

Certificate for Resale Disclosure
Fair Lakes Court

PLEASE REFER TO PAGE 2 FOR COMPLETE ESCROW INSTRUCTIONS AND DETAILS

Order #: 17-137164

Statement Date: 8/10/2007

Property Address: 12480 Casbeer Drive

Order Date: 7/31/2007 2:53:59PM

Escrow #: Not Known

Requested By: Suzanne Baird

Owner / Seller: Keith Robertson

Phone #: (703)691-7878

Closing Date: 8/17/2007 12:00:00AM

Fax #:

Buyer's Name: Unknown

Contact Name: Not Known

Buyer's Address:

Contact Phone: Not Known

City/State/Zip:

Contact Email:

Buyer's Phone #:

FEES DUE TO SCS

Order #	Processing Fee	Expedite Fee	Delivery Fee	Convenience Fee	Tax	Amount Due	Amount Paid	Balance
17-137164	\$245.00	\$0.00	\$0.00	\$0.00	\$0.00	\$245.00	\$0.00	\$245.00
Pre-Closing Processing Fees								\$25.00
Other Fees								\$0.00
Total Due								\$270.00

Please reference ALL order number(s) from above on all checks you issue.

ALL FEES/AMOUNTS PAYABLE AT CLOSING

Mail all payments to: **Select Community Services, LLC**
P. O. Box 221350
Chantilly, VA 20153

PLEASE PROVIDE SEPARATE CHECKS FOR AMOUNTS BELOW:

- Please collect **\$270.00** for above noted fees.

MAKE CHECK PAYABLE TO: Select Community Services, LLC

- Please collect **\$70.00** for Association fees. (See page 2 for Comments & Fee Details)

MAKE CHECK PAYABLE TO: Fair Lakes Court

Please provide Select Community Services, LLC with:

- Copy of HUD-1 or detailed Settlement Agreement to ensure accurate transfer of ownership .

This Information is being provided by Select Community Services, LLC as a courtesy service to lenders and other real estate professionals. Although Select Community Services, LLC believes the information provided to be complete and accurate, the requesting party understands and acknowledges that this information is subject to change without notice and that Select Community Services, LLC is not responsible for any inaccurate or omitted information.

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Fair Lakes Court

FEES DUE TO ASSOCIATION

ASSMTS PAID THROUGH 8/30/2007

Current Balance	\$0.00
Owner Set-up / Transfer Fees	\$0.00
Working Capital Contribution	\$0.00
Reserve Contribution	\$0.00
Legal Fees	\$0.00
Buyer's Advanced Assessments	\$0.00
General Assessment - September	\$70.00
Other Fees	\$0.00
Other Fees	\$0.00
TOTAL DUE:	\$70.00

ADDITIONAL COMMENTS:

Association Assessments

Property Assessment is: **\$70.00**

Assessments are paid: **monthly**

The late fee is: **\$10.00**

Assessments are due on: **1st**

Late fee interest is:

Assessments are past due on the: **15th**

Amount and purpose of other Assessment fee(s)?

\$0.00

Amount and purpose of any active and special Assessments ?

\$0.00

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FINANCIAL INFORMATION

Amount of money in the designated reserve fund intended to be used for long term capital needs? **\$162,404.00**

Amount due for any current and/or outstanding loans: **\$0.00**

Capital expenditures, if any, approved by the Association for the next 24 months?

None

Does the Association have any active leasehold that effects the Association? If so, what is the nature of the leasehold, and what is the remaining term of said leasehold?

No

If a Unit/Home is acquired through foreclosure, is mortgage company responsible for Association Assessments? If so, explain?

