

EXHIBIT D

(BYLAWS)

Submitted 1/3/06

BYLAWS
OF
CARRIAGE POINTE AT AQUIA CONDOMINIUM
UNIT OWNERS ASSOCIATION, INC.

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BYLAWS
OF
CARRIAGE POINTE AT AQUIA CONDOMINIUM
UNIT OWNERS ASSOCIATION, INC.

ARTICLE 1

GENERAL

Section 1.1. Applicability. These are the Bylaws of CARRIAGE POINTE AT AQUIA CONDOMINIUM UNIT OWNERS ASSOCIATION, INC. (the "Association"), which has been organized for the purpose of operating and managing CARRIAGE POINTE AT AQUIA, A CONDOMINIUM, a condominium created in accordance with the laws of the Commonwealth of Virginia (the "Condominium") upon property located on Foreston Woods Drive, in Stafford County, Virginia, which is described in Exhibit A attached to the Declaration of Carriage Pointe at Aquia, A Condominium (the "Declaration").

Section 1.2. Defined Terms. Unless otherwise defined herein, certain initially capitalized words and terms used herein shall have the same meaning as defined in the Declaration.

Section 1.3. Compliance. Pursuant to the provisions of Section 55-79.53 of the Condominium Act, all Owners, tenants, guests, employees of Owners or any other person that might use the Condominium or any Unit in any manner shall comply with these Bylaws and are subject to the terms and provisions of the Condominium Instruments.

Section 1.4. Provisions of Declaration and Articles of Incorporation to Control. The provisions of these Bylaws are applicable to the Condominium, and the terms and provisions hereof are expressly subject to the terms and provisions contained in the Articles of Incorporation and the Declaration.

Section 1.5. Office. The office of the Association and the Board of Directors shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors.

Section 1.6. Books and Records. The Association shall maintain current copies of the Declaration, Articles, Bylaws, rules and regulations for the Condominium as well as its own books, records, and financial statements available for inspection by Owners or by Mortgagees during normal business hours at the office of the Association.

ARTICLE 2

UNIT OWNERS' ASSOCIATION

Section 2.1. Composition and Powers. All of the Owners, acting as a group in accordance with the Condominium Act, the Declaration, the Articles of Incorporation and these Bylaws, shall constitute the Association. The Association shall act merely as an agent for the Owners as a group. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Condominium and performing all of the other acts that may be required to be performed by the Association by the Condominium Act and the Condominium Instruments. Except for the performance of those matters which either the Condominium Act or the Declaration specifically require to be authorized by the vote of the Owners, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth in Article 3 hereof. The Association shall have, in addition to those powers listed in the Articles of Incorporation, all of the powers reasonably necessary to implement and effect the rules and objectives set forth in the Condominium Instruments.

Section 2.2. Declarant Control Period. The "Declarant Control Period" shall commence with the settlement of the first Unit to be sold by the Declarant and shall continue until the Declarant conveys Units (including Units on the Additional Land which have been submitted to the Virginia Real Estate Board for registration in connection with any future expansion of the Condominium) representing seventy-five percent (75%) of the aggregate Percentage Interests set forth in Exhibit F to the Declaration as the same may be amended from time to time in connection with the expansion of the Condominium, but the Declarant Control Period shall not exceed five (5) years following the date the first Unit in the Condominium is conveyed by Declarant. During the Declarant Control Period the Declarant shall be entitled to designate the officers and the Board of Directors. Within sixty (60) days after the expiration of the Declarant Control Period, a special meeting of the Unit Owners' Association shall be held. Notice of such meeting shall be given pursuant to Section 55-79.75 of the Condominium Act. At such meeting, the persons designated by the Declarant shall resign as members of the Board of Directors, and all of the Owners, including the Declarant if the Declarant owns any Units, shall elect a new Board of Directors.

Section 2.3. Annual Meetings. During the Declarant Control Period meetings of the Association shall be held at least once a year. The first such meeting shall be held within one (1) year after the date of formation of the Association. After the termination of the Declarant Control Period, and the new Board of Directors is elected by all the Owners, the annual meetings of the Association shall be held during the second month preceding the beginning of each fiscal year of the Association, at a day, time and place as the Board of Directors may determine. At such annual meetings the Board of Directors shall be elected by a written ballot of the Owners in accordance with the requirements of Section 3.4 of these Bylaws.

Section 2.4. Place of Meetings. Meetings of the Association shall be held at the principal office of the Condominium or at such other suitable place convenient to the Owners as may be designated by the Board of Directors.

Section 2.5. Special Meetings. It shall be the duty of the President of the Association to call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Owners owning not less than twenty-five percent (25%) of the Percentage Interests. The notice of any special meeting shall state the time, place and purpose of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.6. Notice of Meetings. The Secretary shall, at least twenty-one (21) days in advance of any annual or regularly scheduled meeting, and at least seven (7) days in advance of any other meeting of the Association, deliver notice of the time, place, and purpose of such meeting either personally or by United States mail, to all Owners at the address of their respective Units and to such other addresses as any of them may have designated.

Section 2.7. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) Roll Call;
- (b) Proof of notice of meeting;
- (c) Reading of Minutes of preceding meeting;
- (d) Reports of Officers and Board of Directors;
- (e) Reports of committees;

- (f) Election or appointment of inspectors of election (when so required);
- (g) Election of members of the Board of Directors (when so required);
- (h) Unfinished business; and lastly
- (i) New business.

Section 2.8. Voting. At every meeting of the Association, one (1) vote is assigned to each Unit notwithstanding the Percentage Interest listed for the Unit in Exhibit F to the Declaration. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies in accordance with Section 55-79.77(d) of the Condominium Act and approved by the Board of Directors. No proxy shall be revocable except by actual notice to the person presiding over the meeting of the Association, by the Owner (or, if the Unit is owned by more than one person, by any of such persons), that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice as aforesaid, or if the signatures of any of those executing the proxy has not been witnessed by a person who shall sign his full name and address. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically after the first meeting held on or after the date of that proxy or any recess or adjournment of that meeting held within thirty (30) days thereafter. The proxy shall include a brief explanation of the effect of leaving the proxy uninstructed. Unless greater than a majority vote is otherwise specifically required by the Condominium Act or by the Condominium Instruments, the vote of a majority of the aggregate votes cast in person or by proxy at a duly convened meeting at which a quorum is present is required to adopt decisions made at any meeting of the Association. The phrase a "majority of Owners" used in the Condominium Instruments shall refer to a majority determined in accordance with the preceding sentence. No Owner may vote at any meeting of the Association, or be elected as a director or officer of the Association, if the Association has perfected a lien against his Unit which is not discharged at the time of the meeting, or there are any assessments against the Owner that are sixty (60) days past due.

Section 2.9. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association until adjourned if persons entitled to cast more than twenty-five percent (25%) of the votes, whether in person or by proxy, are present at the beginning of the meeting. If a quorum is not present at the beginning of the meeting, the meeting shall be adjourned to a time not less than forty-eight (48) hours from the time of adjournment. A quorum shall be deemed to be present throughout such succeeding meeting if persons entitled to cast more than

twenty-five percent (25%) of the votes, whether in person or by proxy, are present at the beginning of the meeting.

Section 2.10. Conduct of Meeting. The President shall preside over all meetings of the Association. The Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting and all other transactions occurring thereat. The President may appoint a person to act as Parliamentarian at the beginning of each meeting. The most current edition of Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Condominium Act.

Section 2.11. Ownership of Units by the Unit Owners' Association. The Association may acquire, own and transfer title to a Unit, but the vote appertaining to a Unit owned by the Association may not be cast or counted for any purpose.

ARTICLE 3

BOARD OF DIRECTORS

Section 3.1. Number and Qualification. The affairs of the Condominium shall be governed by a Board of Directors. During the Declarant Control Period, the Declarant shall have the right to designate the members of the Board of Directors. The initial Board of Directors shall be composed of three (3) persons, who may but need not be Owners or officers or employees of Owners, or Mortgagees (or designees of Mortgagees) of Units. After the Declarant Control Period, the Board of Directors shall consist of five (5) persons, all of whom shall be elected by the Owners. For two (2) years after the Declarant Control Period, the Declarant may appoint an individual who shall be entitled to notice of all meetings of the Board of Directors, and who may speak at the meetings but cannot vote.

Section 3.2. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things which are not, by the Condominium Act or by these Bylaws, directed to be exercised and done by the Association.

(a) Powers. The Board of Directors shall have the power, without limitation, from time to time to:

- (i) adopt any rules and regulations (the "Rules and Regulations") deemed appropriate by it for the governance of the Condominium; including, but not limited to, governing the use of the Common Elements and the personal conduct of the Owners

and their guests thereon, and to establish penalties for the infraction thereof; provided, however, the Rules and Regulations shall not be in conflict with the Condominium Act or the Declaration, or these Bylaws;

- (ii) suspend the voting rights and right to use the Common Elements during any period in which such Owners shall be in default in the payment of any assessment levied by the Association;
 - (iii) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
 - (iv) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, the Declaration or applicable Virginia law;
 - (v) form and appoint the number of such committees as the Board shall deem necessary or desirable;
 - (vi) In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to, and be responsible for, those duties and functions of the Association set forth in Sections 55-79.79 and 55-79.80 of the Condominium Act.
- (b) Duties. It shall be the duty of the Board of Directors to:
- (i) cause to be kept a complete record of all its acts and corporate affairs;
 - (ii) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
 - (iii) as more fully provided in Section 6 of these Bylaws, to determine and collect all assessments, and foreclose the lien against any Unit for which assessments are not paid within the due date specified in these Bylaws;
 - (iv) issue or cause an appropriate officer to issue, upon demand by any person, a certificate of resale and/or certificate regarding assessments setting forth whether or not any assessment has been paid for a Unit. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
 - (v) procure and maintain adequate liability and hazard insurance on the Common Elements as provided in these Bylaws;
 - (vi) cause all offices or employees of the Association having fiscal responsibilities to be bonded, as it may deem appropriate; and
 - (vii) cause the Common Elements to be maintained or improved.

Section 3.3. Managing Agent. The Board of Directors may employ a professional Managing Agent for the Condominium at a compensation established

by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize. Any contract with a Managing Agent entered into during the Declarant Control Period must provide that such contract may be terminated by either party without cause and without payment of a termination fee or penalty by written notice which (i) states that such contract shall terminate on a date which is more than ninety (90) days after the date of such notice, and (ii) is given not more than sixty (60) days after the termination of the Declarant Control Period. Additionally, any contract with a Managing Agent entered into during the Declarant Control Period shall be for a term not in excess of two (2) years; shall not provide for renewal or extension terms in excess of two (2) years; and shall provide that at the end of any such term, the Board of Directors may terminate any further extension or renewal periods. Any provision of such contract that does not comply with this Section 3.3 shall be deemed to have been modified to conform hereto upon the full execution of the contract.

Section 3.4. Election and Term of Office. At the first meeting of the Association following the end of the Declarant Control Period, the term of office of two (2) members of the Board of Directors shall be fixed at three (3) years, the term of office of two (2) members of the Board of Directors shall be fixed at two (2) years, and the term of office of one (1) member of the Board of Directors shall be fixed at one (1) year. The first Board of Directors elected after the end of the Declarant Control Period shall be elected simultaneously with one ballot or election. The two people receiving the highest number of votes shall be elected for the three (3) year terms. The two people receiving the third and fourth highest number of votes shall be elected for the two (2) year terms. The person receiving the fifth highest number of votes shall be elected for the one (1) year term. In the event of a tie in the balloting, persons shall be designated among the classes of directors by drawing lots. At the expiration of the initial term of office of each respective member of the Board of Directors, that member's successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 3.5. Nominations. Nominations for election as members of the Board of Directors at the annual meeting shall occur only as set forth in this Section 3.5. In order to be nominated, a nomination petition signed by at least three (3) Owners (other than the Owner which is nominated, if an Owner is nominated) shall be submitted to the Board of Directors at least twenty-one (21) days before the annual meeting. The petition shall include a statement that the Owner is willing to be nominated, and a biographical sketch of the nominee. The Board of Directors shall cause the names of all those who are duly nominated, along with a copy of their biographical sketches, to be mailed or hand delivered to every Owner in the Condominium not less than ten (10) days prior to the annual meeting. Nominations from the floor at the annual meeting shall be prohibited unless there are less than

three (3) persons nominated to fill each of the designated vacancies on the Board of Directors.

Section 3.6. Removal of Members of Board of Directors. Except during the Declarant Control Period, at any duly called regular or special meeting of the Association, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the Owners and a successor may then and there be elected to fill the vacancy thus created. However, any Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting.

Section 3.7. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy. Each person so elected shall be a member of the Board of Directors for the remainder of the term of the member being replaced.

Section 3.8. Organizational Meeting. The date of the first meeting of the members of the Board of Directors elected at the annual meeting of the Association shall be determined by the Board of Directors immediately following the Association meeting and no further notice shall be necessary to the newly elected members of the Board of Directors. Such meeting shall occur within thirty (30) days following the annual meeting of the Association.

Section 3.9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but meetings shall be held at least once every three (3) months during each fiscal or calendar year of the Association. Notice of regular meetings of the Board of Directors shall be given to each Director, by mail or hand delivery, at least three (3) business days prior to the day designated for such meeting.

Section 3.10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each Director, given by mail or hand delivery. The notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors may be called by the President or Secretary in like manner and by like notice upon the written request of at least two (2) Directors.

Section 3.11. Waiver of Notice. Any Director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any

meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place of such meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.12. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors. The Secretary shall keep the minute book of the Board of Directors and shall record all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings therein. The most current edition of Roberts Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these Bylaws or the Condominium Act.

Section 3.13. Quorum. A quorum of the Board of Directors shall be deemed to be present throughout any meeting of the Association until adjourned if more than fifty percent (50%) of the Directors entitled to vote are present at the beginning of the meeting. A meeting shall not begin and no action shall be taken unless a quorum is present.

Section 3.14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.15. Compensation. Director's compensation, if any, shall be determined by the members of the Association.

Section 3.16. Fidelity Bonds. The Board of Directors may require adequate fidelity bonds for all Officers and employees of the Condominium handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

ARTICLE 4

OFFICERS

Section 4.1. Designation. The principal Officers of the Condominium shall be the President, Vice President, Secretary, and Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President, but no other officer, shall be required to be a member of the Board of Directors.

Section 4.2. Election of Officers. The officers of the Condominium shall be elected annually by the Board of Directors and shall hold office until a successor is elected.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors.

Section 4.4. President. The President shall be the chief executive of the Condominium and a voting member of the Board of Directors. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of president of a nonstock corporation organized under the Virginia Nonstock Corporation Act, including but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 4.5. Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint a member of the Board of Directors to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors, and he shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all the duties incident to the office of the secretary of a nonstock corporation organized under the Virginia Nonstock Corporation Act.

Section 4.7. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data, and shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors. An annual audit of the Association's financial records may be conducted at the discretion of the Board of Directors. Upon payment of a fee to the Association in an amount established by the Board of Directors from time to time, but not to exceed that permitted pursuant to the Condominium Act, as amended from time to time, the Treasurer shall issue a

Certificate of Resale pursuant to the Condominium Act to any Owner within the period of time required by the Condominium Act. Other forms may be used by the Association provided that they comply with the Condominium Act. Pursuant to Section 55-79.84, upon payment of a reasonable fee to the Association, which fee shall be established from time to time by the Board of Directors, the Treasurer will issue to an Owner a statement setting forth the amount of any unpaid assessments against the Owner.

Section 4.8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by an officer of the Association or by such other person as may be designated by the Board of Directors.

Section 4.9. Compensation of Officers. Officer's compensation, if any, shall be determined by the members of the Association.

ARTICLE 5

LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS AND UNIT OWNERS' ASSOCIATION

Section 5.1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director of the Association against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the Board of Directors) to which the officer or director may be made a party by reason of being or having been an officer or director of the Association regardless of whether he is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors are Owners) and the Association shall indemnify and forever hold each officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association, or former officer or director of the Association, may be entitled.

Section 5.2. Common or Interested Directors. The Board of Directors shall exercise its powers and perform its duties in good faith and with a view to the interests of the Association and Condominium. A contract or other transaction

between the Association and one or more of its Directors, or between the Association and any corporation, firm or association (including the Declarant) in which one or more of the Directors of the Association are directors or officers or are pecuniarily or otherwise interested, shall not be void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because such Director's or Directors' votes are counted for such purpose, provided that any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes and the Board of Directors authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the Owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The cost of any services or goods contracted for is competitive with the cost of like services or goods provided by other reputable companies offering such services or goods in the Stafford, Virginia metropolitan area; or

(d) The contract or transaction is commercially reasonable for the Condominium and to the Association at the time it is authorized, ratified, approved or executed.

A common or interested Director may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction as if he were not such a common or interested Director or officer.

Section 5.3. Exculpation of the Association. The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to any person or property caused by the elements or by the Owner of any Unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No offset, diminution or abatement of any assessments, as elsewhere provided herein, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any

action taken by the Association to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE 6

OPERATION OF THE CONDOMINIUM

Section 6.1 Determination of Common Expenses and Assessments Against Owners.

6.1.1 Fiscal Year. Unless otherwise determined by the Board of Directors, the fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the Association, the fiscal year shall commence with the consummation of the sale of the first Unit and shall end on December 31.

6.1.2 Preparation and Approval of Budget. Each year on or before December 1, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount which it considers necessary to pay the cost of utility services, maintenance, management, operation, repair and replacement of the Common Elements; and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, the Condominium Instruments, or a resolution of the Board of Directors, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Common Elements, including Limited Common Elements, of the Condominium and the rendering to the Owners of all related services. The budget may also include:

a. The cost of any maintenance, repair and replacement of any Unit if such maintenance, repair or replacement is reasonably necessary in the discretion of the Board of Directors to protect the Common Elements or to preserve the appearance or value of the Condominium or is otherwise in the interest of the general welfare of all Owners. Except as provided in Section 6.4.5 below, no maintenance, repair or replacement of any Unit shall be undertaken without (1) a resolution by the Board of Directors, and (2) prior reasonable written notice to the Owner of the Unit proposed to be maintained, repaired or replaced. Unless the Board of Directors determines otherwise after consideration of all relevant factors, the cost of any maintenance, repair or replacement to a Unit shall be assessed against the Unit to which such maintenance, repair or replacement is performed. Once so assessed, a statement for the amount thereof shall be rendered promptly to the Owner at which time the assessment shall become due and payable and shall constitute a continuing lien and obligation of the Owner as provided in these Bylaws and Section 55-79.84 of the Condominium Act.

b. Any amount necessary to discharge any lien or encumbrance levied against the Condominium, or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against the Common Elements.

c. Any reasonable amounts as the Board of Directors considers necessary to provide a working fund for the Association, a general operating reserve, and reserves for contingencies and replacements.

