

ARTICLE 14
ANNEXATIONS

Real property may be annexed to and become subject to this Declaration by any of the methods set forth hereinafter in this Article, as follows:

Section 14.1. Plan of Development: Declarant intends to sequentially develop the Annexation Property on a phased basis; however, Declarant may elect not to develop all or any part of such real property, to annex such real property to this Declaration in increments of any size whatsoever, or to develop more than one such increment at any given time and in any given order. Moreover, Declarant reserves the right to subject all or any portion of the Annexation Property to the plan of this Declaration or one or more separate declarations of covenants, conditions and restrictions which subjects said property to the jurisdiction and powers of a homeowner association or other entity with powers and obligations similar to the Association and which is not subject to the provisions of this Declaration. Although Declarant shall have the ability to annex the Annexation Property as provided in this Article, Declarant shall not be obligated to annex all or any portion of such property, and such property shall not become subject to this Declaration unless and until a Supplementary Declaration shall have been so executed and recorded.

Section 14.2. Annexation Without Approval: All or any part of the Annexation Property may be annexed to and become subject to this Declaration and subject to the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that:

(a) the annexation shall have occurred within seven (7) years from date of the recordation of this Declaration;

(b) the recordation of the Supplementary Declaration annexing a new Phase is effected prior to the third anniversary of the issuance of the original Final Subdivision Public Report for the immediately preceding Phase; and

(c) the DRE has agreed to issue a Final Subdivision Public Report which shall be deemed to be evidence that Declarant has furnished proof satisfactory to the DRE that: (i) no proposed annexation will result in overburdening of the common interests of the then existing Owners and (ii) no proposed annexation will cause a substantial increase in Assessments against existing Owners which was not disclosed in Final Subdivision Public Reports under which pre-existing Owners purchased their interests.

All Improvements annexed pursuant to this Section shall be consistent with the initial Improvements in terms of quality of construction.

Prior to annexation pursuant to this Section, plans for the development of the additional property must be submitted to the VA, and VA must determine that such plans are in accordance with the previously approved general plan and so advise Declarant.

Section 14.3. Annexation Pursuant to Approval: Upon approval in writing of the Association, pursuant to the vote or written assent of sixty-seven percent (67%) of the total voting power of Members other than the Declarant as such voting power is determined pursuant to the Section entitled "Voting Rights" of the Article entitled "The Association" of this Declaration, any person who desires to add real property to the plan of this Declaration and to subject such property to the jurisdiction of the Association, may file or record a Supplementary Declaration. The provisions of this Section shall also apply to the Annexation Property subsequent to the power of Declarant to annex such property without approval of the Members as provided in this Article.

Section 14.4. Effectuation of Annexation: Upon the satisfaction of all of the conditions contained in this Article, the recordation of a Supplementary Declaration in the Official Records shall constitute and effectuate the annexation of the Annexed Property described therein, making said Annexed Property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter said Annexed Property shall be part of the Property and all of the Owners of Condominiums in said Annexed Property shall automatically be Members. The Supplementary Declaration shall incorporate by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration, and may contain such complementary additions or modifications of the covenants, conditions and restrictions in this Declaration as may be necessary to reflect the different character if any, of the Annexed Property as are not inconsistent with the plan of the Declaration. In no event, however, shall any such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration or by any prior Supplementary Declaration with respect to property covered by this Declaration at the time of the recording of the said Supplementary Declaration.

Section 14.5. Mergers or Consolidations: Upon a merger or consolidation of the Association with another association which merger or consolidation must be approved by the vote or written assent of sixty-seven percent (67%) of the total voting power of Members other than the

Declarant, the Association's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Declaration within the Property, together with the covenants, conditions and restrictions established upon any other property as one plan.

Section 14.6. Deannexation: A Phase may be deleted from coverage of this Declaration by the Declarant as long as (i) no Condominium has been conveyed in a transaction that requires the delivery of a Final Subdivision Public Report, (ii) no Association Property within such Phase has been conveyed to the Association, and (iii) no Assessments have been levied against any of the Condominiums within such Phase.

ARTICLE 15 MORTGAGEE PROTECTION

Section 15.1. Priority of Mortgage Lien: No breach of the covenants, conditions or restrictions, nor the enforcement of any lien provisions contained in this Declaration, shall affect, impair, defeat or render invalid the lien or charge of any mortgage made in good faith and for value encumbering any Condominium, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Condominium.

Section 15.2. Curing Defaults: A Mortgagee, or the immediate transferee of such Mortgagee, who acquires title by judicial foreclosure, deed in lieu of foreclosure or trustee's sale shall not be obligated to cure any breach of the provisions of this Declaration which is noncurable or of a type which is not practical or feasible to cure. The determination of the Board made in good faith as to whether a breach is noncurable or not feasible to cure shall be final and binding on all Mortgagees.

Section 15.3. Resale: It is intended that any loan to facilitate resale of any Condominium after judicial foreclosure, deed in lieu of foreclosure or trustee's sale is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other Mortgagees.