No

Is there a working capital, and/or reserve contribution paid by current owner, which is to be refunded to the current owner, by the buyer, at resale closing/settlement? If so, the what is amount?

no

LEGAL INFORMATION

Does the Association hold the Right of First Refusal on this property transaction? If so, explain the process for obtaining a waiver and are first mortgage lenders Exempt?

no

Do the legal documents provide for architectural and or landscaping controls and approval? **Yes No**

Do the governing documents specifically allow the Association to foreclose on an owner's property for failure to pay Assessments? **Yes No**

Are there any liens against this specific Property? If so, explain?

no

Is the Association involved with any litigation with this specific Association Member? If so, explain?

no

Are there any active judgments against the Association? If so, explain?

no

The case number of pending lawsuits in which the property owners Association is a defendant includes:

n/a

Do the legal documents provide for mandatory mediation or arbitration? **Yes No**

COVENANT COMPLIANCE INFORMATION

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Has the Unit/Home been specifically inspected for compliance with covenants in conjunction with this inquiry?

Yes No

A description of any conditions on the owner's property, or limited common area assigned thereto that the Association has actual knowledge are in violation of the Covenants/Restrictions, Bylaws or Rules applying to the subdivision/condominium:

No violations noted. See attached report.

Has notice been received from any governmental authority concerning any health, safety or building code issues in regards to common area, or Units/Homes, to our knowledge? If so, explain?

no

GENERAL INFORMATION

Type of Association/Community?

HOA

Is any portion of the condominium association located within a development subject to the Property Owner's Association Act of Chapter 26 of Title 55?

Yes No N/A

If Sub or Master Association, explain?

Date of Association Fiscal Year End?

Dec-31

Is Unit/Home held in Fee Simple?

Yes No

Limitation on the number of persons who may occupy a unit as a dwelling?

County regulations

Is the project an Assisted Living Community? If so, what services are provided?

no

Is renting/leasing permitted? If so, what restrictions exist?

Yes; leases must be for a minimum of six months. All tenants are subject to Association Documents. A copy of the lease must be given to the Board.

Are pets permitted? If so, are there any restrictions?

Yes; A reasonable number of pets are allowed for non-commercial purposes. Pets are not to be a nuisance to others.

Is there a key to common areas? If so, is there a deposit/amount?

no

Is RV/Boat storage permitted? If so, are there any restrictions?

Yes, RVs and boats must be parked in garages or approved areas.

SIGNS AND FLAGPOLES

Are signs permitted? If so, are there any restrictions?

One (1) Real Estate sign under 6 sq ft is allowed in the front of a lot. No other signs allowed without Board approval.

Are free standing flag poles permitted? If so, are there any restrictions?

no

Are temporary flag pole staffs that are attached at an incline to the wall or pillar of the dwelling permitted?

Yes No

Do flag poles require approval by the Association?

Yes No

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Fair Lakes Court

INSURANCE INFORMATION

Insurer's Name?

Nationwide

Contact Information?

The Harvey Insurance Agency

Phone Number?

703-378-2886

MANAGEMENT COMPANY INFORMATION

Select Community Services

12701 Fair Lakes Circle #400

Fairfax, VA 22033

Phone: 703-631-2003 Fax: 703-631-5380

I hereby certify that the above information is true and correct to the best of my knowledge and belief.

Gay Bridges

Signature of person completing form and date completed

8/10/2007

Statement Date

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Fair Lakes Court H.O.A.
COVENANTS CONFORMANCE CHECKLIST

Owners: Richard & Maureen Robertson


Property Address: 12480 Casbeer Dr

Inspector: Chris Falwell

Date of Inspection: 8/3/07

HOUSE:	VIOLATION		COMMENTS
	YES	NO	
Roof and/or Roof Trim		X	
Gutter and/or Downspouts		X	
Window Trim and/or Shutters		X	
Door and/or Door Trim		X	
Siding		X	
Storm or Screen Doors		X	
Concrete Stoop(s)		X	
Exterior Lighting		X	
Deck		X	
Patio		X	
Fence		X	
Play Equipment		X	
Shed		X	
Other:		X	
MAINTENANCE:			
Grass higher than 6"		X	
Repair and/or Seed		X	
Debris and/or Litter		X	
Prune Shrubs and/or Trees		X	
Other:		X	
NOTES:			
If any item listed as a violation was constructed with the house as a builder option, please submit an addendum to the contract or a copy of the original plat showing the addition to SCS fax to 703-631-5380.			

