ornaments, swimming pools, play equipment, exterior lighting, television antennas and satellite dishes; or such other uses or structures which the Board of Directors deems reasonably appropriate.

ARTICLE IX

LANDSCAPE MAINTENANCE EASEMENT AREAS

Section 1. Fencing, Plantings, Neighborhood Identification Signs. The Declarant may install fencing, plantings and neighborhood identification signs in those locations designated on the Subdivision Plat or on any other instrument recorded in the land records of the Circuit Court of James City County as a Landscaping Maintenance Easement Areas, in such quantities and at such locations as the Declarant deems appropriate, all in accordance with this Declaration. The Association shall have and is hereby granted the benefit of a perpetual and exclusive easement (subject only to the easement hereafter granted to certain Owners) for the installation, maintenance, repair and replacement of grass, trees, shrubbery, flowers, lighting, signage and fencing, over and upon each Landscape Maintenance Easement Area now or hereafter constituting a part of the Property (the "Landscape Maintenance Easement Areas").

Section 2. Exercise of Landscape Maintenance Easement. Any work performed on the Landscape Maintenance Easement Areas (including by way of example rather than of limitation, the installation, maintenance, repair and replacement of grass, trees, shrubbery, lighting, signage and fencing) shall be performed in a good and workmanlike manner, only in accordance with all applicable laws, ordinances, rules and regulations of each governmental entity having jurisdiction over such activities.

ARTICLE X

EASEMENTS

Section 1. Easement Benefiting Lots and Burdening Common Areas.

Each Lot shall have the benefit of a nonexclusive easement for the use of the Common Areas and the Landscape Maintenance Easement Areas, and, without limitation, all private roadways and streets and all streets and roadways offered for dedication to the County but not yet accepted by the

County, whether owned by the Declarant or not, provided that such use is in accordance with applicable law and the provisions of this Declaration, the Articles of Incorporation, the By-Laws and the Rules and Regulations. No person other than the Association may construct, reconstruct, alter or maintain any Structure or make or create any excavation or fill upon, or remove any tree, shrub or other vegetation from, or otherwise damage, the Common Areas or Landscape Maintenance Easement Areas. No persons, without first obtaining the Association's consent, shall do anything on the Common Areas or Landscape Maintenance Easement Areas which will cause an increase in any premium paid by the Association for the liability or other insurance with respect to the Common Areas or the Landscape Maintenance Easement Areas or the cancellation of any such insurance.

Section 2. Development Easements. The Declarant shall have and the Declarant hereby reserves, perpetual, non-exclusive easements in, over and through the Common Areas and the Landscape Maintenance Easement Areas and any Lot which abuts any area designated as a "Reserved Area" or as a "Residual Parcel" in any subdivision plat of The Retreat already recorded or to be recorded (the "Reserved Area"):

(a) for pedestrian and vehicular ingress and egress to and from each public roadway or the Reserved Area which at any time abuts or is located within the Subdivision, from and to each Lot and other areas of the Subdivision, for access by (i) the Declarant and its heirs, personal representatives, successors and assigns as Owner of such respective Lot or other portion thereof (including, without limitation, the County, if and to the extent that it has accepted dedication thereof), (ii) any Builder, contractor, subcontractor, real estate agent or broker or other salesperson utilized by the Declarant, and (iii) their respective agents, officers, employees, and invites, all for any purpose consistent with applicable law in connection with the construction, replacement, repair, maintenance and development of any such roadway or the Reserved Area and/or for the marketing or leasing of such respective Lot; and

(b) for the construction, installation, maintenance, repair, replacement and use of any public roadways and any or all utility lines and facilities of the types enumerated in the provisions of Articles IX and X to and from their respective points of connection with those respective public utility lines and facilities to which they are to be connected, from and to the Subdivision, for the benefit of (i) the Declarant and its heirs, personal representatives, successors and assigns as Owner of any Lot or other

portion thereof, (ii) each resident or other occupant of any such Lot or other portion, and (iii) their respective agents, employees, invites, visitors and guests.

Section 3. Landscape Maintenance Easement Area Easements Benefiting Owners.

The burden of the Landscape Maintenance Areas shall run with and bind upon the title to the Lots on which said Landscape Maintenance Easement Areas are located upon each person from time to time hereafter holding such title of record. The benefit of the Landscape Maintenance Easement Areas shall run with the Association and its successors and assigns and with the title to the Lots benefitted thereby as hereinabove provided.

Section 4. Reserved Area. The Declarant hereby reserves onto itself the following rights with respect to the Reserved Area:

(a) to grant, convey or dedicate (i) to any one or more public or quasi-public governmental bodies or utility companies, any and all licenses, easements and/or rights-of-way in, over and through the Reserved Area for the construction, installation, use, operation, maintenance, repair and replacement of any and all sanitary, sedimentary control or storm sewer lines, drains, culverts, ponds or pumping stations, water lines, mains or pumping stations, electrical lines or cables, utility lines and facilities, telephone or television lines or cables, gas lines or mains, and other similar facilities for similar or other purposes, all as the Declarant considers appropriate for the provision of any utility or utility service to the Community, and (ii) to the said County or any other governmental body the fee simple title to any land forming part of the Reserved Area; and

(b) to convey the legal title to, or any interest in, any or all of the Reserved Area to or at the direction of any governmental or quasi-governmental authority either (i) through the condemnation thereof or the exercise of any power of eminent domain with respect to the same, or (ii) under threat of such condemnation or exercise and in lieu thereof; and

(c) to grant or reserve, by or to the Declarant, for the benefit of the Subdivision, an easement in, over and through the Reserved Area for the replacement of any facility or roadway of the types enumerated in the provisions of this Section.