6.1.3 Assessment and Payment of Common Expenses. The Board of Directors shall send to each Owner a copy of the budget, in itemized form, which sets forth the amount of the Common Expenses payable by each Owner, at least ten (10) days prior to the beginning of the fiscal year to which the budget applies. The budget shall constitute the basis for determining each Owner's contribution towards the Common Expenses of the Association. The total amount of the estimated funds required for the operation of the Association set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Unit in proportion to its Percentage Interest, and shall constitute a lien against each Unit as provided in Section 55-79.84 of the Condominium Act. The total annual Common Expense assessment shall be due and payable when such assessment is made, but installment payments of one-twelfth (1/12) of the assessment for such fiscal year may be made monthly, in advance, beginning on or before the first day of the first month of the fiscal year, and continuing on the first day of each of the succeeding eleven (11) months. The obligation to pay annual Common Expense assessments applicable to the Units in a Phase shall (i) commence on the earlier of (a) the first day of the first calendar month following the issuance of a certificate permitting occupancy of the Unit, or (b) sixty (60) days following the conveyance of the first Unit in the Phase, and (ii) be prorated for any partial year if the date that the obligation to commence paying annual Common Expense assessments is other than the first day of the Association's fiscal year. Such payments shall be made by each Owner to the Board of Directors or its designated agent without offset, reductions or counterclaims. Within sixty (60) days after the end of each fiscal year, the Board of Directors shall supply to all Owners an accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves may, if the Board of Directors deems it advisable, be credited, according to each Unit's Percentage Interest, to the installments due in the succeeding months of that or the following fiscal year.

6.1.4 Reserves. The Board of Directors may accumulate and maintain reasonable reserves for contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become

necessary during the year shall be charged first against reserves allocated thereto. If the reserves are inadequate for any reason, including non-payment of any Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Units according to their respective Percentage Interests, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall give written notice of any such further assessment to all Owners, by mail or hand delivery, stating the amount and reasons therefor, and the further assessment shall, unless otherwise specified in the notice, become effective immediately and payable with the next monthly payment which is due after the delivery or mailing of the notice of further assessment. All Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the full amount of such assessment when due in accordance with this Section 6.1.4.

6.1.5 Initial Assessment. When the first Board of Directors, elected or designated pursuant to the Condominium Instruments, takes office, it shall determine the budget for the first fiscal year of the Association. Assessments shall be levied against the Owners during this period as provided in Section 6.1.3.

6.1.6 Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his allocable share of the Common Expense as herein provided whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the monthly charge established for the previous fiscal period until the new annual or adjusted budget shall have been delivered.

6.1.7 Accounts. All sums collected by the Board of Directors with respect to assessments against the Owners may be commingled into a single fund, but shall be identified and accounted for as to each Owner.

6.1.8 Association's Units. Should the Association be the Owner of a Unit or Units, any assessment which would be otherwise due and payable to the Association by the owner of such Unit or Units, reduced by the amount of income which might be derived from the leasing of such Unit or Units, shall be apportioned and an assessment therefore levied ratably among the Owners of all Units not owned by the Association based upon the respective Percentage Interests appertaining to those Units.

6.1.9 Loans from Declarant. The Association shall accept loans made by the Declarant from time to time to cover operating shortfalls and other capital needs of the Association.

6.1.10 Working Capital. Upon the initial sale of each Unit, the Board shall collect an amount equal to two-twelfths (2/12) of the assessment for such fiscal year as working capital. Such payment shall not be considered a prepayment of regular Common Expense assessments. Declarant shall not be permitted to use the working capital funds for Declarant's expenses, reserve contributions or construction costs or to make up any budget deficits during the Declarant Control Period.

6.1.11 Restrictions on Increases in Assessments. If the Common Expense assessment for a fiscal year exceeds the Common Expense assessment for the prior fiscal year by twenty-five percent (25%) or more, such increase shall require the approval of Owners of Units to which at least sixty-seven percent (67%) of the Percentage Interests appertain and Eligible Mortgagees representing at least fifty-one percent (51%) of the Percentage Interests of all Units that are subject to Mortgages held by Eligible Mortgagees.

Section 6.2 Payment of Common Expenses

6.2.1 Default and Acceleration. All Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 6.1 and any assessment not paid within thirty (30) days after it is due shall be in default. Upon default the entire annual assessment attributable to the defaulting Owner shall immediately become due and payable, unless otherwise determined by the Board of Directors. No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him of such Unit. Upon payment to the Association of a reasonable fee established from time to time by the Board of Directors, any Owner shall be entitled to a statement from the Treasurer setting forth the amount of the unpaid assessments against the Owner pursuant to Section 55-79.84 of the Condominium Act.

6.2.2 Affect on Mortgages. A lien for assessments shall not be affected by the sale or transfer of a Unit except the foreclosure of a Mortgage. Notwithstanding any other provision of these Bylaws, the lien for any assessment or other charge levied pursuant to these Bylaws on any Unit shall be subordinate to the rights of a Mortgagee. Any Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage or other purchaser at the foreclosure of a Mortgage will not be liable for any assessments or other charges accrued prior to the date the mortgagor is divested of title, and the lien for assessments due and owing prior to such divestment shall terminate upon the sale of a Unit at the foreclosure of a Mortgage.

Section 6.3 Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any

Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. A late charge, costs, and interest in amounts established by the Board of Directors from time to time shall be added to any assessment or installment thereof not paid within ten (10) days after the due date thereof. Such collection shall be pursuant to the provisions of Section 55-79.84 of the Condominium Act.

Section 6.4 Maintenance, Repair, Replacement and Other Common Expenses

6.4.1 By the Association. Except as provided below, the Association shall be responsible for all maintenance, repair and replacement of the Common Elements, including the Limited Common Elements. The cost of all such maintenance, repairs and replacements made by the Association to the Common Elements and Limited Common Elements shall be a Common Expense unless (i) in the opinion of a majority of the Board of Directors, such expense was incurred due to the negligence, misuse or neglect of an Owner or such Owner's licensee or invitee, in which event such expense may be charged to the responsible Owner, or (ii) the Owner has agreed, by separate agreement with the Association, to pay for such maintenance, repairs and replacements to Limited Common Elements of a special or unique nature or benefit to the Owner, or (iii) the Rules and Regulations of the Association provide otherwise. The Association shall not be responsible for the cleaning and housekeeping of the patios, balconies or storage units which are Limited Common Elements.

6.4.2 By the Owner. Each Owner shall:

- a. keep his Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition;
- b. be responsible for all damage to any other Units or to the Common Elements resulting from his negligence or misuse, or the negligence or misuse of the Owner's tenant, licensee or invitee, or from the Owner's failure to make any of the repairs required by this Section;
- c. perform his responsibility in a manner which shall not unreasonably disturb or interfere with the other Owners;
- d. promptly report to the Board of Directors or its designee any defect or need for repairs for which the Board of Directors is responsible;
- e. make all repairs and replacements to his Unit; and

f. keep any balcony or patio appurtenant to his or her Unit in a clean and sanitary condition.

6.4.3 Manner of Repair and Replacement. All repairs and replacements shall be of first-class quality and shall comply with all of the building codes applicable in Stafford County, Virginia. The method of approving payment vouchers for all repairs and replacements which are the responsibility of the Association shall be determined by the Board of Directors. Common Elements shall be restored or repaired to substantially the same condition as existed prior to the damage, allowing for any changes or improvements necessitated by changes in applicable building codes and changes in the availability, quality, durability, and cost of replacement materials.

6.4.4 Services Benefiting Less Than All Units. Any Common Expenses paid or incurred by the Association in making available the same off-site amenities or paid subscription television service to some or all of the Owners shall be assessed equally against the Units involved.

6.4.5 Routine Maintenance of Certain Unit Components. The Board may elect to enter into maintenance, service or similar agreements with vendors and/or service providers for certain components of the Units for any reason the Board deems appropriate. If the Board approves any such agreement, the Board (a) shall cause the Owners to be promptly notified, (b) may adopt and announce rules and regulations to facilitate the provision of such services without interference by the Owners, and (c) determine what portion of the cost for such inspections and routine maintenance shall be a Common Expense. The Board may require an Owner to enter into an agreement with the vendor or service provider for any additional services or materials required to maintain, repair or replace such components. In addition, the Board shall have the right to approve all contractors, vendors and service providers providing materials or services to or for the benefit of any Unit.

Section 6.5 Additions, Alterations, or Improvements by Board of Directors. Except during the Declarant Control Period, whenever in the judgment of the Board of Directors, the Common Elements shall require additions, alterations or improvements costing in excess of TEN THOUSAND AND NO/DOLLARS (\$10,000.00) or five percent (5%) of the annual budget, whichever is greater (the "Improvement Cap"), during any period of twelve (12) months, the making of such additions, alterations or improvements shall be approved by a majority of the Owners (except that no Owner approval shall be required for additions, alterations or improvements required to comply with applicable law or governmental regulation, or to correct any deficiency or defect creating a safety or health hazard to occupants). If a majority of the Owners grant such approval, the Board of Directors shall proceed with such additions, alterations or improvements and shall

assess all Owners for the cost thereof as a Common Expense. Any additions, alterations, or improvements costing an amount equal to or less than the Improvement Cap during any period of twelve (12) consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute part of the Common Expenses. Notwithstanding the foregoing, if it is determined by a majority of the members of the Board of Directors that such additions, alterations or improvements are exclusively for the benefit of the Owner or Owners requesting the same, such assessments may be made against such requesting Owners in such proportion as they jointly approve, or if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

Section 6.6 Additions, Alterations or Improvements by Owners.

6.6.1 Owners Other Than Declarant. No Owner shall make any alteration in or to his Unit except as provided in Section 55-79.68 of the Condominium Act. No Owner shall make any structural addition, alteration or improvement in or to, the exterior of his Unit without first obtaining the prior written consent of the Board of Directors, and the approval of the appropriate and necessary authorities of the County of Stafford, Virginia. Unless the foregoing approvals are obtained, no Owner shall install electrical wiring, television or radio antennas or other objects, machines or air conditioning units which may protrude through the walls, roof, ceiling, floor or windows of the Unit or in any manner alter the appearance of any exterior portion of the Unit. If approval of such plans and specifications is neither granted nor denied by the Board of Directors within thirty (30) days following receipt by the Board of Directors of the Owner's written request for approval, the Owner making such request shall deliver written notice to the Board of Directors of its failure to act, and if approval is neither granted nor denied within fifteen (15) days thereafter, the plans and specifications shall be deemed to be disapproved by the Board of Directors. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors; without, however, incurring any liability on the part of the Board of Directors or Association to any government, municipality, contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to persons or damage to property arising therefrom. The Owner requesting the improvement shall pay the costs of preparing and filing all applications.

6.6.2 Declarant's Units. The provisions of this Section 6.6 shall not apply to Units owned by the Declarant until deeds conveying title to such Units shall have been recorded. The Declarant shall have the right to make such improvements or alterations without the consent of the Board of Directors and the

Board of Directors shall execute any application by the Declarant to any governmental authority which may be required.

Section 6.7 Use of Common Elements. An Owner shall not place or cause to be placed in any of the common areas or common facilities constituting the Common Elements, other than areas which may be designated as the Limited Common Elements appurtenant to the Owner's Unit, any obstructions, furniture, packages or objects of any kind.

Section 6.8 Utility Charges. Each Owner shall be responsible for all charges or assessments for utilities, including but not limited to electricity, cable television and telephone charges supplied to each Owner's Unit and separately metered for that Unit. The cost of utilities serving the Condominium which are not individually metered to each Unit shall be a Common Expense.

Section 6.9 Restrictions on Use of Units and Common Elements; Rules and Regulations.

6.9.1 Use. Units shall be used for private residential purposes only, which shall be defined to mean a residence for individuals living together as a single housekeeping unit, and uses customarily incidental thereto, except such temporary, non-residential uses as may be permitted by the Board of Directors. No Unit may be used as a rooming house, group home, commercial foster home, fraternity or sorority house, or any similar type of lodging, care or treatment facility. Notwithstanding the foregoing, a Unit may be used for a home occupation provided that: (i) the home occupation as conducted in the Unit is done solely within the dwelling; (ii) no persons other than those individuals living together as a single housekeeping unit on the premises shall be engaged in the home occupation as conducted in the Unit; (iii) the occupant obtains any necessary permits from the County of Stafford, Virginia; and (iv) the occupant obtains the prior written approval of the Board of Directors. If approval of such home occupation request is neither granted nor denied by the Board of Directors within thirty (30) days following receipt by the Board of Directors of the Owner's written request for approval, the Owner making such request shall deliver written notice to the Board of Directors of its failure to act, and if approval is neither granted nor denied within fifteen (15) days thereafter, the home occupation request shall be deemed to be disapproved by the Board of Directors. Any Owner that is a corporation, trust or partnership shall annually notify the Association in writing of the name or names of those persons entitled to use the Unit.

6.9.2. Leases. No Unit shall be rented for transient or hotel purposes without the prior written approval of the Board of Directors. No Owner shall lease a Unit (or any portion thereof) other than on a written form of lease: (i) requiring the lessee to comply with the Condominium Instruments and such rules and

regulations as are promulgated by the Board of Directors from time to time; (ii) providing that failure to so comply constitutes a default under the lease; and (iii) providing that the Board of Directors shall have the power to terminate the lease or bring summary proceedings to evict the lessee in the name of the Owner/lessor upon any such default which is not cured by either the lessee or the Owner/lessor within thirty (30) days after the delivery of written notice of such default to each of them. The Board of Directors may require a standard form lease or addendum for use by Owners. Each Owner shall, promptly following the execution of a lease of a Unit, forward a copy thereof to the Board of Directors or its designee certified by the Owner as true, correct and complete. The provisions of this Section shall not apply to the Declarant or to any Mortgagee who comes into possession of a Unit by reason of any remedies provided by law or in any Mortgage, or as a result of foreclosure or judicial sale, or as a result of any proceeding, arrangement, or deed in lieu of foreclosure.

6.9.3 Declarant's Use. Nothing in these Bylaws shall be construed to prohibit the Declarant from (a) using any Unit owned by Declarant for promotional, marketing, sales, construction, settlement or display purposes or from using any appropriate portion of the Common Elements for such purposes, or (b) leasing any Unit or Units which Declarant owns.

6.9.4 Rules and Regulations.

a. Nothing shall be done or kept in or upon any Unit, Limited Common Element or the Common Elements which will increase the rate of insurance for the Condominium without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept in his Unit or upon the Common Elements or Limited Common Elements which will result in the cancellation of insurance on the Condominium or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed by any Owner in the Common Elements.

b. No unlawful use shall be made of the Condominium or any part thereof, and all laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency requiring any repair or alteration to any portion of the Condominium shall be complied with, by and at the sole expense of the Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Condominium. If the latter, then the cost of such compliance shall be a Common Expense, unless a majority of the Board of Directors determine that an alteration is required to satisfy the needs of the particular Owner, in which event the cost of the alteration may be charged to the Owner.

c. Vehicular parking upon the Common Elements if provided and available may be regulated or assigned by the Board of Directors. In addition, nothing shall be altered or constructed in or removed from the Common Elements without the prior written consent of the Board of Directors.

d. Nothing shall be done in any Unit or in or on the Common Elements which might impair the structural integrity, or change the structure or external appearance, of any part of any Unit or Limited Common Element without the prior written consent of the Board of Directors.

e. The Board of Directors is hereby authorized to adopt, modify and rescind from time to time rules and regulations that it determines are (a) reasonably necessary to protect the health, safety and welfare of the Owners or (b) otherwise generally in the best interest of the Owners.

f. No noxious or offensive trade or activity shall be carried on within the Condominium or within any Unit, nor shall anything be done thereon or therein which may be or become an annoyance or nuisance to the neighborhood or the other Owners. The Common Elements and Limited Common Elements shall be used only for the furnishing or the services and facilities for which the same are reasonable suited and which are incident to the use and occupancy of the Units.

ARTICLE 7

ADMINISTRATION OF THE CONDOMINIUM BY THE OWNERS ASSOCIATION

Section 7.1 Authority. A nonprofit Virginia nonstock corporation known as Carriage Pointe at Aquia Condominium Unit Owners Association, Inc., will function as the Owners Association. The Association will administer the operation and management of the Condominium and shall have the power to perform all acts and duties incident to such administration in accordance with the terms of its Articles of Incorporation and the Bylaws, as well as in accordance with the terms of the Condominium Act. All Owners shall automatically become members of the Association and such membership shall automatically terminate upon divestiture of such ownership regardless of how such ownership is divested. No person, firm or corporation holding any lien, deed of trust or other encumbrance upon any Unit or upon the Condominium as a whole shall be entitled by virtue of such lien, deed of trust or other encumbrance to membership in the Association or to any of the rights or privileges of such membership. The Association shall have and is granted the authority to enforce the provisions of these Bylaws, the Articles of Incorporation and Declaration and to enforce such rules and regulations governing the use of the

Units and all other property of the Condominium as the Board of Directors may determine.

Section 7.2 Board of Directors as Agent. The Board of Directors shall have the power to act as agent for the Owners of all of the Units and for each of them, to manage, control and deal with the interests of such Owners in the Common Elements of the Condominium to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors shall have the power to act as agent for each Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to: (i) adjust and settle all claims arising under insurance policies purchased by the Board of Directors, (ii) execute and deliver releases upon the payment of claims and (iii) act on their behalf in any condemnation proceeding or action of eminent domain pursuant to Section 55-79.44 of the Condominium Act; provided however, that the Board of Directors shall notify the Mortgagee of such and obtain Mortgagee's consent pursuant to Article 10 of these Bylaws. The powers hereby granted shall be in addition to any rights granted by Section 55-79.80(B) of the Condominium Act. The Board of Directors may grant and accept easements and licenses pursuant to Section 55-79.80(B) of the Condominium Act.

ARTICLE 8

INSURANCE

Section 8.1 Authority to Purchase.

8.1.1 Association Policies. Except as otherwise provided in Section 8.5, all insurance policies relating to the Condominium shall be purchased by or on behalf of the Association. Neither the Association, any officer or director, a Managing Agent, nor the Declarant shall be liable for failure to obtain any coverages required by this Article to be obtained by or on behalf of the Association if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are available only at demonstrably unreasonable cost. Pursuant to Section 55-79.81(b) of the Condominium Act, the Secretary shall promptly furnish to each Owner written notice of the procurement, subsequent changes in, and the termination of all insurance coverage obtained on behalf of the Association.

8.1.2 General Requirements. Each policy purchased by or on behalf of the Association shall provide, to the extent reasonably available at reasonable rates, that:

a. The insurer waives any right of subrogation against the Declarant, the Association, the officers and directors, Managing Agent, the Owners and Mortgagees, and their respective agents, employees and invitees;

b. The policy shall not be cancelled, invalidated or suspended due to the conduct of any officer or director, Owner, Managing Agent, or any invitee, agent, officer, or employee of any of the foregoing without a prior demand in writing to the Board of Directors or the Managing Agent (whichever is applicable) that the defect be cured, followed by failure to cure the defect within sixty (60) days after such demand; and

c. The policy shall not be cancelled or substantially modified for any reason (including nonpayment of premium) without at least sixty (60) days' prior written notice to the Board of Directors and the Managing Agent and, in the case of physical damage insurance, to all Mortgagees.