NOTE: The findings reported in this Exhibit are based on the P.O.A. Instruments as provided by the Board of Directors or Unit Owners Association to Select Community Services. No representation is made as to structural integrity or compliance of the Unit with any electric wiring, plumbing, or other building related requirements of the local County or City jurisdiction.

BY: 

INSURANCE INFORMATION



BUSINESS PROVIDER POLICY DECLARATIONS

Issued By: NATIONWIDE MUTUAL INSURANCE COMPANY

Policy Number: RENEWAL
53 BP 291-288-3001

Named Insured
Mailing Address FAIR LAKES COURT HOA
C/O SMALL COMMUNITY SERVICES
PO BOX 221350
CHANTILLY VA 20153

Form of Business:
 Partnership Sole Proprietorship
 Other: Corporation

Policy Period: From AUGUST 10, 2007 to AUGUST 10, 2008 at 12:01 A.M. * Standard Time
at your mailing address. *Exceptions: 12:00 Noon in New Hampshire

Described Premises:			Description of Business
Prem. No.	Bldg. No.	Location Address	
001	01	12150 E MONUMENT DR NO 110 FAIRFAX VA 22030	HOMEOWNERS ASSOCIATION

Mortgage Holder Name and Address:			
Prem. No.	Bldg. No.	Mortgage Holder	Mortgage Holder

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE TO PROVIDE YOU WITH THE INSURANCE AS STATED IN THIS POLICY.

PROPERTY COVERAGES <input type="checkbox"/> Standard Form <input checked="" type="checkbox"/> Special Form Buildings – Replacement Cost Actual Cash Value Automatic Increase Business Personal Property	LIMITS OF INSURANCE	
	Premises No.	Building No.
	001	01
	\$ 163,720	
	\$	
	6 %	
		\$
Deductible \$ <u>1,000</u>	This Policy Includes Business Income and Extra Expense Coverage.	



BUSINESS PROVIDER POLICY DECLARATIONS

OPTIONAL PROPERTY COVERAGES — Applicable only if an "X" is shown in the boxes below:

- Outdoor Signs
- Exterior Glass
 - Basement/ground floor level
 - All floors
- Interior Glass
 - Basement/ground floor level
 - All floors
- Burglary and Robbery (Standard Form only)
- or
- Money and Securities (Special Form only)
- Employee Dishonesty
- System Protector
- Earthquake _____ % Deductible
- VALUABLE PAPERS & RECORDS
- ACCOUNTS RECEIVABLE
-
-
-
-

LIMITS OF INSURANCE

\$	2,500	Per Sign
INCL IN BLDG LIMIT		
\$		Inside the Premises
\$		Outside the Premises
\$	2,000	Inside the Premises
\$	2,000	Outside the Premises
\$	250,000	
\$		
\$	5,000	
\$	50,000	
\$		
\$		
\$		
\$		

LIABILITY AND MEDICAL EXPENSE COVERAGES

- Liability and Medical Expense
- Personal and Advertising Injury
- Medical Expenses
- Fire Legal Liability
- General Aggregate Limit (other than Products-Completed Operations and Fire Legal Liability)
- Products-Completed Operations Aggregate Limit

LIMITS OF INSURANCE

\$ 2,000,000	Any One Occurrence
Included in Above — Any One Person or Organization	
\$ 5,000	Any One Person
\$ 50,000	Any One Fire or Explosion
\$ 2,000,000	
\$ 2,000,000	

OPTIONAL LIABILITY — Applicable only if an "X" is shown in the boxes below:

-
-
-

LIMITS OF INSURANCE

\$
\$
\$



BUSINESS PROVIDER POLICY SUPPLEMENTAL DECLARATIONS

Policy Number: RENEWAL
53 BP 291-288-3001

FORMS APPLICABLE ONLY TO SPECIFIC PREMISES/COVERAGES:

Premises No.	Bldg. No.	Form Number	* Coverage
001	01	BPP 0079-0794	
001	01	BPP 0070-0794	
001	01	BPP 0072-0794	
001	01	CAS 3924-0897	
001	01	BPP 0112-1102	
001	01	BPP 0117-0794	
001	01	BPP 0098-0794	