Section 5. Easement of Board of Directors. The Board of Directors of the Association, its agents or licensees, shall have an easement for entry upon any Lot, but not the interior of any building, for the purpose of mowing and maintenance on a regular basis of the Common Areas

and Landscape Maintenance Easement Areas. The Board of Directors, its agents or licenses shall have an easement to enter upon any Landscape Maintenance Easement Area for the purpose of erecting, repairing or maintaining any neighborhood identification signs erected by the Declarant or the Association within such Landscape Maintenance Easement Area.

Section 6. Shared Driveway Easements.

(a) Declarant hereby reserves for the benefit of each Lot adjacent to a "Shared Driveway Easement" as shown on any Subdivision Plat an irrevocably perpetual non-exclusive easement for use, maintenance and repair of the shared driveways shown on the Subdivision Plat. Each Owner of the Lot shall have a separate fee simple interest in its respective portion of the Shared Driveway Easement, as more particularly shown on the Plat. However, such fee simple interest notwithstanding, each Owner shall have the right to use and enjoy the entire Shared Driveway Easement Area, for purposes of ingress and egress to and from the respective Lots and the public streets within the Subdivision, subject to the same rights of the other benefited Owners. To facilitate the foregoing, Declarant hereby declares and establishes for the benefits of each of the benefited Owners a perpetual non-exclusive easement over those portions of the Shared Driveway Easement Area owned by the other Owners for (i) ingress and egress to and from the Lots and the public streets within the Subdivision, and (ii) maintenance purposes for the benefit of Declarant and the Association, and (iii) the installation and maintenance of underground utilities that service the Lots benefitted thereby.

(b) The Shared Driveway Easement Areas shall be used jointly and in common by all Owners and occupants of the benefitted Lots now or in the future, for purposes of pedestrian and vehicular ingress and egress to and from improvements now or hereafter constructed on the benefitted Lots and the public streets in the Subdivision, and shall also be used for purposes of installation and maintenance of underground utilities for the benefit of the Lots. The Shared Driveway Easement Areas shall not be used for parking any vehicle that may obstruct free use or access by way of ingress or egress to from any benefitted Lot and the public streets within the Subdivision. Landscaping within the Shared Driveway Easement Areas shall be carried out in such manner as to not interfere unreasonably with either the visibility of or the free access to the Lots.

(c) Each Owner (and not Declarant) shall be responsible for the cost of

constructing, maintaining and repairing the Shared Driveway, including landscaping, mowing grass, snow removal, reconstructing or resurfacing the Shared Driveway and appurtenant driveway aprons connecting with the public road, and all other necessary maintenance and repair tasks, in proportion to the number of Lots (2, 3 or 4) that share the use of the Shared Driveway. The cost of driveways, driveway connections, and aprons from any improvements on a Lot to the Shared Driveway and the cost of the care, maintenance and repair of any such driveways, driveway connections, and aprons shall be borne by the respective owner of the Lot with respect to which the same are designed to service for purposes of ingress and egress.

(d) Any dispute among the Owners involving the maintenance and/or repair, or the hiring of an individual, group or service to perform maintenance and repair functions, or involving assessments for maintenance and/or repairs with respect to the Shared Driveway, shall be resolved by the Architectural Committee. The decision of the Architectural Committee shall be final and binding on the Owners of the Lots benefitted by the Shared Driveway.

(e) If any Owner does not promptly pay its respective share of the cost and expense for the care, maintenance and repair of the Shared Driveway for which the Owner is required hereunder to pay under the immediately preceding subsection (d), then the other Owner(s) may pay the same and the Association, on said paying Owner(s)'s behalf, may create a lien upon the non-contributing Owner's Lot by filing a Memorandum of Lien among the Land Records of the County for such unpaid share, together with interest from the date that such costs and expenses are incurred until the entire amount plus interest at a percentage rate no greater than the statutory maximum, such rate to be set by the Board for each assessment period, is paid in full. Upon the payment of said lien, the Association will promptly deliver and pay-over said funds to the contributing Owner entitled to receive same.

(f) The above notwithstanding, each Owner shall be fully and solely responsible for any and all damage caused to the Share Driveway as a result of its negligence or the use of the Shared Driveway, at the direction of an Owner, by any construction vehicle or equipment. Each Owner shall promptly repair, at its sole cost and expense, any and all damage caused by it or its agents, invites, contractors or employees as a result of the foregoing or for any other reason. If an Owner does not promptly repair any damage within fifteen (15) days from the date that such damage

has occurred, then the other Owner(s) may repair the damage and shall have the right to establish and enforce a lien in the manner provided for in this Section 6 on the Lot of the Owner responsible for the damage.

(g) The obligation of the then Owner of each Lot to pay for maintenance, care and repair obligations accruing during its ownership of the Lot shall be and remain its personal obligations, notwithstanding any voluntary or involuntary sale, conveyance or other disposition of the Lot, and the other Owner (s) may maintain an action at law against any Owner for its failure to discharge such maintenance, care and repair obligations.

Section 7. Use of Easement Areas. Notwithstanding anything to the contrary expressed in this Declaration, within any easements granted or conveyed, no structure, planting or other material shall be placed or permitted to remain on any Lot which may damage or interfere with the installation and maintenance of utilities or which may change the direction or flow of drainage channels in easement areas or which may obstruct or retard the flow of water through drainage channels in the easements. Areas subject to easement within the boundaries of a Lot shall be regularly maintained by the Owners of the Lot. Notwithstanding the foregoing provision, the Association shall, at its sole expense, regularly maintain the Landscape Maintenance Easement Areas.