8.1.3 Declarant Coverage. The Declarant shall be protected by all policies obtained by or behalf of the Association as an Owner as long as it owns any Unit.

8.1.4 Rating. All policies of insurance obtained by Owners or by or on behalf of the Association shall be written by companies licensed to do business in the Commonwealth of Virginia, and assigned an "A" rating or better by Best's Insurance Reports.

8.1.5 Insurance Trustee as Loss Payee. All policies of insurance obtained by or on behalf of the Association shall provide that they are payable to the Insurance Trustee (as defined below).

Section 8.2. Common Element Physical Damage Insurance.

8.2.1 Policy Requirements. The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, debris removal, cost of demolition and water damage endorsements, insuring all of the utility systems, if any, other than improvements such as curbs, gutters, and other items not normally insured, if any. Such insurance shall cover the interests of the Association, the Board of Directors and all Owners and their Mortgagees, as their interests may appear (subject, however, to the loss payment and adjustment provisions in favor of the Board of Directors as Insurance Trustee contained in Sections 8.6 and 8.7 of this Article), and shall be in an amount that would provide for one hundred percent (100%) of the then current replacement cost of the insured portions, if any, of the Common Elements (exclusive of land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation. Such amount

shall be determined annually by the Board of Directors with the assistance of the Managing Agent, the insurance company affording such coverage, and (if the Board so resolves) a qualified appraiser of real estate.

8.2.2 Specific Requirements. Such policy shall also provide:

a. A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction if a decision is made pursuant to Section 9.5 of these Bylaws not to do so, and, in such event, that the insurer shall pay on the basis of the agreed amount endorsement;

b. The following endorsements (or equivalent): (i) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any Owner, occupant, or other person if such act or neglect is not within the control of the insured, nor by any failure of the insured or any other person to comply with any warranty or condition concerning any portion of the Condominium not controlled by the insured); (ii) "contingent liability from operation of building laws or codes"; (iii) "increased cost of construction" or "condominium replacement cost"; and (iv) "agreed amount" or elimination of coinsurance clause;

c. That any "no other insurance" clause excludes individual Owners' policies from its operation so that the physical damage policy purchased on behalf of the Association shall be deemed primary coverage and any individual Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained on behalf of the Association hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees unless otherwise required by law; and

d. That a duplicate original of such policy, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee whose request therefore is received by the insurer at least thirty (30) days prior to expiration of the then current policy.

Section 8.3 Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability insurance (including without limitation coverage of all officers and directors against libel, slander, false arrest, invasion of privacy, and errors and omissions) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring the Association, each officer and director, the Managing Agent, each Owner, each Mortgagee, and the Declarant against any liability to the public or members of their households arising out of or incident to the ownership or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross liability endorsement under which the rights of a named insured shall not be

prejudiced with respect to his action against another named insured; (ii) hired and nonowned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Association; and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability to an Owner because of negligent acts or omissions of the Association, any officer(s), or any other Owner(s). The Board of Directors shall review such limits once a year, but in no event shall such insurance be less than a combined single limit of One Million Dollars (\$1,000,000) covering all claims for bodily injury or property damage arising out of one occurrence.

Section 8.4 Other Insurance. The Board of Directors may, in its discretion, obtain and maintain:

8.4.1 Fidelity Coverage. Adequate fidelity coverage to protect against dishonest acts on the part of officers, agents and employees of the Association and all others who handle or are responsible for handling funds of the Association. The fidelity bonds shall: (i) name the Association as an obligee; (ii) be written in an amount not less than one-half (1/2) of the total annual assessments for Common Expenses for the then current fiscal year; provided, however, the aggregate amount of the bonds shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the Managing Agent at any given time during the term of the bond, or a sum equal to three (3) months' aggregate assessment on all Units plus reserve funds; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

8.4.2 Workers' Compensation. Worker's compensation insurance if and to the extent necessary to meet the requirements of law; and

8.4.3 Other Insurance. Such other insurance as the Board of Directors may determine is appropriate or as may be required from time to time by resolutions of the Association.

Section 8.5 Unit Physical Damage Insurance.

8.5.1 Policy Requirements. Each Owner shall, at his own expense, obtain and maintain in full force and effect a condominium owner's casualty policy insuring such Unit and any improvements to the Unit in an amount that would provide for one hundred percent (100%) of the then current replacement cost thereof (exclusive of Common Elements and foundations and other items normally excluded from coverage), without deduction for depreciation, including insurance coverage for his personal liability; provided, however, that no Owner shall acquire or maintain insurance coverage so as to decrease the amount which the Association may realize

under any insurance policy, or to cause any insurance coverage in favor of the Association to be brought into contribution with insurance coverage obtained by an Owner. All policies obtained by Owners individually shall contain waivers of subrogation if permitted by the insuring company without additional premium.

8.5.2 Specific Requirements. Such policy shall also provide:

a. The following endorsements (or equivalent): (i) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any person if such act or neglect is not within the control of the insured, nor by any failure of the insured or any other person to comply with any warranty or condition concerning any portion of the Condominium not controlled by the insured); (ii) "contingent liability from operation of building laws or codes"; (iii) "increased cost of construction" or "condominium replacement cost"; and (iv) "agreed amount" or elimination of coinsurance clause;

b. That any "no other insurance" clause excludes policies obtained by or on behalf of the Association from its operation so that the physical damage insurance on Units obtained by Owners shall be deemed primary coverage with respect to the Units and any policy obtained by or on behalf of the Association shall be deemed excess coverage, and in no event shall the insurance coverage obtained by any Owner be brought into contribution with any policy obtained by or on behalf of the Association unless otherwise required by law; and

c. That a duplicate original of each policy, all renewals thereof, and any subpolicies, certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to the Association and any mortgagee whose request therefore is received by the insurer at least thirty (30) days prior to expiration of the then current policy.

8.5.3. Association's Right to Procure Unit Insurance. In the event any Owner shall fail to provide a policy of hazard insurance with respect to a Unit as required in this Section 8.5, then the Board of Directors may, but shall not be obligated to, obtain such a policy with respect to the Unit, on behalf of such Owner, and all expenses incurred by the Board of Directors in connection with obtaining such policy shall be repaid by such Owner to the Association promptly upon demand by the Board of Directors. Any expenses incurred by the Association pursuant to this Section 8.5.3 shall be charged to the responsible Owner, and such expenses shall be secured by the lien for payment of Common Expenses as provided in these Bylaws.

Section 8.6 Insurance Trustee. All physical damage insurance policies purchased by or on behalf of the Association shall be for the benefit of the Association, the Owners, and their Mortgagees, as their respective interests may

appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board of Directors as "Insurance Trustee" to be applied pursuant to the terms of Article 9 of these Bylaws. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes stated in Article 9 of these Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

Section 8.7 Board of Directors as Agent. The Board of Directors as Insurance Trustee is irrevocably constituted as agent for the Association, each Owner, each Mortgagee, other named insureds and their beneficiaries, and any other holder of a lien or other interest in the Condominium, to adjust and settle all claims arising under insurance policies purchased by the Board of Directors and deliver releases upon the payment of claims. Nothing in this Section 8.7 shall supersede the rights of any construction lender with a lien on the Condominium.

Section 8.8 Required Insurance Policies. Notwithstanding anything to the contrary contained in these Bylaws, the Board of Directors shall obtain on behalf of the Association to the extent reasonably available, such insurance coverages (including hazard, liability, fidelity and flood coverages) and requirements provided in Article XII (Project Standards, 6/3/02), Chapter 7 (Insurance Requirements) of the Fannie Mae, Single-Family Selling Guide as modified from time to time.

ARTICLE 9

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 9.1 When Repair and Reconstruction are Required. Except as otherwise provided in this Article, upon damage to or destruction of all or any part of the insured Common Elements, as a result of fire or other casualty, the Board of Directors under the direction of the Insurance Trustee shall arrange for and supervise the prompt repair and restoration thereof.

Section 9.2 Procedure for Reconstruction and Repair.

9.2.1 Cost Estimates. Immediately after a fire or other casualty causing damage to any part of the insured Common Elements, the Board of Directors under the direction of the Insurance Trustee shall obtain reliable and detailed estimates of the cost of such repair and restoration to a condition as good as that existing before such casualty or damage. Such costs may also include professional fees and premiums for such bonds as the Insurance Trustee determines necessary.

9.2.2 Assessments. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments for such deficiency shall be made against all the Owners in proportion to their respective Percentage Interests.

9.2.3 Encroachments. Section 55-79.60 of the Condominium Act (Easement for Encroachments) shall apply if encroachments upon or in favor of Units are created as a result of such reconstruction or in any event contemplated and set out in Section 55-79.60, and no such encroachment shall give rise to a claim or basis for any action for removal thereof by the Owner upon whose property such encroachment results.

9.2.4 Plans and Specifications. Any reconstruction or repair of the Units and the Common Elements shall be substantially in accordance with the plans and specifications under which the Condominium was originally constructed, regardless of whether such improvements are insured by a policy carried by the Owner or the Association, but subject to changes in applicable building codes and changes in the availability, quality, durability and cost of replacement materials.

Section 9.3 Disbursements of Construction Funds

9.3.1 Construction Fund. The net proceeds of insurance collected on account of a casualty and the funds received by the Board of Directors or Insurance Trustee from assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section 9.4 but subject to the provisions of any Mortgages encumbering Units as provided in Article 10 of these Bylaws. The net proceeds of insurance collected on account of a casualty shall be deposited by the Board of Directors with the Insurance Trustee, and the entire construction fund shall be disbursed by the Insurance Trustee.

9.3.2 Method of Disbursements

a. If the cost of reconstruction or repair is less than Twenty-Five Thousand Dollars (\$25,000), then the construction fund shall be disbursed by the Insurance Trustee in appropriate progress payments, to any contractors, suppliers, and personnel performing the work or supplying materials or services for such repair, restoration or reconstruction as are designated by the Board of Directors.

b. If the estimated cost of reconstruction and repair is Twenty-Five Thousand Dollars (\$25,000) or more, then the construction fund shall

be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia, and employed by the Insurance Trustee to supervise such work, with payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work and stating that (A) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and material furnished; (B) there is no other outstanding indebtedness known to the architect for the services and materials described; and (C) the cost as estimated by the architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

9.3.3 Surplus. It shall be presumed that the first monies disbursed in payment for the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in a construction fund after the payment of all the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all Owners in proportion to the Percentage Interests appertaining to their respective Units and disbursed in accordance with the priority of interests at law or in equity in each Unit.

9.3.4 Certificate. The Insurance Trustee shall be entitled but not obligated to rely upon a certificate executed by the President or Vice-President, and the Secretary, of the Association certifying:

- a. The name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it or whether surplus funds to be distributed are less than the assessments paid by the Owners; and
- b. All other matters concerning the holding and disbursing of any construction fund.

The certificate shall be delivered to the Insurance Trustee promptly after request.

Section 9.4 When Reconstruction is Not Required. If two-thirds (2/3) or more of the Condominium is rendered untenable and eighty percent (80%) or more of the Owners vote at a special meeting of the Association (to be held for such purpose within thirty (30) days after such casualty) that the Condominium not be repaired and if the insurance policy covering such damage does not require otherwise, and all Mortgagees agree, then any insurance proceeds received on account of such damage along with the net assets of the Condominium, shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among all Owners in proportion to the Percentage Interests appertaining to their

respective Units, after first paying out of the share of each Owner, to the extent sufficient therefore, the amount of any unpaid liens on that Owner's Unit in the order of priority of such liens.

ARTICLE 10

MORTGAGEES AND MORTGAGES

Section 10.1 Notice to Board of Directors. An Owner who encumbers his Unit with a Mortgage shall notify the Board of Directors of the name and address of the Mortgagee and shall file a copy of the note and Mortgage with the Board of Directors certified by the Owner to be true, correct and complete.

Section 10.2 Notice of Unpaid Assessments for Common Expenses. The Board of Directors, whenever so requested in writing by a Mortgagee, shall promptly report to the Mortgagee any sixty (60) day delinquency in the payment of assessments for Common Expenses or other charges due from, or any other default by, the Owner of the mortgaged Unit.

Section 10.3 Notice of Default, Casualty, Condemnation, and Insurance Cancellation. The Board of Directors, when giving notice to an Owner of a default in paying an assessment for Common Expenses or any other default, shall simultaneously send a copy of the notice to the Mortgagee of such Unit if requested by the Mortgagee in writing given to the Association with the Mortgagee's address for notice purposes. The Board of Directors shall also notify all Mortgagees of any casualty giving rise to a possible claim under any insurance purchased pursuant to Article 8 (Insurance) of these Bylaws, of all actions taken under Section 9.5 (When Reconstruction Is Not Required) of any proposed taking in condemnation or by eminent domain and action in response thereto and of any lapse, cancellation, or material modification of any insurance policy maintained by the Association. The rights described in this Section 10.3 shall also apply to any insurer or guarantor of the Mortgage encumbering the Unit.

Section 10.4 Insurance Proceeds and Condemnation Awards. No provision of the Condominium Instruments shall be construed to give any Owner, the Association, or any other party, priority over the rights of any Mortgagee in the case of any distribution of insurance proceeds or condemnation awards for losses to or a taking of Units or Common Elements.

Section 10.5 Other Rights of Mortgagees. All Mortgagees or their representatives shall be entitled to attend meetings of the Association and shall have the right to speak thereat, and shall have the right to examine the books and records of the Condominium.

Section 10.6 Availability of Audited Financial Statements. The Association shall make an audited financial statement for the preceding fiscal year (if the Condominium has been established for a full fiscal year) available to a Mortgagee or insurer or guarantor of any Mortgage upon submission of written request for the audited financial statement. The Association shall cause the audited financial statement to be available within one hundred twenty (120) days of the Association's fiscal year end.

Section 10.7 Mortgagee Approval. Without the prior written approval of Eligible Mortgagees representing at least fifty-one percent (51%) of the Percentage Interests of all Units that are subject to Mortgages held by Eligible Mortgagees:

10.7.1 Abandonment and Termination. No portion of the Condominium shall be abandoned or terminated except as provided by Code of Virginia Section 55-79.44 or other law in the case of a taking by condemnation or eminent domain.

10.7.2 Amendments. No material amendment shall be made to the Declaration or Bylaws. A change to any of the following provisions would be considered material:

- a. voting rights;
- b. restrictions or increases in Common Expense assessments above twenty-five percent (25%) of the prior year's assessment;
- c. assessment liens;
- d. priority of assessment liens;
- e. requirements for reserves for maintenance, repair, and replacement of Common Elements;
- f. responsibility for maintenance and repairs;
- g. allocation of interests in the Common Elements as Limited Common Elements or rights to their use;
- h. definition of any Unit boundaries;
- i. convertibility of Units into Common Elements and vice versa;
- j. expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;
- k. hazard or fidelity insurance requirements;

- l. restoration or repair of the Condominium after damage or partial condemnation;
- m. any provision that expressly benefits Mortgagees, insurers or guarantors.

10.7.3 Transfer of Common Elements. The Common Elements shall not be, whether by act or omission, partitioned, subdivided, encumbered, sold or transferred, except that the granting of easements for public utilities or other public purposes consistent with the intended use of the Common Elements by the Condominium shall not be deemed a transfer within the meaning of this provision.

Section 10.8 Additional Mortgagee and Owner Approvals. Without the approval of Owners of Units to which at least sixty-seven percent (67%) of the Percentage Interests appertain and the prior written approval of Eligible Mortgagees representing at least fifty-one percent (51%) of the Percentage Interests of all Units that are subject to Mortgages held by Eligible Mortgagees, the Association shall not:

10.8.1 Self-Management. Establish self-management if professional management has not been required and continues to be required by any Eligible Mortgagee.

10.8.2 Termination After Condemnation or Destruction. Terminate the legal status of the Condominium after substantial destruction or condemnation occurs.

10.8.3 Leasing Restrictions. Impose any restrictions on leasing of Units except as provided for in these Bylaws.

10.8.4 Transfer Restrictions. Impose any restrictions on an Owner's right to sell or transfer his or her Unit.

Section 10.9 Termination. The Association shall not terminate the legal status of the Condominium for any reason other than described in Section 10.8.2 without the approval of Owners of Units to which at least sixty-seven percent (67%) of the Percentage Interests appertain and the prior written consent of Eligible Mortgagees representing at least sixty-seven percent (67%) of the Percentage Interests of all Units that are subject to Mortgages held by Eligible Mortgagees.

ARTICLE 11

COMPLIANCE AND DEFAULT

Section 11.1 Relief. As set forth in Section 55-79.53 of the Condominium Act, each Owner, including, without limitation, the Declarant, shall be governed by, and

shall comply with, all of the terms of these Bylaws, the Declaration, the Association's Rules and Regulations, the other Condominium Instruments and any amendments thereof. Default by an Owner shall entitle the Association, acting through its Board of Directors or through the Managing Agent, to the following relief:

11.1.1 Legal Proceedings. Failure to comply with any of the foregoing items set out in this Section 11.1.1 shall be grounds for relief which may include, without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in the Condominium Instruments or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent, or, if appropriate, by any aggrieved Owner.

11.1.2 Additional Liability. Each Owner shall be liable for the expense of all maintenance, repair or replacement to the extent rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or employees, agents, licensees, invitees or lessees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

11.1.3 Costs and Attorneys' Fees. In any proceeding arising out of any alleged default by an Owner, the prevailing party shall be entitled to recover the costs incurred due to the proceeding, and such reasonable attorneys' fees as may be determined by the court or other appropriate forum in which such proceeding is instituted.

11.1.4 No Waiver of Rights. The failure of the Association, the Board of Directors, or of an Owner to enforce any right, provision, covenant, or condition which may be granted by these Bylaws or the Declaration shall not constitute a waiver of the right of the Association, the Board of Directors, or the Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors, or any Owner pursuant to any term, provision, covenant or condition of these Bylaws, the Declaration or the Rules and Regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges or rights as may be granted to such party by these Bylaws, the Declaration or the Rules and Regulations, or at law or in equity.

11.1.5 Abatement and Enjoinment of Violations by Owners. The violation of the rules and regulations or the breach of any provision of these Bylaws, the Declaration or any of the Condominium Instruments as defined in Section 55-79.41 of the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (1) to enter, except by force or breach of the peace, the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; provided, however, that before any items of construction within a Unit can be altered or demolished the Association must first institute judicial proceedings; or (2) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 11.2 Lien for Assessments. Any sum assessed by the Association for the share of the Common Expenses chargeable to any Unit and remaining unpaid for a period of thirty (30) days or longer after the Association has delivered written notice of the amount of such assessment shall constitute a lien on such Unit and shall be enforced pursuant to the provisions of Section 55-79.84 of the Condominium Act.

Section 11.3 Right of Action. Any Owner shall have a right of action to enforce the provisions of the Condominium Instruments against any other Owner and the Association.

ARTICLE 12

AMENDMENTS TO BYLAWS

Section 12.1. Amendments.