* If information required to complete the coverage section is not shown, refer to the form indicated at left.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE SUPPLEMENTARY SCHEDULE

This endorsement modifies insurance provided under the following:

ORDINANCE OR LAW COVERAGE ENDORSEMENT

The Ordinance or Law Coverages as described in the endorsement apply to the following buildings and for the following provisions:

SCHEDULE			
Prem. No.	Bldg. No.	Demolition Cost Percentage Limit of Insurance	Increased Cost of Construction Percentage Limit of Insurance
001	01	20%	20%

APPURTENANT STRUCTURES SCHEDULE

This endorsement modifies insurance provided under the following:

BUSINESS PROVIDER PROPERTY COVERAGE FORM

Covered Property for Buildings at the premises described in the Declarations includes the appurtenant structures scheduled below. Values for these structures are included in Buildings — Limits of Insurance shown in the Declarations.

SCHEDULE

Premises No.	Bldg. No.	Description of Appurtenant Structure	
001	01	TOT LOTS	18,711
001	01	STREET LIGHTS	52,624
001	01	BENCHES	4,678
001	01	GAZEBO	17,541
001	01	ENTRANCE SIGNS	58,472
001	01	FENCING	11,694



COMMERCIAL UMBRELLA LIABILITY POLICY DECLARATIONS

ISSUED BY: NATIONWIDE MUTUAL INSURANCE COMPANY

POLICY NUMBER
53CU 291-288-3002

Named Insured FAIR LAKES COURT HOA
Mailing Address C/O SMALL COMMUNITY SERVICES
PO BOX 221350
CHANTILLY VA 20153

Form of Business:

Individual Partnership Limited Liability Company Corporation
 Other: _____

Policy Period: From 8 10 07 to 8 10 08 At 12:01 AM, Standard Time, at your address as stated herein.
MO DAY YR MO DAY YR

Schedule of Underlying Insurances:

Carrier, Policy Number, Period	Coverage	Limits
Nationwide Mutual Insurance Company 53BP 291-288-3001 8-10-07 to 8-10-08	Business Liability	2,000,000 Gen Agg 2,000,000 Prod/Comp Op Agg 2,000,000 Ea Occ 2,000,000 Pers & Adv Inj
CNA 0250711983 8-10-07 to 8-10-08	Directors & Officers Errors or Omissions Liability	1,000,000 Ea Wrongful Act 1,000,000 Ann Agg

Limit of Insurance/Liability:

(a) Occurrence Limit: \$ 1,000,000
(b) Aggregate Limit: \$ 1,000,000
Retained Limit: \$ NONE
Annual Premium: \$ 450.00