ARTICLE XI

RULES AND REGULATIONS

Section 1. Board of Directors Authorized to Adopt: Scope. The Board of Directors and the Architectural Committee shall have the power to adopt and amend reasonable rules and regulations regarding the use of the Common Areas and Lots or regarding other matters as to which the Board of Directors or the Architectural Committee is expressly granted such power by this Declaration which shall be binding on each Owner, provided such rules and regulations are adopted in accordance with the provisions of this Article.

Section 2. Notice. The Board of Directors shall mail written notice to each of the Members of the Association setting forth the proposed rule or regulation at least thirty (30) days prior to its adoption. Such notices shall be mailed to the address of each member as shown on the most current membership roster of the Association.

Section 3. Adoption: Referendum. The adoption or amendment of rules and

regulations shall require the vote of two-thirds (2/3) of the Directors. However, a number of Association members equal to not less than twenty percent (20%) of the members of the Association may petition a referendum on a rule or regulation by filing a written petition with the Board of Directors within thirty (30) days after the mailing of a notice of adoption by the Board. Upon verifying that the requirements of this Section have been met, the rule or regulation shall be suspended pending the results of the referendum. The rule or regulation shall be submitted to a vote of the Members at a meeting called for this purpose within sixty (60) days after the petition has been verified. The rule or regulation shall be adopted only upon the affirmative vote of a majority of the Members present at the meeting called for such purpose, at which a quorum is present.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration against each Owner and each tenant of an Owner, each of whom shall be jointly and severally bound by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Effectiveness. This Declaration shall become effective upon and only upon its having been executed and acknowledged by the Declarant, and recorded among the land records of the James City County Circuit Court (the "Effective Date").

Section 4. Assignment.

(a) The Declarant shall be entitled at any time to assign to any person any or all of its right, title and interest hereunder by an instrument which makes specific reference to this subsection, and is executed and delivered by the Declarant and such assignee and recorded among the land records of the James City County Circuit Court.

(b) The Declarant may from time to time hereafter permit any right that it then holds

under the provisions of this Declaration to be exercised on its behalf by any of its officers, directors, employee or agents.

Section 5. Amendment. The Declarant, for so long as Declarant owns any portion of the Property or any Additional Land or portion thereof, regardless of whether the Class B Membership is terminated, shall have the right, without the consent of any other Owner, Developer, Member, Institutional Mortgagee or Lender, to (i) make any amendment required by James City County, the Virginia Department of Transportation, or any other governmental agency or authority as a condition of approval of the documents, and (ii) make any amendment necessary for the documents to comply with the requirements, as the same may be amended from time to time, of any federal mortgage agency (including, without limitation, the Department of Veterans Affairs, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Corporation, or U.S. Department of Housing and Urban Development) with respect to their purchase of mortgage loans secured by a Lot or Lots. Anything contained in the provisions of this Declaration to the contrary notwithstanding, the Declarant may, without obtaining the consent thereto of any Owner, Mortgagee or other person, amend this Declaration or any subdivision plats previously recorded if and only if such amendment is (in the Declarant's reasonable opinion) necessary to correct obvious typographical, mathematical, minor or similar errors therein. Any other amendment shall be accompanied by a document signed by not less than two-thirds of the Class A membership and the written consent of the Class B Member, so long as Class B membership exists. Any amendment must be recorded in order to become effective.

Section 6. Certain Rights of Declarant. For such time as Declarant shall own any Lots or Additional Land, its rights and interests shall not be prejudiced by any of the following actions unless it shall, in writing, join in such actions:

There shall be no amendments to the Governing Documents which:

- (a) Discriminate or tend to discriminate against its rights as an owner;
- (b) Changes Article I, Definitions, in a manner which alters its rights or status;
- (c) Alters its rights under Article II as regards annexation of additional properties;
- (d) Alters the character and rights of membership or the rights of Declarant as set forth in Article V;

- (e) Alters previously recorded or written agreements with public or quasi- public agencies as regards easements and rights of way;
- (f) Denies the right to convey Common Areas to the Association;
- (g) Alters its rights as set forth in Articles VII and VIII relating to design controls;
- (h) Alters the basis for assessments;
- (i) Alters the provisions of the protective covenants as set forth in this Declaration;
- (j) Alters the number or selection of Directors as established in the Bylaws; or
- (k) Alters Declarant's rights as they appear under this Article.

Section 7. Limitations. As long as Declarant has an interest in the Properties, or the Additional Land as defined in Article II, hereof, the Association may not use its financial resources to defray any costs of opposing the activities of Declarant. No substantial part of the activities of the Association shall be devoted to attempting to influence legislation by propaganda or otherwise within the meaning of the prescriptive provisions of the Internal Revenue Code. The Association shall not directly or indirectly participate in, or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

Section 8. Conflict. In the event of conflict among the Governing Documents, this Declaration shall control, then the Supplementary Declarations, then the Articles of Incorporation of the Association, then the Bylaws, except that in all cases where the Governing Documents may be found to be in conflict with statute, the statute shall control.

Section 9. Interpretation. Unless the context otherwise requires, the use of the singular shall include the plural and vice versa; the use of one gender shall include all genders; and the use of the term "including" shall mean "including, without limitation." This Declaration shall be liberally construed in favor of the party seeking to enforce the provisions hereof to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the Property by providing a common plan for the development thereof. The headings used herein are for indexing purposes only and shall not be used as a means of interpreting or constructing the substantive provisions hereof.

Section 10. Duration. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which

time they shall be automatically extended for successive periods of twenty-five (25) years, unless at the expiration of any such period the covenants and restrictions are expressly terminated by an instrument signed by Owners of not less than seventy-five percent (75%) of the Lots.

Section 11. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, incurred by or imposed upon any officer or directors 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 is a party by reason of being or having been an officer or director, to the fullest extent permitted by the Corporate Law of the Commonwealth of Virginia, as amended from time to time. The officers and directors shall have no personal liability with respect to any contract made by them, in good faith, on behalf 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.