(a) Except as otherwise provided in this Section 12.1, or in Section 10.7.2 of these Bylaws may be modified or amended:

(1) By a vote of the Owner's representing at least sixty-seven percent (67%) of all of the Percentage Interests in the Condominium at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Owner at least twenty-one (21) days in advance of such meeting; or

(2) Pursuant to a written instrument duly executed by the Owner's representing at least sixty-seven percent (67%) of all of the Percentage Interests in the Condominium.

(b) During the Declarant Control Period these Bylaws may be modified or amended by the Declarant without any approval of the Owners being required to (i) make technical amendments which do not materially alter the rights of the Owners, and (ii) comply with the requirements, as modified from time to time, of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, or the Veterans' Administration, including, without limitation, insurance and maintenance requirements with respect to the Condominium. Amendments to these Bylaws resulting solely from or required in connection with the expansion of the Condominium may be made by the Declarant as set forth in the Declaration, without any approval of the Owners being required. Each Owner shall be given written notice of all amendments made pursuant to this subsection within thirty (30) days after the date such amendment is recorded.

Section 12.2. Recording. A modification or amendment of these Bylaws shall become effective only if such modification or amendment is recorded in the Clerk's Office of the Circuit Court of Stafford County, Virginia. A modification or amendment once adopted and recorded shall then constitute part of the official Bylaws of the Condominium, and all Owners shall be bound to abide by such modification or amendment.

Section 12.3. Conflicts. No modification or amendment of these Bylaws may be adopted which shall be inconsistent with the provisions of the Condominium Act.

Section 12.4. Restrictions on Amendments.

(a) Until the expiration of the Declarant Control Period, the following sections of these Bylaws may not be amended without the consent in writing of the Declarant: (i) Section 2.2 (Declarant Control Period), (ii) Section 2.8 (Voting), (iii) Section 3.1 (Number and Qualification), and (iv) Section 12.4 (Restrictions on Amendments) of this Article. No such amendment shall increase the Declarant Control Period beyond that provided for in Section 55-79.74 of the Condominium Act.

(b) No amendment in the Percentage Interest appertaining to each Unit or amendment that would change unit boundaries or amendment to the basis for sharing Common Expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or amendment to the basis of ownership of any reserve funds (other than such amendments resulting solely from the expansion of the Condominium, which may be made by the Declarant or without any other consent required) shall be made without the prior written consent of all the Owners and two-thirds (2/3) or more of all of the Mortgagees (based upon one (1) vote for each mortgaged Unit).

(c) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of a Mortgagee shall be made without prior written consent of two-thirds (2/3) or more of all of the Mortgagees (based upon one (1) vote for each mortgaged Unit).

(d) During the Declarant Control Period, no alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant shall be made without the prior written consent of the Declarant.

ARTICLE 13

MISCELLANEOUS

Section 13.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first-class postage prepaid or otherwise as may be permitted by the Condominium Act:

(a) If to an Owner, at the address which the Owner shall designate in writing and file with the Secretary of the Association, or if no such address is designated, at the address of the Unit of such Owner; or

(b) If to the Association, the Board of Directors, or the Managing Agent, at the principal office of the Managing Agent if there be one and if there is none, at the residence of the President of the Unit Owners Association and the members of the Board of Directors or at such other address as shall be designated by the notice in writing to the Owners pursuant to this Section.

Section 13.2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 13.3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision thereof.

Section 13.4. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders, and vice versa and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

VILLAGES OF AQUIA, LLC,
a Virginia limited liability company

By: _____
Name: _____
Title: _____

#688751 v3 030561.00001

EXHIBIT E

(ARTICLES OF INCORPORATION)

EXHIBIT E
ARTICLES OF INCORPORATION

OF

CARRIAGE POINTE AT AQUIA CONDOMINIUM
UNIT OWNERS ASSOCIATION, INC.

I hereby form a nonstock corporation under the provisions of Chapter 10 of

Title 13.1 of the Code of Virginia of 1950, as amended, and to that end set forth the

following:

1. Name. The name of the Corporation is CARRIAGE POINTE AT AQUIA CONDOMINIUM UNIT OWNERS ASSOCIATION, INC.
2. Membership. Each owner of a condominium unit in Carriage Pointe at Aquia, A Condominium (as further described in the Declaration of Carriage Pointe at Aquia, A Condominium, now or hereafter recorded in the Clerk's Office of the Circuit Court of Stafford County, Virginia, as amended from time to time) shall be a member of the Corporation.
3. Voting Rights. The voting rights of the members, including a statement of the qualifications and rights of the members, and any provisions conferring, limiting or denying the right to vote, shall be set forth in the Bylaws of Carriage Pointe at Aquia Condominium Unit Owners Association, Inc., which now are or hereafter shall be recorded in the above-referenced Clerk's Office and may be amended from time to time.
4. Initial Board of Directors. Pursuant to Section 13.1-814.1. of the Code of Virginia of 1950, as amended, provisions regarding the Board of Directors of the Corporation, including, without limitation, the number of directors, election to the board, quorums, voting by directors and vacancies on the board, shall be as set forth in the Bylaws of Carriage Pointe at Aquia Condominium Unit Owners Association, Inc., which now are or hereafter shall be recorded in the above-referenced Clerk's Office and may be amended from time to time.
5. Registered Office and Registered Agent. The address of the Corporation's initial registered office is 725 Jackson Street, Suite 200, Fredericksburg, Virginia 22401-5720. The name of the city in which the initial registered office is located is the City of Fredericksburg. The name of the initial registered agent is John F. McManus, Esq. who is a resident of the

Commonwealth of Virginia, a member of the Virginia State Bar, and whose business office is identical with the registered office of the Corporation.

6. Purpose. The purpose for which the Corporation is formed is to provide for the administration of the Condominium which is located on Foreston Woods Drive, Stafford County, Virginia, and to provide for the management, maintenance, and care of association property (as that term is defined in Section 528(c)(4) of the Internal Revenue Code of 1986, as amended) and in connection therewith, to:

(a) exercise all of the powers and privileges and perform all of the duties and obligations of the Corporation as set forth in the above-referenced Declaration and Bylaws. The foregoing Declaration and Bylaws are together referred to as the "Condominium Instruments," and are incorporated herein by reference. For the purposes hereof, the initial owner of the land described in and subject to the Condominium Instruments, who is the party executing the Condominium Instruments, shall be referred to as the "Declarant."

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

(c) exercise any and all powers, rights, and privileges that a corporation organized under the Virginia Nonstock Corporation Act (the "Act") by law may now or hereafter have or exercise.

(d) None of the above purposes is intended to or shall be interpreted or construed in any way to conflict with or expand upon the specific purpose first hereinabove mentioned in such a way as to cause the Corporation to lose or not qualify for the exemption from income taxes provided by Section 528 of the Internal Revenue Code of 1986, as amended.

7. Limitation on Liability. In any proceeding brought by or on behalf of the Corporation, the damages assessed against an officer or director arising out of a single transaction, occurrence, or course of conduct shall not exceed one dollar, unless the officer or director engaged in willful misconduct or a knowing violation of the criminal law. Under no circumstances shall the damages assessed against an officer or director in any proceeding exceed the limit specified in the Act.

8. Indemnification.

- a. Definitions. For purposes of this Article 8 the following definitions shall apply:

“Corporation” means this Corporation only and no predecessor entity or other legal entity.

“expenses” include counsel fees, expert witness fees and costs of investigation, litigation and appeal, as well as any amounts expended in asserting a claim for indemnification.

“liability” means the obligation to pay a judgment, settlement, penalty, fine or other such obligation, including, without limitation, any excise tax assessed with respect to an employee benefit plan.

“legal entity” means a corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise.

“predecessor entity” means a legal entity, the existence of which ceased upon its acquisition by the Corporation in a merger or otherwise.

“proceeding” means any threatened, pending or completed action, suit, proceeding or appeal whether civil, criminal, administrative or investigative and whether formal or informal.

- b. Limit on Liability. In every instance in which the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of directors or officers of a corporation to the corporation or to its members, the directors and officers of this Corporation shall not be liable to the Corporation or to its members.
- c. Indemnification of Directors and Officers. The Corporation shall indemnify any individual who is, was or is threatened to be made a party to a proceeding (including a proceeding by or in the right of the Corporation or by or on behalf of its members) because such individual is or was a director or officer of the Corporation or because such individual is or was serving the Corporation, or any other legal entity in any

capacity at the request of the Corporation while a director or officer of the Corporation, against all liabilities and reasonable expenses incurred in the proceeding except such liabilities and expenses as are incurred because of such individual's willful misconduct or knowing violation of the criminal law. Service as a director or officer of a legal entity controlled by the Corporation shall be deemed service at the request of the Corporation. The determination that indemnification under this Section 8.c. is permissible and the evaluation as to the reasonableness of expenses in a specific case shall be made, in the case of a director, as provided by law, and in the case of an officer, as provided in Section 8.d. of this Article; provided however, that if a majority of the directors of the Corporation has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board of Directors and such person. Unless a determination has been made that indemnification is not permissible, the Corporation shall make advances and reimbursements for expenses incurred by a director or officer in a proceeding upon receipt of an undertaking from such director or officer to repay the same if it is ultimately determined that such director or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the director or officer and shall be accepted without reference to such director's or officer's ability to make repayment. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that a director or officer acted in such a manner as to make such director or officer ineligible for indemnification. The Corporation is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its directors or officers to the same extent provided in this Section 8.c.

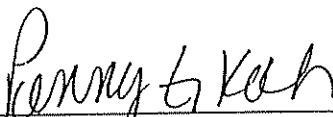
- d. Indemnification of Others. The Corporation may, to a lesser extent or to the same extent that it is required to provide indemnification and make advances and reimbursements for expenses to its directors and officers pursuant to Section 8.c., provide indemnification and make advances and reimbursements for expenses to its employees and agents, the directors, officers, employees and agents of its

subsidiaries and predecessor entities, and any person serving any other legal entity in any capacity at the request of the Corporation, and may contract in advance to do so. The determination that indemnification under this Section 8.c. is permissible, the authorization of such indemnification and the evaluation as to the reasonableness of expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board of Directors, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under Section 8.c. of this Article shall be limited by the provisions of this Section 8.c.

- e. Miscellaneous. The rights of each person entitled to indemnification under this Article 8. shall inure to the benefit of such person's heirs, executors and administrators. Special legal counsel selected to make determinations under this Article may be counsel for the Corporation. Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Corporation and indemnification under policies of insurance purchased and maintained by the Corporation or others. However, no person shall be entitled to indemnification by the Corporation to the extent such person is indemnified by another, including an insurer. The Corporation is authorized to purchase and maintain insurance against any liability it may have under this Article or to protect any of the persons named above against any liability arising from their request of the Corporation regardless of the Corporation's power to indemnify against such liability. The provisions of this Article shall not be deemed to preclude the Corporation from entering into contracts otherwise permitted by law with any individuals or legal entities, including those named above. If any provision of this Article or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article, and to this end the provisions of this Article are severable.

- f. Amendments. No amendment, modification or repeal of this Article shall diminish the rights provided hereunder to any person arising from conduct or events occurring before the adoption of such amendment, modification or repeal.

DATED: October 11, 2005



Penny G. Koch, Incorporator

#688687 v2 030561.00001

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 14, 2005

The State Corporation Commission has found the accompanying articles submitted on behalf of

CARRIAGE POINTE AT AQUIA CONDOMINIUM UNIT OWNERS
ASSOCIATION, INC.

to comply with the requirements of law, and confirms payment of all required fees. Therefore, it
is ORDERED that this


CERTIFICATE OF INCORPORATION

be issued and admitted to record with the articles of incorporation in the Office of the Clerk of
the Commission, effective October 14, 2005.

The corporation is granted the authority conferred on it by law in accordance with the articles,
subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By



Commissioner

Commonwealth of Virginia



State Corporation Commission

I Certify the Following from the Records of the Commission:

The foregoing is a true copy of all documents constituting the charter of CARRIAGE POINTE AT AQUIA CONDOMINIUM UNIT OWNERS ASSOCIATION, INC. on file in the Clerk's Office of the Commission.

Nothing more is hereby certified.



*Signed and Sealed at Richmond on this Date:
October 18, 2005*

Joel H. Peck

Joel H. Peck, Clerk of the Commission

EXHIBIT F

CONDOMINIUM PERCENTAGE INTERESTS

Unit No.	Square Footage ¹	Percentage Interest ²
15100	978	0.64%
15101	590	0.38%
15102	699	0.46%
15103	1,007	0.66%
15200	999	0.65%
15201	608	0.40%
15202	720	0.47%
15203	1,020	0.67%
15300	1,000	0.65%
15301	608	0.40%
15302	721	0.47%
15303	1,020	0.67%
30100	811	0.53%
30101	596	0.39%
30102	620	0.40%
30103	924	0.60%
30200	827	0.54%
30201	607	0.40%
30202	629	0.41%
30203	929	0.61%
30300	829	0.54%
30301	607	0.40%
30302	627	0.41%
30303	938	0.61%
32100	809	0.53%
32101	983	0.64%
32102	1,092	0.71%
32103	828	0.54%
32200	827	0.54%

¹ The size of each Unit is the square footage of the Unit measured from the undecorated interior surface of the walls of the Unit. Measurements exclude balconies and terraces. The size of each Unit is also shown on the Plans for the Condominium. Actual measurements of each Unit may differ from the size shown. Declarant shall have no liability for variations in the size of a Unit. Notwithstanding such variations, the size of each Unit provided in this Exhibit shall control.

² The Percentage Interest for each Unit is calculated using its square footage. The Percentage Interest allocated to the Units may be rounded in this Exhibit or adjusted at the time that Convertible Space is converted into Common Elements or Limited Common Elements or a Phase incorporating Units is added to the Condominium so that the sum of the Percentage Interests allocated to all of the Units totals 100%.

32201	1,011	0.66%
32202	1,115	0.73%
32203	848	0.55%
32300	830	0.54%
32301	1,006	0.66%
32302	1,118	0.73%
32303	848	0.55%
33100	804	0.52%
33101	806	0.53%
33102	916	0.60%
33103	821	0.54%
33200	833	0.54%
33201	839	0.55%
33202	947	0.62%
33203	844	0.55%
33300	832	0.54%
33301	836	0.55%
33302	942	0.61%
33303	847	0.55%
38100	808	0.53%
38101	988	0.64%
38102	1,095	0.71%
38103	827	0.54%
38200	830	0.54%
38201	1,011	0.66%
38202	1,117	0.73%
38203	851	0.55%
38300	829	0.54%
38301	1,002	0.65%
38302	1,122	0.73%
38303	851	0.55%
40100	1,010	0.66%
40101	1,008	0.66%
40102	1,022	0.67%
40103	1,090	0.71%
40200	1,009	0.66%
40201	1,009	0.66%
40202	1,005	0.66%
40203	1,090	0.71%
41100	1,011	0.66%
41101	611	0.40%
41102	632	0.41%
41103	1,112	0.73%
41200	1,008	0.66%
41201	611	0.40%
41202	626	0.41%
41203	1,106	0.72%
43100	849	0.55%
43101	812	0.53%
43102	924	0.60%

43103	826	0.54%
43200	829	0.54%
43201	832	0.54%
43202	940	0.61%
43203	849	0.55%
43300	830	0.54%
43301	830	0.54%
43302	937	0.61%
43303	849	0.55%
50100	829	0.54%
50101	830	0.54%
50102	848	0.55%
50103	937	0.61%
50200	829	0.54%
50201	828	0.54%
50202	848	0.55%
50203	937	0.61%
61100	1,005	0.66%
61101	1,011	0.66%
61102	1,028	0.67%
61103	1,116	0.73%
61200	1,008	0.66%
61201	1,009	0.66%
61202	1,028	0.67%
61203	1,128	0.74%
61A100	592	0.39%
61A101	590	0.38%
61A102	614	0.40%
61A103	708	0.46%
61A200	612	0.40%
61A201	611	0.40%
61A202	631	0.41%
61A203	720	0.47%
61A300	610	0.40%
61A301	612	0.40%
61A302	629	0.41%
61A303	732	0.48%
75100	833	0.54%
75101	611	0.40%
75102	628	0.41%
75103	914	0.60%
75200	845	0.55%
75201	612	0.40%
75202	624	0.41%
75203	914	0.60%
75A100	613	0.40%
75A101	831	0.54%
75A102	942	0.61%
75A103	633	0.41%
75A200	613	0.40%

75A201	831	0.54%
75A202	942	0.61%
75A203	633	0.41%
75A300	613	0.40%
75A301	831	0.54%
75A302	942	0.61%
75A303	633	0.41%
76100	825	0.54%
76101	828	0.54%
76102	911	0.59%
76103	827	0.54%
76200	828	0.54%
76201	826	0.54%
76202	908	0.59%
76203	826	0.54%
93100	805	0.52%
93101	977	0.64%
93102	1,000	0.65%
93103	911	0.59%
93200	825	0.54%
93201	1,008	0.66%
93202	1,023	0.67%
93203	937	0.61%
93300	829	0.54%
93301	1,008	0.66%
93302	1,026	0.67%
93303	937	0.61%
100100	601	0.39%
100101	815	0.53%
100102	926	0.60%
100103	619	0.40%
100200	608	0.40%
100201	829	0.54%
100202	934	0.61%
100203	628	0.41%
100300	608	0.40%
100301	824	0.54%
100302	935	0.61%
100303	628	0.41%
210100	813	0.53%
210101	993	0.65%
210102	1,014	0.66%
210103	927	0.60%
210200	827	0.54%
210201	1,008	0.66%
210202	1,027	0.67%
210203	936	0.61%
210300	826	0.54%
210301	1,005	0.66%
210302	1,026	0.67%

210303	935	0.61%
TOTAL	153,369	100.00%

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EXHIBIT 2

Prepared by:
Hirschler Fleischer, A Professional Corporation
P. O. Box 500
Richmond, VA 23218-0500
GPIN Numbers: _____

CARRIAGE POINTE AT AQUIA, A CONDOMINIUM

AMENDMENT TO DECLARATION
AND BYLAWS
AND ASSIGNMENT OF COMMON ELEMENTS
AS LIMITED COMMON ELEMENTS
(Phase ___)
(Units ___)

THIS AMENDMENT TO DECLARATION AND BYLAWS ("Amendment") is made as of this ___ day of _____, _____, by VILLAGES OF AQUIA, LLC, a Virginia limited liability company (the "Declarant").

RECITALS

A. Pursuant to the Declaration and attached Exhibits (including the Bylaws of Carriage Pointe at Aquia Condominium Unit Owners Association, Inc.) recorded _____, 2005, in the Clerk's Office of the Circuit Court of the County of Stafford, Virginia (the "Clerk's Office"), in Deed Book _____, page _____, as amended (the "Condominium Instruments"), certain real property more particularly described in Exhibit A to the Declaration was submitted to the provisions of Section 55-79.39, *et seq.* of the Code of Virginia of 1950, as amended (the "Condominium Act"), creating an expandable condominium known as Carriage Pointe at Aquia, A Condominium (the "Condominium"). The Declaration provides that, in accordance with the Condominium Act, portions of the Additional Land described in Exhibit B to the Declaration may be subjected to the Condominium Act, the Declaration and the Condominium Instruments and made a part of the Condominium. The Declaration provides that such expansion may be effected by the execution of an appropriate amendment to the Declaration by the Declarant and recording same in the Clerk's Office. Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Declaration.