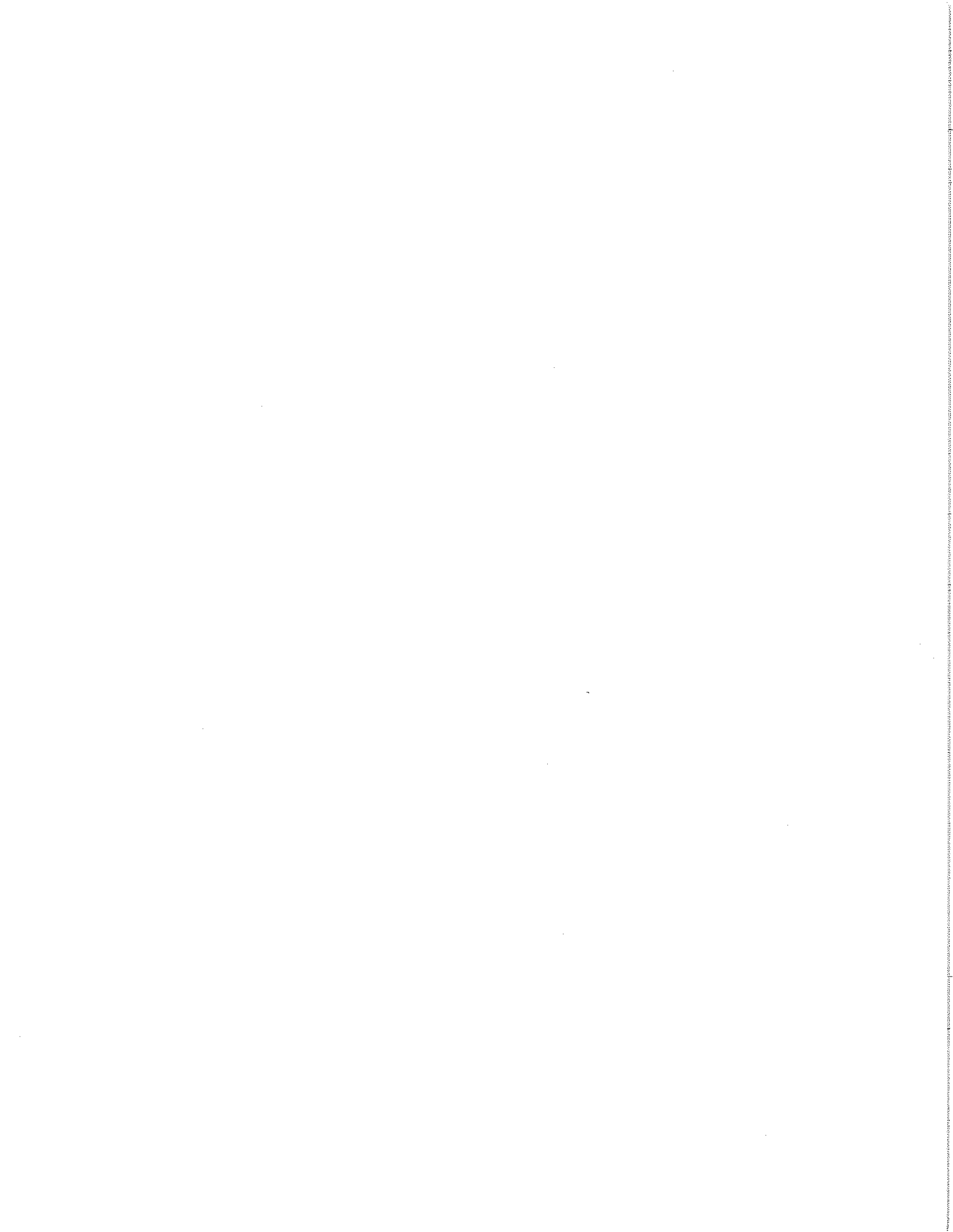
Forms and Endorsements made part of this policy.

CAS 2527B-0794	CAS 3231A-0496	CAS 3270-0186	CAS 3299A-0897	CAS 3243-0186
CAS 3273A-1289	CAS 3803-0488	CAS 4105-1289	CAS 4270-0600	CAS 4297
CAS 4487-0693	CAS 4952-0398	CAS 6061-1200	CAS 6233-1102	CAS 6242-0103
CAS 6269-0303	IL 0985-0106	CAS 3272-0186	CAS 3259-0186	CAS 3265-0186
CAS 4873-1296	CAS 3266-0701	CAS 6367-0107		

In the event of cancellation by you, we shall receive and retain not less than \$ 100.00 as the Minimum Premium.

Date of Issue: 7-9-07 MD Issuing Office: LYNCHBURG SERVICE CENTER
Countersignature Date: 7-9-07 Agency at LYNCHBURG VA
Agent & No. WR HARVEY, JR LUTC 45- 0006265

CERTIFICATE OF ANNUAL REPORT



DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION
COMMONWEALTH OF VIRGINIA