Section 12. Waiver. The Declarant shall not be deemed to have waived the exercise of any right that it holds hereunder unless such waiver is made expressly and in writing (and, without limiting the generality of the foregoing, no delay or omission by the Declarant in exercising any such right shall be deemed a waiver of its future exercise). No such waiver made as to any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right.

Section 13. Applicable Law. This Declaration shall be given effect and construed by application of the law of Virginia.

Section 14. General Plan of Development.

(a) The provisions of this Declaration shall conclusively be deemed to be part of a general plan or scheme of development and use for the Subdivision known as The Retreat and, as such, to be covenants running with, binding upon, benefiting and burdening the respective titles to each Lot.

(b) Both the Declarant, by delivering to any person a deed conveying to such person the title to a Lot, and such person, by accepting such delivery, shall be deemed thereby to have agreed with each other and with each other Owner to be bound by the provisions of this Declaration.

(c) Any lease or licensing agreement entered into by an Owner or another person and

covering any or all of a Lot, shall be in writing and shall expressly provide that (i) the terms of the lease or license thereby created are in all respects subject to the operation and effect of the provisions of this Declaration, (ii) the lease is not for less than ninety (90) days, and (iii) any failure by the lessee or license thereunder to comply with such provisions shall constitute a default under such agreement. To the extent that any such agreement does not expressly so provide, it shall be deemed to do so.

(d) Each person who, together with any other person is an Owner or a lessee shall be jointly and severally liable for adhering to the terms and satisfying the conditions hereof.

Section 14. Notices.

(a) Any notice demand, consent, approval, request or other communication or document to be provided hereunder to any person shall be in writing, and (1) shall be deemed to have been provided forty-eight (48) hours after having been deposited as first class mail in the United States mails, postage prepaid, and addressed (i) if the addressee is the Declarant, to its address which is set forth hereinabove or to such other address in the United States of America as the Declarant may designate from time to time, (ii) if the addressee is the Architectural Committee of the Association, to the address the Architectural Committee may designate from time to time by notice to the Owners, (iii) if the addressee is an Owner (other than the Declarant) to such person's said address (herein referred to as such person's "Notice Address") as furnished to the Architectural Committee or the Association, or (2) shall be deemed to have been provided upon actual hand or other delivery to such person.

(b) Anything contained in the provisions of this Declaration to the contrary notwithstanding, unless an Owner or a Mortgagee has notified the Association of its status as such and furnished the Association with its address such person shall have no right under the provisions of this Declaration (i) to be given any notice, demand, consent, approval, request or other communication or document by the Association or the Architectural Committee, (ii) to participate in the consideration of or cast any vote on any question to be voted upon by the Owners, or (iii) otherwise to be recognized as such by the Association or any Owner.

Section 15. Waiver of reversionary right. The provisions of this Declaration shall not be construed as conditions subsequent, or as creating a possibility of reverter, and no provision hereof shall be deemed to vest in the Declarant or any other person any reversionary right with

respect to any Lot. Any such reversionary right is hereby expressly waived.

Section 16. Construction. All references made herein (a) in the neuter, masculine, or feminine gender shall be deemed to have been made in all such genders; (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well; and (c) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed to have been made to such Section, subsection, paragraph or subparagraph of this Declaration.

ARTICLE XIII

DISSOLUTION OF THE ASSOCIATION

The Association may be dissolved at a duly held meeting at which a quorum is present upon the vote of more than two-thirds (2/3) of the votes, in person or by proxy, of the Class A Members and by the affirmative vote for such dissolution by the Class B Member, so long as Class B membership exists. In the event of the dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

IN WITNESS WHEREOF, the Declarant has executed and ensealed this Declaration or caused it to be executed and ensealed on its behalf by its duly authorized officers, as of the day and year first above written.

JAN 24 8 02 52

LHIW-3 L. L. C.

ie Anderson

Michael L. Cook
By:

AT OF
RICT,
ering,
Clerk's

MARYLAND
EALTH OF VIRGINIA

ITY OF PRINCE GEORGE'S, to-wit:

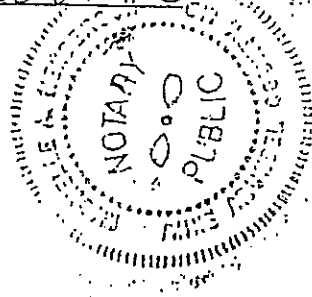
I HEREBY CERTIFY that on this 29th day of December, 1999, before
iber, a Notary Public in and for the jurisdiction aforesaid, personally appeared Michael
acknowledged himself to be the Managing Member, of LHIW-3, the
ed in the foregoing Declaration of Covenants, Easements, Conditions and Restrictions,
; authorized to do so, he executed the same on behalf of said limited partnership for the
ain contained.

Michelle A. Henderson
Notary Public.

n expires on



MICHELLE A. HENDERSON
NOTARY PUBLIC
ANNE ARUNDEL CO., MD
MY COMM. EXPS. JUL. 1 2003



JAN 24 8 02 53

JAN 24 8 02 54

EXHIBIT "A"

Lots 42 through 48, inclusive, as shown on a certain plat entitled "SUBDIVISION PLAT OF THE RETREAT, PHASE ONE, SECTION ONE, FOR LHIW-3, STONEHOUSE DISTRICT, JAMES CITY COUNTY, VIRGINIA" dated May 17, 1999 and made by Rickmond Engineering, Inc., Engineering, Surveying, Land Planning, recorded in Plat Book 74 at Pages 44-46 in the Clerk's Office of the Circuit Court of Williamsburg-James City County, Virginia.