B. Declarant now desires to make the portion of the Additional Land described in Exhibit A hereto (the "New Land"), a part of the Condominium, subject to the terms of the Condominium Act, the Declaration and the Condominium Instruments.

C. In addition, Declarant reserved the right to assign portions of the Common Elements as Limited Common Elements. Declarant now desires to assign certain Common Elements as Limited Common Elements appertaining to the Units formed out of the New Land.

AMENDMENT

Declarant hereby submits the New Land described in Exhibit A hereto to the terms and conditions of the Condominium Act, the Declaration and the Condominium Instruments, thereby making the New Land a part of the Condominium. The Declaration and the Condominium Instruments are amended as follows:

1. The definition of the "Land" shall include the New Land described in Exhibit A hereto, which has been made a part of the Condominium as described above. The remaining portion of the Additional Land not yet subjected to the Declaration, the Condominium Act and the Condominium Instruments is described in Exhibit B hereto.

2. _____ () Units have been constructed upon the New Land. The location and dimensions of the Units are depicted on the plats and plans attached hereto as Exhibit C. The Units located on the New Land are given identifying numbers as shown on Exhibit C.

3. Pursuant to the rights reserved by the Declarant in Section 3.2 of the Declaration, Declarant hereby assigns to the corresponding Units formed out of the New Land the areas and improvements designated as Limited Common Elements on Exhibit C attached hereto.

4. The boundaries of the Units created on the New Land are the same as set forth in the Declaration. The Units and the Common Elements are subject to all easements, conditions and restrictions set forth in the Declaration and other Condominium Instruments. The Declaration and other Condominium Instruments remain in full force and effect unchanged and unaffected except by the amendments made hereby and Declarant hereby ratifies and confirms the same.

WITNESS the following signature:

DECLARANT:

VILLAGES OF AQUIA, LLC,
a Virginia limited liability company

By: _____

Name: _____

Title: _____

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

The foregoing deed was acknowledged before me this ____ day of _____,
200_, by _____, _____ of Villages of Aquia,
LLC, a Virginia limited liability company, on behalf of the company.

My commission expires:

Notary Public

EXHIBIT A

New Land

Phase 1

Carriage Pointe at Aquia, A Condominium

ALL that certain piece or parcel of land located in Stafford County, Virginia, containing approximately _____ of land as more particularly described on that certain plat dated _____, 2005, prepared by Burgess & Niple, entitled "_____", a copy of which is attached hereto as part of the plats and plans in Exhibit C and incorporated herein by this reference.

EXHIBIT B

Additional Land

Carriage Pointe at Aquia, A Condominium

ALL that certain piece or parcel of land located in Stafford County, Virginia, containing approximately _____ acres of land as more particularly described as "Additional Land" on that certain plat dated _____, 2005, prepared Burgess & Niple, entitled "_____", a copy of which is attached hereto as part of the plats and plans in Exhibit C and incorporated herein by this reference.

EXHIBIT C

Phase _____, Units _____
Plats and Plans
Carriage Pointe at Aquia, A Condominium

See Plat Book _____, pages _____.

Replacement 1/3/06

CARRIAGE POINTE AT AQUA, A CONDOMINIUM
REPLACEMENT RESERVE SCHEDULE

ITEM	AREA OR QUANTITY	UNIT DESCRIP.	UNIT COST	TOTAL COST	CURRENT BALANCE	BALANCE NEEDED	ESTIMATED REMAIN LIFE	ANNUAL CONTRIB.	PERCENT OF CONTRIB.
JANUARY, 2006									
BUILDINGS - GENERAL									
JANUARY, 2006		1 unit	\$300,000	\$300,000	\$0	\$250,000	30	\$8,333	9.89%
JANUARY, 2006		1 unit	\$1,000	\$1,000	\$0	\$1,000	5	\$200	0.24%
JANUARY, 2006		1 unit	\$40,000	\$40,000	\$0	\$40,000	7	\$5,714	6.78%
JANUARY, 2006		1 unit	\$16,000	\$16,000	\$0	\$16,000	10	\$1,600	1.90%
JANUARY, 2006		1 unit	\$5,000	\$5,000	\$0	\$5,000	5	\$1,000	1.19%
JANUARY, 2006	368 unit		\$750	\$276,000	\$0	\$5,000	5	\$1,000	1.19%
JANUARY, 2006		1 unit	\$5,000	\$5,000	\$0	\$5,000	5	\$1,000	1.19%
JANUARY, 2006		17 unit	\$15,000	\$255,000	\$0	\$255,000	20	\$12,750	15.13%
JANUARY, 2006	137910 sq. ft.		\$4	\$551,640	\$0	\$551,640	25	\$22,066	26.18%
JANUARY, 2006		1 unit	\$75,000	\$75,000	\$0	\$75,000	5	\$15,000	17.80%
JANUARY, 2006		1 unit	\$50,000	\$50,000	\$0	\$50,000	20	\$2,500	2.97%
JANUARY, 2006		2 unit	\$6,000	\$12,000	\$0	\$12,000	20	\$600	0.71%
JANUARY, 2006		1 unit	\$35,000	\$35,000	\$0	\$35,000	10	\$3,500	4.15%
JANUARY, 2006		1 unit	\$1,000	\$1,000	\$0	\$1,000	10	\$100	0.12%
JANUARY, 2006	154 unit		\$350	\$53,900	\$0	\$53,900	15	\$3,593	4.26%
JANUARY, 2006		1 unit	\$40,000	\$40,000	\$0	\$40,000	30	\$1,333	1.58%
JANUARY, 2006		1 unit	\$50,000	\$50,000	\$0	\$50,000	25	\$2,000	2.37%
JANUARY, 2006		1 unit	\$50,000	\$50,000	\$0	\$50,000	25	\$2,000	2.37%
								\$84,290	100.00%
								\$7,024	100.00%

*The reserve table is based on comparable properties pending additional information from the developer

CARRIAGE POINTE AT AQUIA, A CONDOMINIUM

COMPARISON BUDGET
 ASSUMES PHASING SCHEDULE PROVIDED BY THE JADE GROUP
 BASED ON PROJECTED SETTLEMENT SCHEDULE

	Actual 2003	Actual 2004	Actual 2005 (Jan-Nov)	Budgeted (Condo) 2006	Budgeted (Condo) 2007
COMMON EXPENSES					
ADMINISTRATIVE					
40600 Memberships, Subscript., etc.	\$0	\$0	\$0	\$300	\$315
42200 Annual Meeting Expense	\$0	\$0	\$0	\$0	\$525
42000 Office Equipment	\$3,905	\$2,427	\$122	\$3,000	\$3,180
42700 Office Supplies	\$8,950	\$8,388	\$1,134	\$1,200	\$1,320
42900 Postage	\$0	\$0	\$0	\$1,675	\$1,675
43000 Printing / Stationery	\$0	\$0	\$0	\$2,055	\$1,600
43800 Administrative Miscellaneous	\$3,960	\$4,537	\$429	\$570	\$780
44000 Auditors	\$8,000	\$8,500	\$0	\$550	\$2,750
44200 Legal	\$822	\$788	\$0	\$3,900	\$5,040
44400 Management Fees	\$84,322	\$86,779	\$30,719	\$31,200	\$41,640
44600 Consulting Fees	\$475	\$0	\$0	\$5,000	\$5,000
44900 Insurance	\$22,920	\$22,921	\$22,806	\$43,260	\$46,320
45680 Board and Committee Expenses	\$0	\$0	\$0	\$3,200	\$5,420
Total Administrative	\$133,354	\$134,340	\$55,260	\$95,910	\$115,565
PAYROLL					
48310 Administrative Staff	\$104,821	\$100,657	\$24,694	\$31,200	\$32,760
49050 Maintenance Staff	\$101,804	\$119,366	\$31,057	\$22,500	\$23,640
Total Payroll	\$206,625	\$220,023	\$55,751	\$53,700	\$56,400
UTILITIES					
51000 Electricity	\$26,864	\$27,545	\$5,589	\$26,800	\$28,245
51800 Water & Sewer	\$2,905	\$3,142	\$1,454	\$9,075	\$9,545
52200 Telephone	\$18,814	\$26,775	\$6,935	\$9,000	\$9,420
Total Utilities	\$48,583	\$57,462	\$13,978	\$44,875	\$47,210
REPAIRS & MAINTENANCE					
53300 HVAC	\$2,671	\$2,953	\$1,260	\$2,800	\$2,940
53400 Electrical	\$2,143	\$1,351	\$311	\$1,500	\$1,680
53500 Common Area Painting	\$366	\$1,590	\$648	\$4,500	\$4,725
53600 Plumbing	\$3,421	\$2,177	\$512	\$2,100	\$2,520
53750 Common Area Carpentry	\$0	\$0	\$0	\$2,250	\$2,375
54650 Floors and Carpet	\$0	\$0	\$225	\$3,890	\$4,080
54800 General Supplies	\$3,585	\$0	\$540	\$1,675	\$1,920
54900 Janitorial Supplies	\$1,140	\$334	\$501	\$1,080	\$1,140
55200 Locks Keys & Doors	\$0	\$0	\$0	\$1,750	\$2,100
57470 Caulking & Tuckpointing	\$0	\$0	\$0	\$1,125	\$1,190
59100 Roofing	\$21	\$225	\$0	\$3,000	\$3,150
60230 Building / Building Equipment	\$6,170	\$4,139	\$0	\$4,700	\$5,700
61100 Fire Safety Equipment	\$0	\$0	\$0	\$12,540	\$13,200
61200 Fire Extinguisher Systems	\$0	\$0	\$0	\$500	\$525
61300 Back Flow Test	\$0	\$0	\$0	\$800	\$840
61430 Access Control System	\$0	\$0	\$0	\$2,000	\$2,520
Total Repair & Maintenance	\$19,517	\$12,769	\$3,997	\$46,210	\$50,605

CARRIAGE POINTE AT AQUIA, A CONDOMINIUM

COMPARISON BUDGET
 ASSUMES PHASING SCHEDULE PROVIDED BY THE JADE GROUP
 BASED ON PROJECTED SETTLEMENT SCHEDULE

	Actual 2003	Actual 2004	Actual 2005 (Jan-Nov)	Budgeted (Condo) 2006	Budgeted (Condo) 2007
SWIMMING POOL / COMMUNITY CENTER					
63000 Pool Contract	\$23,500	\$19,026	\$0	\$19,000	\$19,950
63100 Pool Repair & Maintenance	\$0	\$0	\$0	\$4,400	\$4,635
63200 Pool Supplies	\$0	\$0	\$0	\$2,100	\$2,220
63300 Pool Furniture	\$0	\$0	\$0	\$0	\$1,500
64100 Community Center	\$0	\$0	\$0	\$4,800	\$5,040
Total Swimming Pool / Community Center	\$23,500	\$19,026	\$0	\$30,300	\$33,345
MAINTENANCE SERVICE AGREEMENT					
65000 Grounds - Non-Contract	\$8,549	\$8,680	\$0	\$6,200	\$6,510
68600 Mechanical Systems Contracts	\$9,432	\$1,908	\$1,115	\$6,000	\$6,300
68800 Extremator Contract	\$669	\$29	\$262	\$1,500	\$1,620
69300 Cleaning Contract	\$21,255	\$17,127	\$9,245	\$27,360	\$28,740
70000 Grounds Maintenance Contract	\$56,349	\$44,115	\$12,613	\$40,800	\$42,640
70100 Safety System Monitoring Contract	\$0	\$0	\$0	\$9,600	\$10,080
70400 Snow Removal	\$0	\$0	\$0	\$7,565	\$7,945
70500 Trash Removal	\$11,450	\$1,230	\$3,405	\$7,020	\$18,904
Total Maintenance Service Agreement	\$107,704	\$73,089	\$26,641	\$106,045	\$122,939
TAXES & LICENSES					
71000 Taxes	\$385	\$574	\$175	\$1,150	\$1,700
71400 Licenses, Permits, & Fees	\$0	\$0	\$0	\$350	\$370
71550 Pool Permits	\$0	\$0	\$0	\$450	\$475
Total Taxes & Licenses	\$385	\$574	\$175	\$1,950	\$2,545
SUB-TOTAL Operating Expenses					
	\$539,668	\$517,283	\$155,802	\$378,990	\$428,609
74000 Replacement Reserve Contributions	\$28,394	\$16,010	\$16,665	\$140,157	\$140,157
74010 Operating Reserves @ 5.0%	\$0	\$0	\$0	\$18,950	\$21,430
TOTAL EXPENSES	\$568,062	\$533,293	\$172,467	\$538,096	\$590,196

OPERATING BUDGET 2006

CARRIAGE POINTE AT ACQUA, A CONDOMINIUM

OPERATING BUDGET
 ASSUMES PHASING SCHEDULE PROVIDED BY THE JADE GROUP
 BASED ON PROJECTED SETTLEMENT SCHEDULE

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	TOTAL 2006
RESIDENTIAL UNITS SETTLED	10	20	30	40	50	60	70	80	90	100	110	120	120
RESIDENTIAL UNITS RECORDED	180	180	180	180	180	180	180	180	180	180	180	180	180

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	TOTAL 2006
INCOME													
ASSESSMENTS													
30285 Residential Assessment	\$43,580	\$43,580	\$43,580	\$43,580	\$43,580	\$43,580	\$43,580	\$43,580	\$43,580	\$43,580	\$43,580	\$43,580	\$522,983
OTHER INCOME													
35000 Interest Income	\$0	\$0	\$5	\$5	\$5	\$10	\$15	\$15	\$20	\$20	\$25	\$30	\$195
35000 Late Fees	\$0	\$25	\$25	\$25	\$50	\$50	\$50	\$50	\$75	\$75	\$75	\$100	\$600
36000 Miscellaneous Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$290
TOTAL INCOME	\$43,580	\$43,580	\$43,605	\$43,610	\$43,640	\$43,640	\$43,645	\$43,645	\$43,675	\$43,675	\$43,680	\$43,680	\$523,966

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	TOTAL 2006
COMMON EXPENSES													
ADMINISTRATIVE													
40600 Memberships, Subscrip., etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$395
42200 Annual Meeting Expense	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
42700 Office Equipment	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
42800 Office Supplies	\$380	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$1,875
43000 Printing / Stationery	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$1,045
43800 Administrative Miscellaneous	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$360
44000 Auditors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50
44200 Legal	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$3,360
44400 Management Fees	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$25,200
44600 Consulting Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44800 Insurance	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$43,260
45800 Board and Committee Expenses	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Total Administrative	\$7,265	\$7,265	\$7,265	\$7,265	\$7,265	\$7,265	\$7,265	\$7,265	\$7,265	\$7,265	\$7,265	\$7,265	\$86,910

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	TOTAL 2006
PAYROLL													
48310 Administrative Staff	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$31,200
48950 Maintenance Staff	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$22,500
Total Payroll	\$4,475	\$4,475	\$4,475	\$4,475	\$4,475	\$4,475	\$4,475	\$4,475	\$4,475	\$4,475	\$4,475	\$4,475	\$53,700

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	TOTAL 2006
UTILITIES													
51000 Electricity	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$28,800
51800 Water & Sewer	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
52200 Telephone	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$9,000
Total Utilities	\$3,450	\$3,450	\$3,450	\$3,450	\$3,450	\$3,450	\$3,450	\$3,450	\$3,450	\$3,450	\$3,450	\$3,450	\$41,400

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	TOTAL 2006
REPAIRS & MAINTENANCE													
53300 HVAC	\$0	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
53400 Electrical	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$1,500
53500 Common Area Painting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
53600 Plumbing	\$0	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
53750 Common Area Carpentry	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

OPERATING BUDGET 2006

CARRIAGE POINTE AT AQUA, A CONDOMINIUM

OPERATING BUDGET
 ASSUMES PHASING SCHEDULE PROVIDED BY THE JADE GROUP
 BASED ON PROJECTED SETTLEMENT SCHEDULE

RESIDENTIAL UNITS SETTLED	January 2006		February 2006		March 2006		April 2006		May 2006		June 2006		July 2006		August 2006		September 2006		October 2006		November 2006		December 2006		TOTAL 2006			
	10	180	20	180	30	180	40	180	50	180	60	180	70	180	80	180	90	180	100	180	110	180	120	180	130	180	140	180
54650 Floors and Carpet	\$0	\$0	\$0	\$0	\$1,945	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,945	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,890
54800 General Supplies	\$100	\$125	\$100	\$125	\$125	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,675
54900 Janitorial Supplies	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80
56200 Locks Keys & Doors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
57470 Caulking & Touchpainting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
58100 Roofing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60230 Building/Building Equipment	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$2,500
61100 Fire Safety Equipment	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$1,045	\$10,445
61200 Fire Extinguisher Systems	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91300 Back Flow Test	\$0	\$0	\$0	\$0	\$800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$800
91430 Access Control System	\$0	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500
Total Repair & Maintenance	\$1,610	\$2,335	\$2,345	\$2,345	\$5,080	\$4,435	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$4,430	\$44,310
SWIMMING POOL / COMMUNITY CENTER																												
63000 Pool Contract	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
63100 Pool Rental & Maintenance	\$0	\$0	\$0	\$0	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
63200 Pool Supplies	\$0	\$0	\$0	\$0	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
63300 Pool Furniture	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
64100 Community Center	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Total Swimming Pool / Community Center	\$400	\$800	\$800	\$800	\$7,650	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450	\$6,450
MAINTENANCE SERVICE AGREEMENT																												
65000 Grounds - Non-Contract	\$0	\$0	\$0	\$0	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
66000 Mechanical Systems Contracts	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
66500 Estimator Contract	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
69000 Cleaning Contract	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280	\$2,280
70000 Grounds Maintenance Contract	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400
70100 Safety System Monitoring Contract	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
70400 Snow Removal	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
70500 Trash Removal	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180
Total Maintenance Service Agreement	\$5,655	\$5,735	\$5,825	\$5,825	\$7,465	\$7,645	\$7,735	\$7,825	\$7,915	\$8,005	\$8,095	\$8,185	\$8,275	\$8,365	\$8,455	\$8,545	\$8,635	\$8,725	\$8,815	\$8,905	\$8,995	\$9,085	\$9,175	\$9,265	\$9,355	\$9,445	\$9,535	\$9,625
TAXES & LICENSES																												
71000 Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71400 Licenses, Permits, & Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71550 Pool Permits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Taxes & Licenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUB-TOTAL Operating Expenses	\$26,895	\$27,065	\$27,615	\$28,515	\$41,860	\$33,070	\$31,760	\$32,600	\$33,520	\$34,440	\$35,360	\$36,280	\$37,200	\$38,120	\$39,040	\$39,960	\$40,880	\$41,800	\$42,720	\$43,640	\$44,560	\$45,480	\$46,400	\$47,320	\$48,240	\$49,160	\$50,080	
74000 Replacement Reserve Contributions	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450
74010 Operating Reserve @ 2.0%	\$538	\$541	\$510	\$613	\$837	\$661	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656	\$656
TOTAL EXPENSES	\$38,883	\$39,056	\$39,745	\$42,713	\$54,147	\$45,181	\$43,845	\$44,908	\$46,040	\$47,172	\$48,304	\$49,436	\$50,568	\$51,700	\$52,832	\$53,964	\$55,096	\$56,228	\$57,360	\$58,492	\$59,624	\$60,756	\$61,888	\$63,020	\$64,152	\$65,284	\$66,416	
NET SURPLUS/(DEFICIT)	\$4,658	\$4,549	\$5,160	\$897	(\$10,507)	(\$1,491)	(\$200)	(\$1,281)	(\$1,990)	(\$2,700)	(\$3,410)	(\$4,120)	(\$4,830)	(\$5,540)	(\$6,250)	(\$6,960)	(\$7,670)	(\$8,380)	(\$9,090)	(\$9,800)	(\$10,510)	(\$11,220)	(\$11,930)	(\$12,640)	(\$13,350)	(\$14,060)	(\$14,770)	