3600 West Broad Street, Richmond, VA 23280
Telephone: 1 (804) 367-8500

EXPIRES ON
02-29-2008

NUMBER
0250 003918

MAR 13 2007

REAL ESTATE BOARD
COMMON INTEREST COMMUNITY ASSOCIATION
CERTIFICATION OF ANNUAL REPORT

FAIR LAKES COURT HOMEOWNERS ASSOCIATION INC
ROBERT ELKS
SELECT COMMUNITY SERVICES

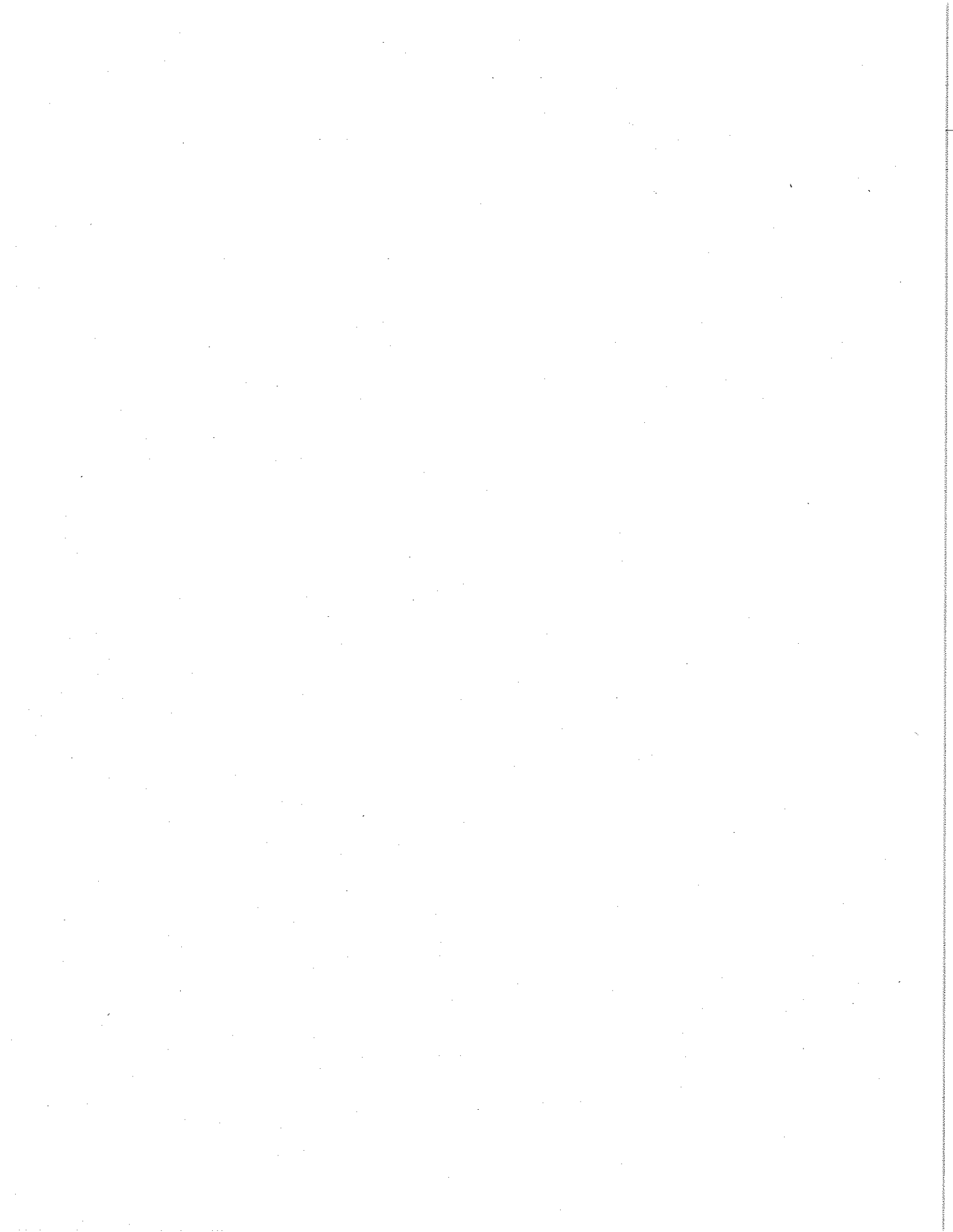
P O BOX 221350
CHANTILLY VA 20153



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

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

**AUDITED
FINANCIAL
STATEMENTS**



10/27/04

10/27/04

Audit 04
Resale

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

AHLBERG & COMPANY, P.C.