JAN 24 8 02 54

EXHIBIT "B"

All those pieces or parcels of land, with the improvements thereon and the appurtenances thereunto belonging described in that certain Deed dated September 15, 1997 and recorded on September 24, 1997 as Instrument No. 970015579 in the land records of the Clerk's Office of the James City County Circuit Court, Virginia so far as they are not already included in said "SUBDIVISION PLAT OF THE RETREAT, PHASE ONE, SECTION ONE, FOR LHW-3, STONEHOUSE DISTRICT, JAMES CITY COUNTY, VIRGINIA" dated May 17, 1999 and made by Rickmond Engineering, Inc., Engineering, Surveying, Land Planning and recorded in the aforementioned Clerk's Office in Plat Book 74, Pages 44-46 inclusive.

VIRGINIA: City of Williamsburg and County of
James City, to-wit:

This Covenants was
presented with certificate annexed and admitted
to record on 24 January, 2000,
at 12:08 ~~PM~~ PM in the Clerk's Office of the
Circuit Court of the City of Williamsburg and County
of James City.

TESTE: BETSY B. WOOLRIDGE, CLERK

BY: Betsy B. Woolridge ~~Deputy~~ Clerk

JAN 24 8 02 55

This Instrument was Prepared by
or Under the Direction of:
John D. Konstantinou, Esq.
Williamsburg Law Group, P.L.C
1321 Jamestown Rd., Suite 102
Williamsburg, VA 23185

010023993

**FIRST SUPPLEMENTARY DECLARATION OF
COVENANTS, EASEMENTS, CONDITIONS, AND RESTRICTIONS
OF THE RETREAT SUBDIVISION
JAMES CITY COUNTY**

THIS FIRST SUPPLEMENTARY DECLARATION OF COVENANTS, EASEMENTS, CONDITIONS, AND RESTRICTIONS OF THE RETREAT SUBDIVISION, JAMES CITY COUNTY (this "First Supplementary Declaration") is made as of the 20th day of November, 2001, by LHIW-3, LLC, a Virginia limited liability company, hereinafter referred to as "Declarant", grantor for indexing purposes, as the Declarant of certain residential lots in the development known as The Retreat, which is located in James City County, Virginia, and JOHN D. KONSTANTINO, Trustee, Grantor for indexing purposes (the "Trustee").

RECITALS

1. Declarant is the owner of certain real property (the "Additional Property") in James City County, Virginia, more particularly described in Exhibit "A" attached hereto and desires to include the Additional Property to the subdivision previously created by Declarant and known as The Retreat, to provide for the preservation and enhancement of property values, amenities and opportunities within the community, and to provide for the management, maintenance and care of certain of the improvements within the community.
2. For the foregoing purposes, Declarant desires to subject the Additional Property to the covenants, restrictions, reservations, easements, charges and liens set forth in the Declaration of Covenants, Easements, Conditions, and Restrictions of The Retreat Subdivision, James City

W

DEC21 0361


County (the "Declaration"), dated December 29, 1999 and recorded January 24, 2000 in the Office of the Clerk of the Circuit Court of James City County as Instrument Number 000001541, all for the purposes and for the benefit of the parties as set forth in the Declaration.

3. Trustee, with the consent and at the direction of the Noteholder, hereby subordinate the lien of the Deed of Trust constituting a first lien on the Additional Property, which deed of trust is recorded in the Clerk's Office as Instrument Number 010017039 (the "Deed of Trust") to this First Supplementary Declaration of Covenants, Easements, Conditions, and Restrictions of The Retreat Subdivision, James City County.

NOW THEREFORE, Declarant, with the consent of the Beneficiary, hereby declares that the Additional Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, reservations, easements, charges, and liens set forth in the Declaration, effective as of the date of this Supplementary Declaration. This Supplementary Declaration shall supplement and amend the Declaration to the extent of amending the descriptions of the Properties and the Additional Land. In all other respects, the Declaration shall remain in full force and effect.

Witness the following signatures and seal as of the date indicated above:

DECLARANT
LHIW-3, LLC,
a Virginia limited liability company
By: LHIW, Inc., its Managing Member

By  (SEAL)
Michael S. Cook, President

TRUSTEE:

John D. Konstantinou (SEAL)
John D. Konstantinou

STATE OF Maryland
CITY/COUNTY OF Prince George's, to-wit:

I, the undersigned Notary Public in and for the aforesaid jurisdiction, certify that Michael S. Cook, President of LHIW, Inc., Managing Member of LHIW-3, LLC, a Virginia limited liability company, whose name is signed to the writing above, has acknowledged the same before me on behalf of LHIW-3, LLC.

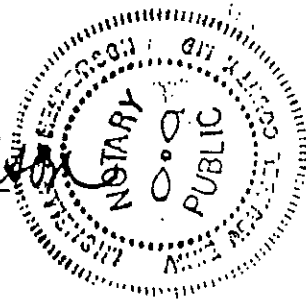
Witness my hand and notarial seal, this 30th day of November, 2001.

Michelle A. Henderson
Notary Public

My Commission expires:



MICHELLE A. HENDERSON
NOTARY PUBLIC
ANNE ARUNDEL CO., MD
MY COMM. EXPR. JUL. 1, 2003



COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF Lancaster, to-wit:

The foregoing instrument was acknowledged before me by John D. Konstantinou, Trustee, on this the 30th day of November, 2001.