Unit Type	Number of Units (Per Type)	Pay Value (Per Unit)	Percentage of Interest (Per Unit)	Monthly Condo Fee (Per Unit)
1 Bed	32	841	0.3712%	\$181.77
1 Bed + Study	6	721	0.4175%	\$181.96
2 Bed	62	950	0.5501%	\$239.76
2 Bed + Study	29	1033	0.5992%	\$260.70
3 Bed	42	1132	0.6555%	\$285.69
3 Bed + Study	12	1212	0.7019%	\$308.87

OPERATING BUDGET 2007

CARRIAGE POINTE AT AQUIA, A CONDOMINIUM

OPERATING BUDGET
 ASSUMES PHASING SCHEDULE PROVIDED BY THE JADE GROUP
 BASED ON PROJECTED SETTLEMENT SCHEDULE

	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	TOTAL 2007
RESIDENTIAL UNITS SETTLED	100	140	150	160	170	180	180	180	180	180	180	180	180
RESIDENTIAL UNITS RECORDED	180	180	180	180	180	180	180	180	180	180	180	180	180

INCOME

ASSESSMENTS	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$572,045
Residential Assessment	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$47,570	\$572,045
OTHER INCOME	\$30	\$30	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$410
Interest Income	\$30	\$30	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$410
Late Fees	\$100	\$160	\$125	\$125	\$125	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,825
Miscellaneous Income	\$0	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$0	\$500
Total Other Income	\$130	\$225	\$160	\$160	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$2,515
TOTAL INCOME	\$47,800	\$47,925	\$47,830	\$47,830	\$47,855	\$47,855	\$47,855	\$47,855	\$47,855	\$47,855	\$47,855	\$47,855	\$574,560

COMMON EXPENSES

ADMINISTRATIVE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$315
40000 Memberships, Subscript., etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$315
42200 Annual Meeting Expense	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$3,420
42000 Office Equipment	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$1,320
42300 Office Supplies	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$840
43000 Postage	\$380	\$70	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$780
43500 Printing / Stationery	\$225	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$780
43800 Administrative Miscellaneous	\$95	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$780
44000 Auditors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44200 Legal	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$5,040
44300 Management Fees	\$3,470	\$3,470	\$3,470	\$3,470	\$3,470	\$3,470	\$3,470	\$3,470	\$3,470	\$3,470	\$3,470	\$3,470	\$41,640
44500 Consulting Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44800 Contingent Fees	\$3,860	\$3,860	\$3,860	\$3,860	\$3,860	\$3,860	\$3,860	\$3,860	\$3,860	\$3,860	\$3,860	\$3,860	\$46,320
45660 Board and Committee Expenses	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$3,120
Total Administrative	\$8,355	\$8,110	\$8,585	\$11,085	\$12,220	\$8,385	\$8,160	\$8,160	\$8,160	\$11,085	\$8,160	\$9,475	\$115,555
PAYROLL	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$32,760
48310 Administrative Staff	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$2,730	\$32,760
48650 Maintenance Staff	\$1,970	\$1,970	\$1,970	\$1,970	\$1,970	\$1,970	\$1,970	\$1,970	\$1,970	\$1,970	\$1,970	\$1,970	\$23,640
Total Payroll	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$56,400
UTILITIES	\$2,520	\$2,520	\$1,995	\$1,995	\$2,285	\$2,310	\$2,730	\$2,415	\$2,205	\$2,415	\$2,415	\$2,520	\$28,245
51000 Electricity	\$315	\$315	\$315	\$315	\$315	\$315	\$315	\$315	\$315	\$315	\$315	\$315	\$3,780
51800 Water & Sewer	\$785	\$785	\$785	\$785	\$785	\$785	\$785	\$785	\$785	\$785	\$785	\$785	\$9,420
52200 Telephone	\$3,005	\$3,005	\$3,005	\$3,005	\$3,005	\$3,005	\$3,005	\$3,005	\$3,005	\$3,005	\$3,005	\$3,005	\$36,060
Total Utilities	\$3,620	\$3,305	\$3,095	\$3,095	\$3,795	\$4,670	\$5,090	\$4,565	\$4,565	\$4,565	\$4,565	\$4,565	\$54,420
REPAIRS & MAINTENANCE	\$0	\$315	\$0	\$840	\$0	\$315	\$0	\$315	\$0	\$840	\$0	\$315	\$3,940
53000 HVAC	\$0	\$315	\$0	\$840	\$0	\$315	\$0	\$315	\$0	\$840	\$0	\$315	\$3,940
53400 Electrical	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$1,680
53600 Common Area Painting	\$0	\$0	\$0	\$0	\$1,575	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,900
53800 Plumbing	\$0	\$420	\$0	\$420	\$0	\$420	\$0	\$420	\$0	\$420	\$0	\$420	\$5,040
53750 Common Area Carpentry	\$0	\$0	\$0	\$0	\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,600

OPERATING BUDGET 2007

CARRIAGE POINTE AT AQUA, A CONDOMINIUM

OPERATING BUDGET
 ASSUMES PHASING SCHEDULE PROVIDED BY THE JADE GROUP
 BASED ON PROJECTED SETTLEMENT SCHEDULE

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
RESIDENTIAL UNITS SETTLED	130	140	160	160	170	180	180	180	180	180	180	180	180
RESIDENTIAL UNITS RECORDED	160	160	180	180	180	180	180	180	180	180	180	180	180
54850 Floors and Carpet	\$0	\$0	\$2,040	\$0	\$0	\$0	\$0	\$0	\$2,040	\$0	\$0	\$0	\$4,080
54860 General Supplies	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$1,820
54900 Janitorial Supplies	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$1,140
55200 Locks Keys & Doors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
57470 Caulking & Tuckpointing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
59100 Roofing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60230 Building / Building Equipment	\$475	\$475	\$475	\$475	\$475	\$475	\$475	\$475	\$475	\$475	\$475	\$475	\$5,700
61100 Fire Safety Equipment	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$13,200
61200 Fire Extinguisher System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
61200 Backflow Test System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
61430 Access Control System	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$5,040
Total Repair & Maintenance	\$1,870	\$3,125	\$2,495	\$7,035	\$4,745	\$3,650	\$1,870	\$3,125	\$4,535	\$6,600	\$7,455	\$2,650	\$50,605
SWIMMING POOL / COMMUNITY CENTER													
63000 Pool Contract	\$0	\$0	\$0	\$0	\$5,250	\$5,250	\$5,250	\$4,200	\$0	\$0	\$0	\$0	\$19,950
63100 Pool Repair & Maintenance	\$160	\$0	\$160	\$0	\$885	\$885	\$525	\$160	\$525	\$0	\$0	\$0	\$4,635
63200 Pool Supplies	\$0	\$50	\$0	\$0	\$780	\$85	\$370	\$85	\$0	\$0	\$0	\$0	\$2,220
63300 Pool Furniture	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
64100 Community Center	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$5,040
Total Swimming Pool / Community Center	\$420	\$630	\$420	\$2,130	\$6,035	\$6,565	\$3,780	\$3,730	\$395	\$395	\$420	\$395	\$33,245
MAINTENANCE SERVICE AGREEMENT													
65000 Grounds - Non-Contract	\$0	\$0	\$0	\$0	\$3,265	\$3,158	\$3,158	\$3,158	\$3,158	\$3,158	\$3,158	\$3,158	\$38,510
66600 Mechanical Systems Contracts	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$525	\$6,300
66800 Extremitor Contract	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$1,620
69300 Cleaning Contract	\$2,395	\$2,395	\$2,395	\$2,395	\$2,395	\$2,395	\$2,395	\$2,395	\$2,395	\$2,395	\$2,395	\$2,395	\$28,740
70000 Grounds Maintenance Contract	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$42,840
70100 Safety System Monitoring Contract	\$840	\$840	\$840	\$840	\$840	\$840	\$840	\$840	\$840	\$840	\$840	\$840	\$10,080
70400 Snow Removal	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$2,875	\$34,500
70500 Trash Removal	\$1,273	\$1,317	\$1,317	\$1,317	\$1,317	\$1,317	\$1,317	\$1,317	\$1,317	\$1,317	\$1,317	\$1,317	\$15,804
Total Maintenance Service Agreement	\$11,407	\$11,407	\$11,407	\$11,407	\$11,565	\$11,565	\$11,565	\$11,565	\$11,565	\$11,565	\$11,565	\$11,565	\$139,904
TAXES & LICENSES													
71000 Taxes	\$0	\$0	\$425	\$0	\$425	\$0	\$0	\$0	\$425	\$0	\$0	\$425	\$1,700
71600 Licenses, Permits, & Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71930 Pool Permits	\$0	\$0	\$0	\$0	\$425	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$425
Total Taxes & Licenses	\$0	\$0	\$425	\$0	\$850	\$0	\$0	\$0	\$850	\$0	\$0	\$850	\$2,550
SUB-TOTAL Operating Expenses	\$31,378	\$32,277	\$28,911	\$37,035	\$48,284	\$37,958	\$36,643	\$35,863	\$38,088	\$38,438	\$34,438	\$33,943	\$428,692
74000 Replacement Reserve Contributions	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$11,450	\$137,388
74010 Operating Reserves @ 2.0%	\$628	\$646	\$646	\$646	\$646	\$646	\$646	\$646	\$646	\$646	\$646	\$646	\$7,752
TOTAL EXPENSES	\$43,455	\$44,372	\$41,958	\$49,225	\$60,380	\$50,117	\$48,328	\$48,030	\$49,784	\$49,534	\$46,577	\$46,154	\$574,580
NET SURPLUS/(DEFICIT)	\$4,346	\$3,553	\$6,972	(\$1,395)	(\$12,744)	(\$2,322)	(\$970)	(\$600)	(\$404)	\$9	\$1,404	\$2,702	\$0

Unit Type	Number of Units (Per Type)	Par Value (Per Unit)	Percentage of Interest (Per Unit)	Monthly Condo Fee (Per Unit)
1 Bed	32	641	0.3712%	\$176.95
1 Bed + Study	6	721	0.4175%	\$180.04
2 Bed	62	950	0.5201%	\$202.25
2 Bed + Study	26	1033	0.5872%	\$255.17
3 Bed	42	1132	0.6555%	\$312.49
3 Bed + Study	12	1212	0.7019%	\$334.58

OPERATING BUDGET 10-YEAR

CARRIAGE POINTE AT ACQUA, A CONDOMINIUM

OPERATING BUDGET
 ASSUMES PHASING SCHEDULE PROVIDED BY THE JADE GROUP
 BASED ON PROJECTED SETTLEMENT SCHEDULE

	TOTAL 2006	TOTAL 2007	TOTAL 2008	TOTAL 2009	TOTAL 2010	TOTAL 2011	TOTAL 2012	TOTAL 2013	TOTAL 2014
RESIDENTIAL UNITS SETTLED	120	180	180	180	180	180	180	180	180
RESIDENTIAL UNITS RECORDED	180	180	180	180	180	180	180	180	180

INCOME

ASSESSMENTS									
30285 Residential Assessment	\$522,863	\$572,045	\$593,531	\$614,495	\$636,843	\$660,023	\$684,284	\$709,675	\$736,249
Total Assessments	\$522,863	\$572,045	\$593,531	\$614,495	\$636,843	\$660,023	\$684,284	\$709,675	\$736,249
OTHER INCOME									
35000 Interest Income	\$155	\$410	\$421	\$452	\$475	\$488	\$523	\$540	\$577
35000 Late Fees	\$1,625	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
35300 Miscellaneous Income	\$250	\$300	\$325	\$351	\$379	\$408	\$438	\$470	\$504
Total Other Income	\$1,030	\$2,310	\$2,346	\$2,403	\$2,454	\$2,506	\$2,561	\$2,610	\$2,680
TOTAL INCOME	\$523,893	\$574,355	\$595,877	\$616,900	\$639,297	\$662,529	\$686,845	\$712,285	\$738,929

COMMON EXPENSES

ADMINISTRATIVE									
48000 Memberships, Subscrip., etc.	\$300	\$315	\$328	\$341	\$354	\$369	\$383	\$399	\$415
42300 Annual Meeting Expense	\$0	\$25	\$548	\$568	\$581	\$594	\$608	\$624	\$641
42000 Office Equipment	\$2,000	\$2,160	\$2,307	\$2,439	\$2,557	\$2,665	\$2,764	\$2,854	\$2,935
42100 Office Supplies	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
42000 Printing / Stationery	\$2,000	\$1,875	\$1,750	\$1,625	\$1,500	\$1,375	\$1,250	\$1,125	\$1,000
42000 Professional Services	\$570	\$710	\$851	\$1,000	\$1,150	\$1,300	\$1,450	\$1,600	\$1,750
41000 Auditors	\$550	\$2,750	\$2,850	\$2,974	\$3,093	\$3,217	\$3,346	\$3,480	\$3,618
44200 Legal	\$2,800	\$3,040	\$3,282	\$3,525	\$3,769	\$4,014	\$4,260	\$4,507	\$4,755
44400 Management Fees	\$1,200	\$1,840	\$2,482	\$3,125	\$3,769	\$4,414	\$5,060	\$5,707	\$6,355
44000 Consulting Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
44500 Insurance	\$42,260	\$48,320	\$44,636	\$51,068	\$55,651	\$59,302	\$62,953	\$66,604	\$70,255
45650 Board and Committee Expenses	\$2,200	\$2,420	\$2,637	\$2,854	\$3,071	\$3,288	\$3,505	\$3,722	\$3,939
Total Administrative	\$53,510	\$59,560	\$65,610	\$71,660	\$77,710	\$83,760	\$89,810	\$95,860	\$101,910
PAYROLL									
48310 Administrative Staff	\$31,200	\$32,760	\$34,320	\$35,880	\$37,440	\$39,000	\$40,560	\$42,120	\$43,680
46200 Maintenance Staff	\$22,500	\$23,640	\$24,780	\$25,920	\$27,060	\$28,200	\$29,340	\$30,480	\$31,620
Total Payroll	\$53,700	\$56,400	\$59,100	\$61,800	\$64,500	\$67,200	\$70,000	\$72,800	\$75,600
UTILITIES									
51000 Electricity	\$38,800	\$38,245	\$37,690	\$37,135	\$36,580	\$36,025	\$35,470	\$34,915	\$34,360
51800 Water & Sewer	\$9,075	\$9,545	\$10,020	\$10,500	\$10,980	\$11,460	\$11,940	\$12,420	\$12,900
52200 Telephones	\$8,000	\$8,450	\$8,900	\$9,350	\$9,800	\$10,250	\$10,700	\$11,150	\$11,600
Total Utilities	\$55,875	\$56,240	\$56,610	\$56,985	\$57,360	\$57,735	\$58,110	\$58,485	\$58,860
REPAIRS & MAINTENANCE									
53200 HVAC	\$2,800	\$2,840	\$3,087	\$3,241	\$3,403	\$3,574	\$3,752	\$3,940	\$4,137
53400 Electrical	\$1,500	\$1,680	\$1,784	\$1,892	\$2,004	\$2,120	\$2,240	\$2,364	\$2,490
51500 Common Area Painting	\$4,500	\$4,725	\$4,938	\$5,150	\$5,363	\$5,575	\$5,788	\$6,000	\$6,213
51650 Plumbing	\$2,100	\$2,250	\$2,406	\$2,578	\$2,757	\$2,933	\$3,116	\$3,307	\$3,504
53750 Common Area Carpentry	\$2,250	\$2,375	\$2,494	\$2,618	\$2,749	\$2,887	\$3,031	\$3,183	\$3,342

Replacement 1/3/06

MANAGEMENT AGREEMENT

between

LEGUM & NORMAN REALTY, INC.

and

CARRIAGE POINTE AT AQUA, A CONDOMINIUM

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MANAGEMENT AGREEMENT

THIS AGREEMENT, made this _____ day of _____ 2005, between Carriage Pointe at Aquia, A Condominium(the "Association"), organized and established in accordance with applicable laws governing community associations located in the Commonwealth of Virginia and the Declaration and Bylaws executed and duly recorded in the land records of the aforesaid jurisdiction, and Legum & Norman Realty, Inc. (the "Agent"), a District of Columbia corporation, having its offices at 4401 Ford Avenue, Suite #1200, Alexandria, Virginia 22302.

WITNESSETH:

WHEREAS, the Agent is in the business of providing management services to community associations;

WHEREAS, the Association is responsible for property located in Stafford, Virginia, which property consists of approximately one hundred eighty (180) units;

WHEREAS, the parties hereto desire to enter into this agreement for the providing of management services;

NOW THEREFORE, for and in consideration of the terms, condition, covenants and promises of each to the other, the parties hereto mutually agree as follows:

ARTICLE I
DEFINITIONS

A. Agent. "Agent" means Legum & Norman Realty, Inc. and/or its agents, representatives and employees.

B. Association. "Association" means Carriage Pointe at Aquia, A Condominium Association.

C. Association Employees. "Association Employees" shall mean persons employed by the Association.

D. Board. "Board" or "Board of Directors" means the duly elected governing body of the Association as provided for in the Association's Governing Documents.

E. Board Representative. "Board Representative" means the Association's President, unless the Association notifies the Agent in writing that the Board has authorized another Board Member to act as liaison with the Agent.

F. Community Manager. "Community Manager" means that person employed by the Agent who is designated by the Agent to carry out the responsibilities of the Agent as set forth in this Agreement. The Community Manager shall act as liaison with the Board Representative and shall be the Agent's representative with respect to the Association.

G. Fees. "Fees" means all fees, rates, and charges established by the Association that the Owners are obligated to pay as their share of the expenses of the Association and all rents that tenants are obligated to pay to the Association. "Fees" include, but are not limited to, maintenance and service charges, interest and late payment costs.

H. Governing Documents. "Governing Documents" means the Association's Articles of Incorporation, Declaration (the "Declaration"), Bylaws (the "Bylaws"), Rules and Regulations (the "Rules and Regulations") promulgated by the Board of Directors, and any federal, state or local laws, rules or regulations applicable to the Association.

I. Owners. "Owners" means those persons owning title to a Unit or Units.

J. Property. "Property" means the common elements and the limited common elements (as defined in the Governing Documents) of the Association.