Certified Public Accountants

6733 Curran Street, Suite 210
McLean, VA 22101
703/761-4000 • FAX 703/761-4006

F. James Ahlberg, CPA
Mary E. Johnson, CPA

email: cpa@ahlberg-cpa.com
website: www.ahlberg-cpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Fair Lakes Court
Homeowners Association, Inc.

We have audited the accompanying balance sheets of Fair Lakes Court Homeowners Association, Inc. as of December 31, 2004 and 2003, and the related statements of revenue and expenses, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fair Lakes Court Homeowners Association, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplementary information on future major repairs and replacements is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Ahlberg & Company, P.C.

AHLBERG & COMPANY, P.C.
Certified Public Accountants

March 12, 2005

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash - operating	\$ 52,445	\$ 45,170
Investments (note 1)	91,565	91,822
Accounts receivable - residential assessments	1,315	2,578
Accounts receivable - other	150	1,016
Prepaid insurance	<u>1,618</u>	<u>1,656</u>
 TOTAL ASSETS	 <u>\$ 147,093</u>	 <u>\$ 142,242</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
<u>LIABILITIES:</u>		
Accounts payable	\$ 5,788	\$ 5,969
Income taxes payable	94	72
Prepaid assessments	<u>8,065</u>	<u>3,684</u>
Total liabilities	<u>13,947</u>	<u>9,725</u>
 <u>MEMBERS' EQUITY</u>		
General operating fund (note 2)	2,400	2,400
Repair and replacement fund (note 2)	92,984	90,619
Members' equity	<u>37,762</u>	<u>39,498</u>
Total members' equity	<u>133,146</u>	<u>132,517</u>
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 <u>\$ 147,093</u>	 <u>\$ 142,242</u>

See accountant's report and notes to financial statements

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
STATEMENTS OF REVENUE AND EXPENSES
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>REVENUE:</u>		
Gross assessments - residential	\$ 141,792	\$ 131,664
Less repair and replacement fund assessments	(25,413)	(20,468)
Operating assessments	<u>116,379</u>	<u>111,196</u>
Late fees	1,470	1,378
Interest revenue	2,121	1,815
Miscellaneous revenue	287	333
Total operating revenue	<u>120,257</u>	<u>114,722</u>
 <u>EXPENSES:</u>		
Administrative expenses	11,867	7,699
Professional services	24,194	26,015
Taxes and insurance	2,532	1,700
Newsletter and activities	1,722	-
Maintenance and services	81,678	83,842
Total expenses	<u>121,993</u>	<u>119,256</u>
 (DEFICIENCY) OF REVENUE OVER EXPENSES	 <u>\$ (1,736)</u>	 <u>\$ (4,534)</u>

See accountant's report and notes to financial statements

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003

	<u>General Operating Fund</u>	<u>Repair and Replacement Fund</u>	<u>Members' Equity</u>
Balance at December 31, 2002	\$ 2,400	\$ 70,151	\$ 44,032
Addition:			
Repair and replacement fund assessments		20,468	
Deduction:			
(Deficiency) of revenue over expenses			(4,534)
Balance at December 31, 2003	2,400	90,619	39,498
Addition:			
Repair and replacement fund assessments		25,413	
Deductions:			
Repair and replacement fund expenditures		(23,048)	
(Deficiency) of revenue over expenses			(1,736)
Balance at December 31, 2004	<u>\$ 2,400</u>	<u>\$ 92,984</u>	<u>\$ 37,762</u>

See accountant's report and notes to financial statements

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
(Deficiency) of revenue over expenses	\$ (1,736)	\$ (4,534)
Adjustments needed to reconcile (deficiency) of revenue over expenses to net cash provided by operating activities:		
Repair and replacement fund assessments	25,413	20,468
Repair and replacement fund expenditures	(23,048)	-
(Increase) decrease in accounts receivable	2,129	(1,366)
(Increase) decrease in prepaid insurance	38	(1,032)
(Decrease) in accounts payable	(181)	(1,483)
Increase in income taxes payable	22	49
Increase in prepaid assessments	4,381	1,967
Net cash provided by operating activities	<u>7,018</u>	<u>14,069</u>
Cash flows from investing activities:		
Redemption of investments	32,054	20,550
Purchase of investments	<u>(31,797)</u>	<u>(32,043)</u>
Net cash provided by (used for) investing activities	<u>257</u>	<u>(11,493)</u>
Net increase in cash	7,275	2,576
Cash at beginning of year	45,170	42,594
Cash at end of year	<u>\$ 52,445</u>	<u>\$ 45,170</u>
Income taxes paid in cash during year	<u>\$ 118</u>	<u>\$ 23</u>