Leah A. Davis
Notary Public

My Commission expires August 31, 2004

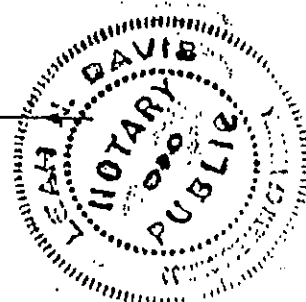


EXHIBIT "A"

Lots 29, 30, 31, 40, and 41 as shown on that Plat entitled "SUBDIVISION PLAT OF THE RETREAT, PHASE ONE, SECTION TWO, STONEHOUSE DISTRICT, JAMES CITY COUNTY, VIRGINIA" dated March 28, 2001 and made by Rickmond Engineering, Inc., said Plat having been recorded in the Clerk's Office the Circuit Court for the City of Williamsburg and the County of James City, Virginia, in Plat Book 82 pages 2-4 inclusive, which is incorporated herein by reference.

VIRGINIA: City of Williamsburg and County of
James City, to-wit:

This First Supplemental Deed was
presented with certificate annexed and admitted
to record on December 21, 20 01
at 11:40 AM/PM in the Clerk's Office of the
Circuit Court of the City of Williamsburg and County
of James City.

TESTE: BETSY B. WOOLRIDGE, CLERK

BY: Betsy B. Woolridge Deputy Clerk

DEC 21 2003 64

ARTICLES OF INCORPORATION
OF
THE RETREAT HOMEOWNERS' ASSOCIATION, INC.

The undersigned, pursuant to Chapter 10 of Title 13.1 of the Code of Virginia,
state(s) as follows:

ARTICLE I

NAME

The name of the corporation is: The Retreat Homeowners' Association, Inc.,
hereinafter called the "Association".

ARTICLE II

REGISTERED OFFICE

A. The corporation's initial registered office address which is the business address
of the initial registered agent is: 1321 Jamestown Road, Suite 102, Williamsburg, Virginia
23185.

B. The registered office is physically located in the County of James City.

ARTICLE III

REGISTERED AGENT

A. The name of the corporation's initial registered agent is: John D.
Konstantinou, Esq.

B. The initial registered agent is an individual who is a resident of Virginia and a
member of the Virginia State Bar.

ARTICLE IV

PURPOSE AND POWER OF THE ASSOCIATION

1. The Association does not contemplate pecuniary gain or profit to its members thereof, and the specific purposes for which it is formed are:

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Easements, Conditions and Restrictions of The Retreat Subdivision, hereinafter called the "Declaration," applicable to the property and recorded or to be recorded in the Office of the Clerk of the Circuit Court for Williamsburg-James City County, and all Supplementary Declarations thereto, as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length. Unless the context requires otherwise, the term Declarations shall include all Supplementary Declarations;

(b) To provide for maintenance, preservation and architectural control of the residence Lots and Common Area described in the Declaration and any and all other properties which may be annexed thereto in accordance with the provisions of the Declaration;

(c) To promote the health safety and welfare of the residents within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association;

2. Without limiting the generality thereof, subject to such limitations as are set forth in the Declaration, said powers and duties of the Association shall be:

(a) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the

Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association:

(b) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association:

(c) borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred:

(d) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members.

(e) participate in mergers and consolidations with other nonprofit corporations organized for the same purpose or annex additional residential property and Common Area:

(f) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the Commonwealth of Virginia by law now or hereafter have or exercised; the Association shall also have all the rights, powers and duties provided in the Virginia Property Owners Association Act, Va. Code Ann. § 55-508 et seq. of the Code of Virginia, as the same may be amended from time to time.

3. No substantial part of the activities of the Association shall be devoted to attempting to influence legislation by propaganda or otherwise within the meaning of the prescriptive provisions of the Internal Revenue Code. The Association shall not directly or indirectly participate in, or intervene in any political campaign on behalf of or in opposition

to any candidate for public office.

ARTICLE V MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot, including the Declarant, which is subject by covenants of record to assessment by the Association, including the Declarant and contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI VOTING RIGHTS

1. (a) Class A. Class A Members shall be all Owners of any Lot, except the Class B Member. Class A Members shall be entitled to one (1) vote for each Lot owned.

(b) Class B. The Class B Member shall be the Declarant, which shall have three (3) votes for each Lot owned by the Class B Member, and three (3) votes for each Lot which could be created on the Additional Land owned by the Declarant as allowed by the Zoning ordinance.

The Class B membership and the Class B voting rights shall cease upon the earlier of the following events: (i) when the Declarant ceases to own any of the Properties or the Additional Land; or (ii) on December 31, 2020, whichever first occurs. Thereafter, the

Declarant shall have Class A membership rights for each Lot it may own.

The vote for any membership which is held by more than one (1) person may be exercised by any one of them unless any objection or protest by any other holder of same membership is made prior to the completion of a vote, in which case the vote for such membership shall not be counted.

Any person or entity voting as a Member of more than one (1) voting class, may exercise those votes to which he is entitled for each such class of membership.

2. The voting rights of Members shall be as follows:

(a) Class A Members and the Class B Member, so long as Class B membership exists, shall vote as provided in the Declaration to approve a raise in the maximum annual assessments which is greater than allowed by the Declaration; to approve special capital improvement assessments; to approve mergers, consolidations or dissolution of the Association; to approve the conveyance, dedication or mortgaging of any Common Area; to approve amendments to the Declaration and to any Supplementary Declaration.

ARTICLE VII

BOARD OF DIRECTORS

(a) The affairs of the Association shall be managed by a Board of three (3) directors, who need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

NAME:

ADDRESS:

Michael S. Cook

9811 Mallard Dr., Suite 213, Laurel, MD 20708

Michelle Henderson

9811 Mallard Dr., Suite 213, Laurel, MD 20708

Arthur S. Payne

9811 Mallard Dr., Suite 213, Laurel, MD 20708

The affairs of the Association shall be managed by a Board of three (3) Directors. The initial Board of Directors shall consist of three (3) directors appointed by Declarant. Directors shall serve staggered three (3) year terms, and to achieve this goal, at the first meeting the Declarant shall appoint one director for a term of one year, one director for a term of two years, and one director for a term of three years. Upon the expiration of the initial terms, all reappointments or (after the termination of the Class B membership, elections), as the case may be, shall be for a three year term. Except for those directors appointed by the Declarant, the directors must be Members of the Association.