K. On-Site Manager. "On-Site Manager" shall mean that person hired by the Association, with the assistance and consultation of the Agent, who is responsible for the daily supervision of Association Employees and the day-to-day operation of the Property as more

specifically identified in a job description, which shall be approved by the Board. The On-Site Manager shall be an employee of the Association.

L. Tenant. "Tenant" means a person, partnership, or corporation who occupies space in a Unit by virtue of a lease with an Owner.

M. Unit. "Unit" means any space within the Association that is designated as a Unit in the Governing Documents. There are approximately one hundred and eighty (180) residential units in the Association.

ARTICLE II
APPOINTMENT OF AGENT; RECOGNITION BY
AGENT OF GOVERNING DOCUMENTS

A. Appointment. The Association hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as the exclusive managing agent of the Property. Except as otherwise specifically provided hereinafter, such authority and duties do not and shall not include supervision or management of the Units.

B. Governing Documents. The Agent acknowledges that it will act according to the Governing Documents. The Agent also acknowledges the Board's control over and responsibility for governing the affairs of the Association.

C. Cooperation. The parties hereto agree to cooperate with each other in the efficient operation of the Association for the benefit of the Unit owners.

ARTICLE III
EMPLOYEES

A. Association Employees. The On-Site Manager shall have responsibility to hire all on-site employees (the "Association Employees"), as employees of the Association, as provided in Article IV(A) of this Agreement. The Association shall provide necessary and

suitable office space and administrative support on the Property for use by the Association Employees. Agent shall file all federal, state and local tax reporting forms on behalf of the Association, as required by law. The Association shall provide Agent with all information necessary to prepare and file such returns. Association shall pay to Agent all payroll, direct overhead and benefit costs associated with the employment of Association Employees immediately upon disbursement of each biweekly payroll. Agent shall offer the Association Employees access to participate in Agent's health, life and dental insurance programs, such costs shall be paid by the Association as billed to it by Agent.

B. Agent's Employees. The Agent shall hire, as its own employees (the "Agent's Employees") a Community Manager and such off-site personnel as necessary, in the judgment of the Agent, for the discharge of its duties hereunder. Compensation for the services of the Agent's Employees shall be solely the responsibility of the Agent. The Community Manager shall communicate and work through the Board Representative, participate during regularly scheduled meetings of the Board of Directors (not to exceed four (4) quarterly weekday Board meetings prior to one hundred eighty (180) settlements and up to twelve (12) weekday monthly meetings after one hundred eighty (180) settlements per calendar year, assist in the development of bids and specifications for contracts for routine and non-routine services (as hereinafter defined), make recommendations to, and implement the decisions of, the Board of Directors, and, when requested by the Board or the Board Representative, assist with all committees formed by the Board of Directors.

C. Bond. The Agent's Employees who handle or are responsible for the handling of the Association monies shall, without expense to the Association, be insured by fidelity insurance of not less than One Million Dollars (\$1,000,000.00).

D. Approval. Whenever in this Agreement approval of a party is required, such approval shall be in writing and not unreasonably withheld.

ARTICLE IV
ROUTINE SERVICES AND DUTIES OF AGENT

The Agent shall perform the duties set forth below in this Article IV. Every action taken by the Agent under the provisions of this Article shall be performed as an agent of the Association, and all obligations or expenses properly incurred hereunder shall be for the account, on behalf, and at the expense of the Association. The Agent shall, at all times during the term of this Agreement, (i) operate and maintain the Property as directed by the Board of Directors, and (ii) assist the Board in administering the Bylaws and Rules and Regulations.

A. Association Employees. The On-Site Manager shall hire, train, supervise, periodically evaluate the performance of, control and discharge the Association Employees as shall be necessary, from time to time, in order to maintain and operate the Property properly. The On-Site Manager, with assistance from the Agent, shall prepare an operating schedule, job standards and wage rates for approval by the Board of Directors. If necessary, the Agent shall cooperate with the Board of Directors in identifying, screening, testing and recommending a replacement of the On-Site Manager and the Chief Building Engineer (if any). Compensation for the services of the Association Employees (as evidenced by payroll documents), workers' compensation, all other benefits and direct overhead shall be an expense of the Association. The Agent shall be responsible for the preparation of the Association employee payroll in accordance with the Association and Agent's procedures.

B. Health Insurance. With the Boards' approval, Agent shall offer to Association's full-time employees the opportunity to participate in health, dental and life insurance programs as may be offered from time to time. The Association shall pay on behalf of eligible employees, the apportioned amount of single coverage premium in accordance with Legum & Norman policies, including administrative support fees as may be charged by the

Agent and the insurance provider.

C. Meeting Attendance. The Agent agrees to confer with the Board of Directors in the performance of its duties as herein set forth. The Community Manager shall attend up to four (4) quarterly weekday Board meetings prior to one hundred eighty (180) settlements and up to twelve (12) monthly weekday Board meetings after one hundred eighty (180) settlements, one (1) weekday budget meeting, and one (1) annual weekday Annual Meeting per calendar year, if requested, limited to two (2) hours each with reasonable prior notice and without charge. Any additional weekday meetings, committee meetings or portions of meetings extending beyond two (2) hours from Monday through Thursday, or after 5:00 p.m. on Friday, requiring the attendance of the Community Manager shall be at an additional charge as per Attachment "A". Unless special arrangements are made at least two (2) weeks in advance, the Community Manager will not be available to attend Board meetings or Committee meetings held on weekends or national holidays.

D. Collection of Fees. The Agent shall use its best efforts to collect all Fees due the Association from Owners or others. The Association hereby authorizes the Agent to request, demand, and collect any and all Fees that may at any time be or become due to the Association in accordance with the Association's operating procedures, and to take legal or other action in the name of the Association through the Association legal counsel as may be required for the collection of delinquent Fees. Legal costs associated with collection efforts by the Agent shall be borne by either the Association or the delinquent Owner(s).

(i) The Agent shall promptly send up to two (2) delinquency notices for each monthly delinquency to delinquent Owners and furnish the Association with the list of all delinquent accounts as of previous month's end by the fifteenth (15th) business day of each month, or as otherwise agreed upon between the Association and the Agent. The Agent shall charge the Association a delinquency administration fee per Attachment "A" for all notices sent

to an Owner for any delinquency.

E. Maintenance. The Agent shall cause the Property to be maintained and repaired in accordance with the approved budget of the Association. Except for disbursements authorized in Article VII.C. of this Agreement, no expenses incurred by the Agent shall exceed the sum of Five Thousand Dollars (\$5,000.00) unless specifically authorized by the Board, provided, however, that emergency repairs involving manifest danger to life or property, or immediately necessary for the preservation and safety of the Property or for the safety of residents, or required to avoid the suspension of any necessary services to the Association, may be made by the Agent irrespective of the cost limitation imposed by this Paragraph E of Article IV. Such repairs are the responsibility of the Association, and the Association for the cost of all such repairs shall promptly reimburse Agent. Notwithstanding this authority as to emergency repairs, it is understood and agreed that Agent will confer immediately with the Board or its representative regarding every emergency expenditure.

F. Compliance with Laws. Subject to the limitations on expenditures contained in Paragraph (E) of this Article, the Agent will advise the Board and shall take such actions as may be necessary to comply promptly with any and all written orders or requirements of any federal, state, county or municipal authority having jurisdiction over the Property, and the Board of Fire Underwriters or other similar entities affecting the Property. The Agent, however, shall not take any action pursuant to this Paragraph (F) as long as the Association has notified the Agent in writing that it is contesting, or intends to contest, any such order or requirement. The Agent shall promptly notify the Board of Directors or its representative in writing of all such orders and requirements.

G. Supplies and Services. Consistent with the approved budget, the Agent may, on behalf of the Association, contract for services desired by the Association and place or cause to be placed, orders for such equipment, tools, appliances, materials, and supplies as are

necessary to maintain the Property. When taking bids or issuing purchase orders, the Agent, at all times, shall secure for, and credit to the Association any discounts, commissions, or rebates obtainable as a result of the Agent's purchases.

H. Insurance. The Agent shall use its best efforts to obtain competitive quotes for insurance to be held and shall cause such insurance to be placed and kept in force as required by the Governing Documents, this Agreement, or otherwise required by law. The types and amounts of insurance approved by the Council shall protect the interests of the Association, the Owners, any mortgagees holding mortgages covering any of the Units, and the Agent, as their respective interests may appear, including, but not limited to, workers' compensation insurance, public liability insurance, fire and extended coverage insurance, burglary and theft insurance, directors' liability insurance, and pollution liability insurance. All of the various types of required insurance coverage shall be placed with such companies, in such amounts, and with such beneficial interests appearing therein as are recommended by the insurance agent and as required by the Governing Documents, statutory law, this Agreement, or the Council.

(i) With respect to all insurance in place or obtained, including any umbrella and pollution liability policy that may be applicable to the Property from time to time, it is expressly agreed that the Agent shall be named as an additional insured.

(ii) Agent shall use its best efforts to secure from the Association's insurance carrier a written statement that all insurance coverages are in compliance with the Association's legal documents.

I. Employer Forms. The Agent shall prepare for execution and filing by the Association, all forms, reports, and returns as required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, Social Security, and, if applicable, the employment of the Association Employees (but specifically excluding any income or personal property tax returns), and other similar forms, reports, and returns as may hereafter be

required. The information necessary for the Agent to fulfill this responsibility shall be provided to the Agent by the Association.

J. Books and Records. The Agent shall maintain a comprehensive system of office records, books and accounts consistent with accepted business practices, all of which shall be subject to reasonable examination during normal business hours by the Association's authorized agents and the Owners in the manner required by the Bylaws. The Agent shall assist the Association's auditor in preparing the year-end audit of the books and records relating to the Property.

K. Budget. Not later than ninety (90) days prior to the end of the Association's fiscal year, the Agent shall submit to the Board Representative a preliminary operating budget prepared in accordance with the Bylaws, setting forth anticipated expenses and receipts for the ensuing year, and taking into account the general condition of the Property. The Agent and the Board Representative shall finalize and submit each such budget, together with a statement from the Agent outlining a plan of operation and justifying the major assumptions underlying the Agent's estimates, to the Board of Directors for its approval no later than sixty (60) days prior to the end of the Association's current fiscal year. The Board of Directors shall approve a final operating budget not less than forty-five (45) days before the end of such fiscal year. The budget as finally approved and adopted by the Board of Directors shall serve as a supporting document for the new schedule of Fees to be presented to the Owners.

L. Management Report. The Agent shall prepare a monthly management report, copies of which shall be furnished by the Agent to the members of the Board of Directors and to the On-Site Manager. The Management Report will be distributed as soon as possible after production, but in any event no later than four (4) business days prior to the monthly meeting of the Board. It shall be structured to identify the effort and cost expended by the Agent during the period following the last regularly scheduled Board meeting, and the problems and required

solutions suggested for the subsequent period(s). The Management Report shall, at a minimum, contain the following information:

(i) A summary of actions taken by the Agent pursuant to requests or directives of the Board discussed at previous Board meetings.

(ii) The status of any work performed by retained contractors, if any.

(iii) A report on periodic inspection of the Property.

(iv) A list of problem areas and recommended actions.

(v) A financial report, which may be submitted as a separate report.

Two (2) copies of a full financial report (the "Full Financial Report") shall be provided to the Board on a monthly basis and shall include the following: General Ledger, Balance Sheet, Supplemental Reports to the Balance Sheet, Comparative Income Statement, Receipts Statement, Disbursement Report, Monthly Income and Expense Spreadsheet, Payroll Distribution Journal, and original invoices. Four (4) copies of a limited financial report (the "Limited Financial Report") shall be provided to the Board on a monthly basis, and shall include the following: Balance Sheet, Comparative Income Statement, Receipts Statement, Disbursement Report, and Monthly Income and Expense Spreadsheet.

(vi) A report of delinquent Fees and other payments.

M. Preventive Maintenance. The Agent shall review and instruct the Association Employees or contractors concerning a preventive maintenance and record-keeping program if they exist. Agent shall develop and implement a preventive maintenance program if one does not exist, at rates mutually agreed upon.

N. Emergency Services. The Agent shall provide (i) a telephone answering service during all of the Agent's non-business hours; (ii) an on-call community manager, who need not be the Community Manager, provided the on-call community manager has available information relating to emergency services for the Association; and (iii) emergency engineering

services by the Agent's staff engineer or by an outside engineering service. The Agent may charge the Association for all emergency engineering services as provided in Article V(A)(ii) of this Agreement.

O. Periodic Property Inspections. The Community Manager shall inspect the building and grounds for maintenance and housekeeping activities during periodic visits to the property and shall submit a written report of findings and recommendations to the Board in the monthly management report.

ARTICLE V NON-ROUTINE SERVICES

A. Overview. The Agent shall be available to perform certain non-routine services for the Association at the rates specified on Attachment "A", provided that non-routine administrative services under (xi) and (xii) and non-routine engineering services shall only be performed upon specific approval by the Board Representative. Non-routine administrative services under (i), (xi) and (xii) and non-routine engineering services are considered services that are not anticipated to be performed during the predictable annual operating cycle of the Association. The Agent hereby reserves the right to change the rates set forth in Attachment "A" at any time and from time to time but no more often than annually, after the Effective Date of this Agreement.

(i) Administrative Services. Administrative Non- Routine Services include, but are not limited to: (i) delivery; (ii) delinquency notices, as specified in Article IV(D)(i); (iii) mailing labels; (iv) community mailings; (v) services as are specified on Attachment "A"; (vi) participation in legal actions and court appearances initiated by the Association relating to assessments, covenant enforcement, and warranties; (vii) material reproduction; (viii) accounting and bookkeeping services in addition to those specified in Article IV; (ix) administering special assessments; (x) handling financial certification requests from banks, federal agencies, or lending

institutions; (xi) preparing or causing to be prepared all reports required by any insurance company in connection with a claim relating to the Property and performing all other obligations of the Association with respect to insurance as required by the Governing Documents; and (xii) administration of special construction or capital repair projects.

(ii) Consulting Services. Non-routine consulting services include, but are not limited to: (i) interim management, Three Thousand, Five Hundred Dollars (\$3,500) payable within sixty (60) days after the initial settlement; (ii) the preparation of an Owner Handbook, Three Thousand, Five Hundred Dollars (\$3,500) payable upon completion of the final work product; (iii) the preparation of a Book of Resolutions, Two Thousand, Nine Hundred Dollars (\$2,900) payable upon completion of the final work product; and (iv) management and consulting associated with orientation and transition programs, Three Thousand Dollars (\$3,000) for up to two (2) meetings and One Thousand, Five Hundred Dollars (\$1,500) per repeat program payable upon performance of each program. Additional transition services will be provided at a per person hourly charge of One Hundred Ten Dollars (\$110). Orientation and transition programs include, but are not limited to owner orientation, committee workshops, committee training, Board of Directors training and the transition meeting. Interim management will be performed as part of this agreement at the rate noted above and all other services will be provided as requested by the Board of Directors or at the discretion of Legum & Norman at the 2005 rates noted above.

(iii) Engineering Services. Non-routine engineering services include, but are not limited to: (i) construction management for projects; (ii) the preparation of plans and specifications for mechanical, electrical, structural, architectural and other systems; (iii) the preparation of detailed, in-depth energy audits; (iv) the supervision and administration of warranty work, major construction, repair or replacement of structural components or mechanical systems; (v) the supervision and administration of insurance restoration, including providing or causing to be provided estimates for the cost thereof; (vi) evaluation and/or appeal of real estate

tax assessments; (vii) emergency services provided by the Agent's staff engineer or by an outside engineering service; and (viii) services required to modify or replace existing components or systems of the Property.

(iv) Engineering Inspections. Unless provided for in Article IV, at the Owner's request and at fees outlined in Attachment "A" and upon request of the Board of Directors, the Agent shall provide the Board of Directors with written reports concerning semiannual on-site engineering inspections. During each such inspection, the Agent, or its representative, shall, (i) inspect all mechanical equipment and decide whether corrective maintenance and any other action should be completed by the Association Employees or outside contractors; (ii) review preventive maintenance records, logs, and other records to evaluate work that has been completed; (iii) review energy practices; (iv) inspect landscaping, storm drain system and erosion; (v) inspect entrances, parking lots, and driving surfaces for abnormal conditions to prevent deterioration; and (vi) consult with the Association Employees on findings pertaining to the above items. In conjunction with the preparation of the budget for the Association's next fiscal year, during one (1) such semiannual inspection, but not less frequently than annually, the Agent shall also (i) review capital resource and useful life schedules; (ii) review obsolescence and depreciation of major components; (iii) review major and long-term structural and economic changes desirable for energy and utility conservation; (iv) inspect foundations, electrical, and plumbing systems for major or deferred action or changes; and (v) review water treatment program, if in place.

ARTICLE VI **AGENCY RELATIONSHIP AND INDEMNIFICATION**

A. Agency. Agent shall indemnify the Association from any loss directly attributed to Agent's Contractual responsibilities or from the loss of monies, securities or other evidence of debt owed by the Association while under the custody and control of the

Agent including, a loss caused by or resulting from the theft, embezzlement or defalcation by any principal or employee of the Agent or from deposit of monies in an Investment Account which is not federally insured with respect to all monies in such account, or either a direct or indirect obligation of the United States Government.

B. Association Indemnification. The Association hereby agrees to indemnify, and thereby hold and save harmless, Agent and Agent's officers, directors, stockholders and employees (collectively, "Agent") from any and all losses, damages, judgments, rulings or settlements, and all costs and expenses, incurred by Agent related to or resulting from any and all third party claims or legal, administrative or regulatory actions and proceedings asserted or brought against Agent in connection with (1) Agent's performance of its obligations or responsibilities under the terms of this Agreement and (2) Agent's actions pursuant to the express or implied direction of the Association and (3) the operation, maintenance, physical condition, ownership of, or any alleged acts, omissions or incidents occurring on or related to, the Property managed by Agent under this Agreement; provided, however, that the foregoing indemnification shall not extend to any settlement entered into by Agent without the prior written consent of the Association, which consent shall not be unreasonably withheld, nor to any case in which Agent's criminal acts, intentional misconduct or gross negligence is the cause for such claim, action or proceeding. The Association further agrees to defend, promptly and diligently, at its sole expense, any such claim, action or proceeding brought against Agent or against Agent and the Association jointly, and to reimburse Agent any monies Agent may decide to advance on the Association's behalf (although nothing herein shall be construed to require Agent to do so) or by law or regulation Agent is required to pay out in order to avoid a fine or penalty or otherwise is paid by Agent in connection with, or as an expense in defense of, any claim, civil or criminal action, proceeding charge or prosecution, law, regulation, requirement, contract or award relating to the maintenance or

operation of the Property, including, but without limitation, the hiring and firing of on-site employees, their hours of employment, working conditions and other grievances, fair housing claims and OSHA requirements. In the event a claim is made or an action or proceeding is brought against Agent but not the Association, or Agent is otherwise required to engage separate counsel to protect its interests, the choice of such counsel shall be made by Agent, subject to the prior approval of the Association, which approval shall not be unreasonably withheld. The Association shall promptly pay the costs of such counsel and upon Agent's demand therefore. This indemnification shall be covered by any applicable insurance coverages and for purposes of such insurance, the Association shall list the Agent as an additional insured party. The provisions of this Paragraph B shall survive the termination of this Agreement.

ARTICLE VII
BANKING AND DISBURSEMENTS

A. Operating Account. The Agent shall deposit all monies collected on behalf of the Association into an interest bearing operating account (the "Operating Account") established in the name of the Association at BB&T Bank or other depository as specified by the Agent. The Agent shall be authorized to draw funds from the Operating Account to make payments to be made by the Agent pursuant to this Agreement. The Agent shall have the authority to transfer funds from the Operating Account to an Investment Account(s) pursuant to Paragraph (C) of this Article VII.

B. Investment Account. The Agent shall establish interest-bearing investment accounts (each an "Investment Account") in the name of the Association in instruments in accordance with the Association's Bylaws and as directed by the Board.

C. Disbursements. Agent shall disburse from the Operating Account on a timely basis the funds required to pay (i) salaries and any other compensation to the Association

Employees as approved by the Board; (ii) taxes and other sums payable under Article IV (H) of this Agreement, (iii) insurance premiums relating to the Property; (iv) the Management Fee (as defined in Article VIII of this Agreement); and (v) sums otherwise due and payable by the Association as operating expenses authorized to be incurred under the terms of this Agreement.

Any disbursements to be made by the Agent pursuant to this Agreement shall be made out of funds provided by the Association or received by the Agent as payments to the Association. The Agent acknowledges that all such funds shall be held by it in trust for the Association and that it will not assert any claim, right, title, or ownership to such funds. The Agent shall not be obligated to make any advance to or for the account of the Association or to pay any sum except out of funds held by the Agent or provided by the Association as aforesaid or to incur any liability or obligation for the account of the Association.

ARTICLE VIII
TERM OF AGREEMENT AND
COMPENSATION FOR ROUTINE SERVICES

A. Term of Agreement. This Agreement shall commence on the first day of the month during which the first settlement to a private home purchaser occurs, which is anticipated to be January, 2006 (the "Effective Date"), shall remain in force for twenty-four (24) months, or as otherwise limited by statute, and shall be renewed automatically for successive two-year terms at the rate of compensation described in Paragraph C of this Article VIII, unless canceled by either party to this Agreement as provided below.

B. Initial Fees. In addition to any fees or charges for services expressly permitted herein, the compensation (the "Management Fee") that the Agent shall receive for all routine services performed under this Agreement, based on 2005 pricing, shall be Two Thousand Dollars (\$1,100) per month based upon one (1) to sixty (60) homes settled; Two Thousand, Two Hundred Dollars (\$2,200) per month based upon sixty-one (61) to one hundred twenty-three (123) homes

settled; Three Thousand, Three Hundred Dollars based upon one hundred eighty (180) homes settled. These fees will begin on the first day of the month during which the first settlement to a private home purchaser occurs, which is anticipated to be January, 2006.

C. Subsequent Years Fees. The Management Fee that Agent shall receive for all routine services performed in subsequent years of this Agreement shall be based upon the Management Fee set out above, increased each year by an amount not to exceed the increase in the CPI (U) for the Washington Metropolitan area for the preceding twelve (12) month period plus one and one half (1.5%) percent.

ARTICLE IX TERMINATION PROVISIONS

A. Termination Provisions. It is understood and agreed by the parties hereto that either party to this Agreement may terminate this Agreement without cause upon written notice, with no more than ninety (90) and no less than sixty (60) days notice prior to each anniversary date. The Association may terminate this Agreement upon thirty (30) days written notice to Agent for a major breach of Agent's duties under this Agreement after providing Agent with a fifteen (15) day period to cure the breach. In the event of a major breach of the terms of this Agreement, either party may terminate this agreement upon thirty (30) days written notice to the party in default after providing a fifteen (15) day period in which the defaulting party may cure the breach. After receipt of a Notice of Termination, except as otherwise directed by the Board of Directors, Agent shall:

(i) Stop such work under the contract on the date, and to the extent specified in the Notice of Termination.

(ii) From and after the Notice of Termination, place no further

orders with subcontractors for materials, services or facilities, except as may be necessary for completion of such portion of the work under the contract as is not terminated.

(iii) Assign to the Association, in the manner, at the time and to the extent directed by the Board of Directors, all of the rights, titles and interests of orders or subcontracts.

(iv) From available funds of the Association, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts; with the express approval of the Board, such approval or ratification shall be final for all of the purposes of this clause.

(v) Complete performance of such part of the work as shall not have been terminated by the Notice of Termination. Three (3) weeks prior to the expiration of the Agreement, representatives of the Association (or its designated Agent) shall have the reasonable right to enter the premises of Agent during business hour to review the Association records and make an itemized request for the delivering (no later than the last day of the contract period) of such records as the Association's representatives determine. Agent shall not be entitled to any compensation or reimbursement of costs for activities relating to turnover of records, providing the Association pays the cost of reproducing any records Agent deems necessary to continuing interest of the Agent in the period following the termination date of the contract. This latter provision is intended to allow Agent to retain copies of such documentation, as the Agent believes necessary to retain in the event of any future claim regarding Agent's performance during the contract period under its responsibility. A date and time shall be set for a meeting to take place in Agent's principal office on or before the last of the term of the Agreement, for the purposes of arranging for the turnover to the Association of all requested records, funds and deposit accounts, and for the execution of any agreements and releases relating to the conclusion of contractual obligations. Within two (2) weeks following the Notice of Termination, Agent

shall provide the Association with the following:

(a) Schedule of termination activities, including notice to vendors, banks, Association members, and meeting(s) with the successor entity responsible for management of the Association, in order that the termination and transition of responsibilities may be completed in a comprehensive and businesslike manner. Agent shall be entitled to reasonable costs associated with the preparation of such notices.

(b) An itemized statement of the estimated amount due from the Association to the Agent, as of the last day of the term of the Agreement.

(c) An itemized statement of the estimated amounts due suppliers of services and goods which have been ordered by Agent in the name of the Association. To the extent these amounts have not been paid by the last day of the term of the Agreement, an escrow account equal to such amounts as are outstanding shall be established from the Association funds to secure their payments. The Agent and the Association shall jointly control the escrow amount. As to any invoices in dispute by the Association, the Association shall indemnify and hold the Agent harmless and further agrees to retain ultimate responsibility to the provider of such services or goods represented by an invoice in contention. Also, the Association shall bear the costs of any legal action between itself and the vendor should such occur.

(vi) If the termination does not coincide with the end of the Association's fiscal year, and at the Association's request, an independent audit by a certified public accountant shall be commenced within four (4) weeks following the last day of the termination of the Agreement at the Association's expense. Agent agrees to provide reasonable assistance to the auditors at no additional expense to the Association.

(vii) The Association shall maintain insurance coverage with the Agent named as an insured for that period of time necessary to protect both the Agent and the

Association in the event of claims made based on events, which occurred during the engagement of the Agent by the Association.

(viii) The Association agrees not to hire employees of the Agent or former employees who have left Legum & Norman in the preceding twelve (12) months at any time during this agreement or for a period of two (2) years following the date of the termination of this agreement.

ARTICLE X PLANS AND SPECIFICATIONS

In order to facilitate the efficient operation of the Property, the Association shall furnish the Agent, if available, a complete set of the plans and specifications of the Property, and provide the Agent with copies of all warranties, current contracts, and service agreements relating to the Property.

ARTICLE XI MISCELLANEOUS PROVISIONS

A. Applicable Law. It is understood and agreed that this Agreement shall be construed in accordance with the laws of the Commonwealth of Virginia.

B. Bankruptcy. If the Agent shall be adjudicated as bankrupt or insolvent and such adjudication is not vacated within thirty (30) days; or if a receiver or trustee shall be appointed and it shall not be vacated within thirty (30) days; or if a corporate reorganization of Agent or any arrangement by statute shall be filed; or if Agent shall make an assignment for the

benefit of creditors; then the same shall be cause for termination of the Agreement.

C. Notices. All notices required or permitted to be given under the terms of this Agreement shall be given in writing and shall be sent by registered or certified mail, postage prepaid, return receipt requested, as follows:

To Agent:

Michael T. Shehadi
President & CEO
Legum & Norman Realty, Inc.
4401 Ford Avenue, Suite 1200
Alexandria, Virginia 22302

To the Association:

President, Board of Directors
Carriage Pointe at Aquia, A Condominium Association

or to any such addresses as may from time to time be specified in writing by Agent or the Association, respectively. All such notices shall be effective when received provided the same are not refused (in which case, the date such notice is first attempted to be delivered shall be the effective date).

D. The rights and obligations of the Agent may be assigned by the Agent, subject to the approval of the Association, which approval may not be unreasonably withheld.

ARTICLE XII
ENTIRE AGREEMENT

This Agreement, together with Attachment "A", constitutes the entire Agreement between the parties, and except as otherwise provided in Article V(A) with respect to Attachment "A", no modification thereof shall be valid and enforceable, except by an amendment in writing, executed and approved by the parties to this Agreement. This Agreement may be executed in duplicate counterparts, each of which shall be considered as an original.

IN WITNESS WHEREOF, the parties have affixed or caused to be affixed their respective signatures on this _____ day of _____ 2005.

ATTEST: CARRIAGE POINTE AT AQUIA, A CONDOMINIUM

_____ By: _____

ATTEST: LEGUM & NORMAN REALTY, INC.

_____ By: _____
William P. Norman, Chairman of the Board

ATTACHMENT "A"

The following charges are for non-routine services performed in the Agent's offices or by the Agent's employees, and are good through the calendar year 2005. Charges may be modified beginning January 1, 2006. These charges supersede all previous non-routine service rates and other contractual provisions.

Delinquency & Covenant Notices	\$ 8.00 per notice
Direct Debit Set-Up Charge (after initial offering)	\$17.00 per unit
Architectural Review Application processing	\$15.00 per application
Covenant Inspections (above contract requirements)	\$ 3.00 per unit
Material Reproduction	\$.18 per copy
Postage	Actual Cost
Community Mailings (handling charge)	\$.40 per unit
Certified Mailings	\$7.00 each
Labels	\$.12 per label (\$25.00 minimum)
Manual Posting of Non Lock-Box Fee Payments	\$.50 per unit
Coupons	Actual Cost
Pool/Parking/Recreation Administration	\$5.00 per pass
Special Request Checks	\$5.00 each
Messenger Service	Market Rate
Long Distance/Telephone Charges	Actual Cost
Bank Account Set-up, Signature changes, Direct purchase CD's, T-Bills from US Treasury	\$40.00 per transaction
Off-Site Storage	Market Rate
Computerized Electronic Balloting Program	\$2.00 per unit (\$1,000 maximum) Plus \$.25 for each additional ballot (\$250 maximum)
Payroll Administration Processing (Including Tax Filings & W2's)	1% of Gross Payroll
Association Retirement Plan Processing	Hourly up to \$125/month

Hourly rates for performance of items not listed as part of this Agreement:

(e.g. insurance claims, loan administration, developer warranty issues, unit owner maintenance coordination)

Principals & Executives	No Charge
Community Manager, Controller, MIS Staff & CC	\$80.00/hr
Associates	\$65.00/hr

Items paid by Association and Charge to Owner's Account

Owner Set-up Fee at Resale	\$50.00 per occurrence charged at settlement
Returned Check Charge	\$35.00 per occurrence
Final (third) Delinquency Notice for Turnover to Attorney	\$30.00 per occurrence

Legum & Norman reserves the right to charge market rate fees for documents, services and information provided at the request of individual owners.

Exhibit I-1

(Principal Officers/Managers)

Name (Principal Officer): Jon Luria
Residence Address: 8230 Old Courthouse Road, #205
Vienna, Virginia 22812
Principal Occupation for
Past Five Years: Business owner/real estate developer
Extent and Nature of
Interest in Declarant: Manager of Managing Member (Jade-
Aquia, LLC)
Role in Development of
Condominium: Developer

Name (Principal Officer): Ellen Luria
Residence Address: 8230 Old Courthouse Road, #205
Vienna, Virginia 22812
Principal Occupation for
Past Five Years: Secretary
Extent and Nature of
Interest in Declarant: Member of Managing Member (Jade-
Aquia, LLC)
Role in Development of
Condominium: Office Coordinator

Name (Principal Officer):

Dana Drever

Residence Address:

8230 Old Courthouse Road, #205
Vienna, Virginia 22812

Principal Occupation for
Past Five Years:

Executive Assistant, Settlement
Coordinator

Extent and Nature of
Interest in Declarant:

Assistant to Manager of Managing
Member

Role in Development of
Condominium:

Assistant to Manager

Exhibit I-2

(Ownership Interest in Declarant)

<u>Name/Address</u>	<u>Type</u>	<u>Extent of Interest</u>
Jon Luria	Member of a limited liability company	1% of LLC which is the managing member of Declarant
Ellen Luria	Member of a limited liability company	99% of LLC which is the managing member of Declarant

Replacement 1/3/06

EXHIBIT K

CERTIFICATION

This certification is provided to the Virginia Real Estate Board in accordance with the requirements of Virginia Code Section 55-79.94.C.

The attached notice to tenants fully complies with Virginia Code Section 55-79.94.B and will be mailed or delivered to each tenant in Carraige Pointe at Aquia, A Condominium at the time of registration of Carriage Pointe at Aquia, A Condominium.

VILLAGES OF AQUIA, LLC,
a Virginia limited liability company

By: _____
Title: _____

EXHIBIT K

[ON LETTERHEAD OF VILLAGES OF AQUIA, LLC]

[DATE]

BY HAND DELIVERY
[OR BY CERTIFIED MAIL,
RETURN RECIPET REQUESTED]

Re: Conversion of Villages of Aquia to Carriage Pointe at Aquia, A Condominium

Dear _____:

Villages of Aquia, LLC (the "Declarant") is providing this notice to you in accordance with Section 55-79.94 of the Virginia Condominium Act. The Declarant has registered Carriage Pointe at Aquia, including your apartment unit, with the Virginia Real Estate Board as a conversion condominium in accordance with the provisions of the Condominium Act. You will have the exclusive right to purchase your unit by executing a unit purchase agreement with the Declarant.

Offering Price. The offering price for your unit to the general public will be \$_____. However, as long as you are (i) currently a tenant of record at Villages of Aquia and continue to be a tenant through the date of closing on the purchase of your unit and (ii) remain in good standing under the terms of your lease, you will be entitled to a discount of \$_____ to the purchase price.

Duration of Exclusive Option to Purchase. In order to exercise your exclusive option to purchase your unit, and obtain the purchase price discount offered to tenants, you must execute a unit purchase agreement with the Declarant no later than sixty (60) days following the date that this letter is delivered to you if delivered by hand, or sixty (60) days following the postmark date of this letter if sent certified mail (the "Expiration Date").

Assessment. The projected common expense assessments against your unit for the first year of the condominium's operation is \$_____.

Tenant Dislocation. The Declarant does not intend to terminate leases with tenants who do not purchase their units. However, if your unit is purchased by a third party, that third party will be your new landlord and may terminate or refuse to renew your lease or increase the rent that you are required to pay under your lease. Notice of termination or non-renewal must be given to you in accordance with the lease and applicable law.

If you would like to find out more information about the conversion condominium and your opportunity to buy your unit, contact Joan Boue at (703) 356-5233. But remember, your exclusive option to purchase your unit expires on the Expiration Date. If you have not entered into a unit purchase agreement with the Declarant by that date, your unit may be sold to another purchaser.

Very truly yours,

VILLAGES OF AQUIA, LLC,
a Virginia limited liability company

By: _____
Title: _____

EXHIBIT K (Continued)

Date

Dear Resident:

Villages of Aquia, LLC is pleased to announce that we have filed with the Virginia Real Estate Board an application to convert the Villages of Aquia into a condominium known as Carriage Pointe at Aquia, A Condominium. As a resident this will not affect you other than it will give you the opportunity to own, instead of rent, your unit. Should you desire to continue with your lease, rent payments will be made in the same fashion as you have done previously.

Given the advantages of ownership, this represents an excellent opportunity for residents. Prior to any public offering of units, we will give existing residents the first opportunity to purchase the unit in which they currently reside.

We, therefore, invite you to a meeting on _____, 2005 at _____ p.m. at which time discussions will be held regarding your opportunity to purchase if you so desire, how it will affect you as a resident. I look forward to seeing you _____ [day].

Sincerely,

VILLAGES OF AQUIA, LLC,
a Virginia limited liability company

By: _____
Title: _____



IRREVOCABLE LETTER OF CREDIT NUMBER 9041518

Date: December 29, 2005

Carriage Pointe at Aquia Condominium
Unit Owners' Association, Inc.
76 Red Maple Court
Stafford, VA 22554

Gentlemen:

We hereby establish our Irrevocable Credit in your favor for the account of:

Villages of Aquia, LLC
8230 Old Courthouse Road, Suite 205
Vienna, VA 22182

Available by your draft(s) on us at sight up to any aggregate amount of U.S. \$100,000.00 when accompanied by a certificate signed by a duly authorized officer of Carriage Pointe at Aquia Condominium Unit Owners' Association stating that the declarant, Villages of Aquia, LLC has not sold or conveyed more than 90% of the units in the condominium and that the declarant has not paid common expense assessments on unsold units, or if the declarant has sold or conveyed more than 90% of the units in the condominium, that the declarant is not current in the payment of assessments.

The letter of credit is being issued to comply with the Virginia Condominium Act as stated in section 55-79.83 and 55-79.84:1 of the Code of Virginia, as amended, and this letter of credit shall remain in full force and effect for a period of one (1) year from the date hereof and shall automatically renew itself from year to year thereafter unless and until Cardinal Bank, 8270 Greensboro Drive, Suite 500, McLean, VA 22102 shall give thirty (30) days prior written notice to Carriage Pointe at Aquia Condominium Unit Owners' Association and the Virginia Real Estate Board, by certified mail return receipt requested, of its intent to terminate the same at the expiration of said (30) day period. During said thirty (30) day notice period, this irrevocable letter of credit shall remain in full force and effect.

All drafts drawn under this credit must contain the clause: "Drawn under Cardinal Bank Irrevocable Letter of Credit Number 9041518 dated December 29, 2005".

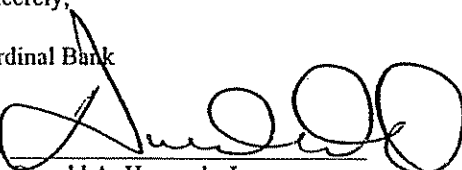
We hereby agree with the drawers, endorsers, and bona fide holders of drafts drawn under and in compliance with the terms of this credit that the same shall be duly honored upon presentation.

This credit sets forth the terms of our obligation to you and is subject to the Uniform Customs and Practices for Documentary Credits (1983 Revision), International Chamber of Commerce, Publication Number 400, and Article 5 of the Uniform Commercial Code, as adopted in the Commonwealth of Virginia.

Sincerely,

Cardinal Bank

By


Donald A. Hancock, Jr.
Senior Vice President