(b) Members who do not reside in the Subdivision shall be eligible to serve as directors.

(c) As long as Class B membership exists, the Declarant shall appoint and/or remove all Directors of the Association. After the termination of the Class B membership, all directors shall be elected by the Members.

ARTICLE VIII

DISSOLUTION

The Association may be dissolved at a duly held meeting at which a quorum is present upon the vote of more than two-thirds (2/3) of the votes, in person or by proxy, of the Class A Members and by the affirmative vote for such dissolution by the Class B Member, so long as Class B membership exists. In the event of the dissolution of the

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

ARTICLE IX

DURATION

The Association shall exist perpetually.

ARTICLE X

DEFINITIONS

Except as expressly defined herein, all capitalized terms used herein shall have the respective meanings set forth in the Declaration or in the Bylaws of the Association.

ARTICLE XI

INDEMNIFICATION

Each person now or hereafter a director or officer of the Association (and his heirs, executors and administrators) shall be indemnified by the Association against all claims, liabilities, judgments, settlements, costs and expenses including all attorney's fees, imposed upon or reasonably incurred by him in connection with or resulting from any action, suit, proceeding or claim to which he or she is or may be made a party by reason of his or her being or having been a director or officer of the Association, (whether or not a director or officer at the time such costs or expenses are incurred by or imposed upon him or her),

except in relation to matters as to which he shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of his or her duties as such director or officer. In the event of any other judgment against such director or officer, or in the event of a settlement, the indemnification shall be made only if the Association shall be advised, in case none of the persons involved shall be or have been a director, by the Board of Directors of the Association, and otherwise by independent counsel to be appointed by the Board of Directors, that in its or his opinion such director or officer was not guilty of gross negligence or wilful misconduct in the performance of his or her duty, and in the event of a settlement, that such settlement was, or is, in the best interest of the Association. If the determination is to be made by the Board of Directors, it may rely as to all questions of law on the advise of independent counsel. Such right of indemnification shall not be deemed exclusive of any other rights to which he or she may be entitled under any by-law, agreement, vote of members, vote of the Board of Directors, or otherwise.

ARTICLE XII

SEVERABILITY

Invalidation of any of these Articles or Sections of Articles by the final judgment or order of a Court having competent jurisdiction shall not affect any other provision which shall remain in full force and effect.

ARTICLE XIII

ANNEXATION

Additional Land may be annexed to the area subject to the Association as provided in

the Declaration.

ARTICLE XIV AMENDMENTS

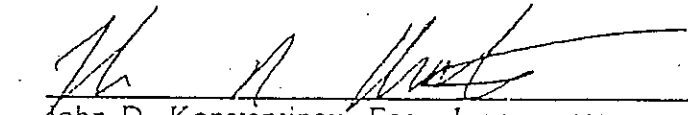
Amendments of these Articles shall require the assent of seventy-five percent (75%) of the votes of voting Class A Members and the assent of the Class B Member, if such membership is in existence at the time such amendment is voted on.

ARTICLE XV RELIANCE UPON ARTICLES OF INCORPORATION AND CONFLICTS AMONG GOVERNING DOCUMENTS

(a) In the event of a conflict among the Governing Documents, i.e. the Articles of Incorporation, the Association Bylaws, the Declaration, or any Supplementary Declarations, then the Declaration shall control, then the Supplementary Declarations, then the Association Bylaws, then The Articles of Incorporation.

(b) Since these Articles of Incorporation are not intended to detail all of the rights, duties and responsibilities of the Association and its Members, prospective purchasers of Lots in The Retreat are encouraged to carefully study the Declaration and Association Bylaws for a more complete description of said rights, duties and responsibilities.

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the Commonwealth of Virginia, we the undersigned, constituting the incorporators of the Association, have executed this Articles of Incorporation this 29th day of November, 1999.



John D. Konstantinou, Esq., Incorporator

DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION
COMMONWEALTH OF VIRGINIA

3900 West Broad Street, Richmond, VA 23230
Telephone: (804) 367-8500

EXPIRES ON

07-31-2007

NUMBER

0250-003992

REAL ESTATE BOARD
COMMON INTEREST COMMUNITY ASSOCIATION
CERTIFICATION OF ANNUAL REPORT

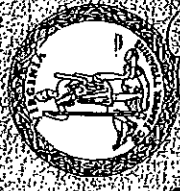
THE RETREAT HOMEOWNERS ASSOCIATION, INC.
MICHELLE A. HENDERSON, VP/SEC
LHIN 3, LLC

9831 MALLARD DRIVE - SUITE 213
LAUREL MD 20708

LAUREL MD 20708

ALTERATION OF THIS DOCUMENT AFTER EXPIRATION OR USE BY PERSONS OR FIRMS OTHER
THAN THOSE NAMED MAY RESULT IN CRIMINAL PROSECUTION UNDER THE CODE OF VIRGINIA

(SEE REVERSE SIDE FOR NAME AND/OR ADDRESS CHANGE)



Jan W. DeBoa
Jan W. DeBoa
Director

COMMONWEALTH OF VIRGINIA

REAL ESTATE BOARD

COMMON INTEREST COMMUNITY ASSOCIATION

NUMBER 0250-003992 EXPIRES 07-31-2007

THE RETREAT HOMEOWNERS ASSOCIATION, INC.
MICHELLE A. HENDERSON, VP/SEC
LHIN 3, LLC

9831 MALLARD DRIVE - SUITE 213
LAUREL MD 20708



DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION
3900 West Broad Street, Richmond, VA 23230

ALTERATION OF THIS DOCUMENT AFTER EXPIRATION OR USE BY PERSONS OR FIRMS OTHER THAN THOSE NAMED MAY RESULT IN CRIMINAL PROSECUTION UNDER THE CODE OF VIRGINIA

ASSOCIATION DISCLOSURE PACKET
THE RETREAT HOMEOWNERS' ASSOCIATION, INC.

TO: _____

FROM: THE RETREAT HOMEOWNERS' ASSOCIATION, INC. (the "Association")

DATE: _____

RE: LOT____, PHASE____, SECTION____, THE RETREAT (the "Lot")

Pursuant to Section 55-512 of the Virginia Property Owners' Association Act, as amended, we hereby certify that as of the date of this Disclosure, except as otherwise stated:

A. The Association is a nonstock corporation organized under the Virginia Nonstock Corporation Act. The name and address of the registered agent for the Association is:

John D. Konstantinou, Esq.
1321 Jamestown Road, Suite 102
Williamsburg, Virginia 23185

The contact persons for the Association with the Developer are Michael S. Cook (301)725-0200 and Michelle A. Henderson (301) 725-0200.

B. The following is a statement of any expenditure of funds approved by the Board of Directors which shall require an assessment in addition to the regular assessment during the current year or the immediately succeeding fiscal year, if any: NONE.

C. The status of assessments and mandatory fees or charges with respect to the Lot are as follows:

Current assessment due..... \$200.00

Assessment in arrears.....\$

Other fees or charges due.....\$

Fees or charges in arrears.....\$

TOTAL DUE.....\$

The Association currently levies annual assessments in the amount of \$204.00 with respect to the Lot, payable in one annual installment. Special assessments may also be levied for the same purpose. There are no other fees or charges imposed by the Association or associated with the purchase, disposition and maintenance of the lot.

D. There is no other entity or facility to which the owner of the Lot may be liable for fees or other charges, other than applicable governmental entities.

E. As of the date of the Association Disclosure Packet, there is a balance in the reserve or replacement fund of approximately \$ _____. Of that balance, the following amounts, if any, have been designated by the Board of Directors for the following specific projects:

F. Attached to this Association Disclosure Packet is a copy of the statement of financial condition or an income and expense statement and the current operating budget of the Association or a summary thereof prepared by the Association of the most recent fiscal year for which a statement is available.

G. There are no unsatisfied judgments against the Association nor any pending suits in which the Association is a party which either could or would have a material impact on the Association or its members or which relates to the Lot except as follows: NONE.

H. The Association maintains insurance on the common areas. Each individual lot owner secures homeowners insurance with respect to any improvements on the property, including liability insurance and any desired flood insurance.

I. The Association has not given notice to the owner of the Lot and has no knowledge of the improvements or alterations made to the Lot or uses made of the Lot or the common area assigned to the Lot, if any, being in violation of the Association documents except as follows: NONE.

J. There are restrictions on the right of a lot owner to place a sign on the owner's lot advertising the lot for sale. Such restrictions are set forth in Article VIII Section 2(k) of the Declaration attached to this Disclosure Packet.

K. Attached to this Disclosure Packet is a copy of the Declaration, Articles of Incorporation, Bylaws, Rules and Regulations and any Architectural Guidelines of the Association, including all amendments.

L. The Association has filed the annual report required by Virginia Code Section 55-516.1 with the Virginia Real Estate Board. A copy of the registration certificate is attached. The Association's registration number is #0550003992, and the registration expires on July 31, 2010.

The information contained in this Association Disclosure Packet issued pursuant to section 55-512 of the Virginia Property Owners' Association Act, as amended, based on the best knowledge and belief of the Association, is current as of the date hereof.

I (We) hereby acknowledge that I (we) have received the information contained in this Association Disclosure Packet on _____, 20__.

Purchaser

Purchaser

RetreatDisclosure

DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION
COMMONWEALTH OF VIRGINIA

9960 Mayland Dr., Suite 400, Richmond, VA 23233
Telephone: (804) 357-8500

EXPIRES ON
07-31-2015

NUMBER
0550003992

COMMON INTEREST COMMUNITY BOARD
COMMON INTEREST COMMUNITY ASSOCIATION REGISTRATION

THE RETREAT HOMEOWNERS ASSOCIATION INC



Jay W. DeBoer
Jay W. DeBoer, Director

ALTERATION OF THIS DOCUMENT, USE AFTER EXPIRATION, OR USE BY PERSONS OR FIRMS OTHER THAN THOSE NAMED MAY RESULT IN CRIMINAL PROSECUTION UNDER THE CODE OF VIRGINIA.

(SEE REVERSE SIDE FOR NAME AND/OR ADDRESS CHANGE)

(POCKET CARD)

COMMONWEALTH OF VIRGINIA
COMMON INTEREST COMMUNITY BOARD
COMMON INTEREST COMMUNITY ASSOCIATION REGISTRATION
NUMBER: 0550003992 EXPIRES: 07-31-2015

THE RETREAT HOMEOWNERS ASSOCIATION INC



(DETACH HERE)

DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION
9960 Mayland Dr., Suite 400, Richmond, VA 23233

(FOLD)

ALTERATION OF THIS DOCUMENT, USE AFTER EXPIRATION, OR USE BY PERSONS OR FIRMS OTHER THAN THOSE NAMED MAY RESULT IN CRIMINAL PROSECUTION UNDER THE CODE OF VIRGINIA.