See accountant's report and notes to financial statements

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

ORGANIZATION:

Fair Lakes Court Homeowners Association, Inc. is a non-profit, non-stock corporation organized and existing under the laws of the Commonwealth of Virginia, charged with the duties and vested with the powers provided by law and set forth in the Articles of Incorporation and the By-Laws. The Association consists of 211 residential units located in Fairfax, Virginia.

SIGNIFICANT ACCOUNTING POLICIES:

Method of Presentation - The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of the accrual method of accounting whereby revenues are recognized when earned rather than received and expenses are recognized when incurred rather than paid.

Investments - Investments consist of certificates of deposit in which cost plus accumulated interest approximates fair value.

Unrealized Gains and Losses - Statement of Financial Accounting Standards No. 115 sets certain requirements for accounting for certain investments in debt and equity securities. This standard segregates investments into three categories and sets standards for the treatment of unrealized gains and losses. The Association's investments fall into the held to maturity category.

Held to maturity securities are securities that the Association has the positive intent and ability to hold to maturity which are reported at amortized cost and unrealized gains and losses are not recorded.

General Operating Fund - Funds are being accumulated in the general operating fund at the discretion of the Board of Directors. The general operating fund is intended to provide a measure of financial stability during periods of special stress and may be used to meet deficiencies from time to time as a result of delinquent assessments from unit owners and for other contingencies.

(Continued)

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Repair and Replacement Fund - The Association's governing documents require reasonable amounts be accumulated and maintained for future major repairs and replacements. Accumulated funds are identified in a separate fund and generally are not available for expenditures for normal operations.

A registered professional engineer conducted a study in 2003 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. The table included in the unaudited supplementary information on future major repairs and replacements is based on the study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimate of current replacement costs and considering amounts previously accumulated in the repair and replacement fund.

Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the repair and replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Income Taxes - For the years ended December 31, 2004 and 2003, the Association filed its corporate income tax returns as a membership organization recognizing the applicability of IRS Code Section 277, which segregates membership and non-membership activities, without the right of offset. The Association may apply the excess of membership revenue over related expenses, if any, to the subsequent year. When applicable, this is shown as a liability. Accordingly, the Association is taxed on only its net non-membership revenue (primarily interest earned) at graduated corporation rates.

(Continued)

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Flows - For purposes of the statements of cash flows, checking and money market accounts, if any, for operating purposes are considered to be cash. Other cash, money markets and highly liquid debt instruments, if any, held as true investments or for repair and replacement fund purposes are considered investments.

NOTE 1 - INVESTMENTS:

Investments are comprised of certificates of deposit with aggregate carrying value maturing in the indicated years as follows at December 31, 2004 and 2003:

<u>Type</u>	<u>Year of Maturity</u>	<u>Aggregate Carrying Value,</u>	
		<u>2004</u>	<u>2003</u>
CDs	2004	\$ -	\$ 91,822
CDs	2005	<u>91,565</u>	<u>-</u>
Total investments		<u>\$ 91,565</u>	<u>\$ 91,822</u>

Fair market value of these investments at December 31, 2004 and 2003 approximated aggregate carrying value.

(Continued)

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
 (Continued)

NOTE 2 - GENERAL OPERATING AND REPAIR AND REPLACEMENT FUNDS STATUS:

The cash and investments available for the funds, after providing for liabilities at each year-end, are:

	<u>2004</u>	<u>2003</u>
Cash - operating	\$ 52,445	\$ 45,170
Investments	91,565	91,822
Total cash and investments	144,010	136,992
Less liabilities	(13,947)	(9,725)
Cash and investments available for general operating and repair and replacement funds	130,063	127,267
Less general operating and repair and replacement funds	(95,384)	(93,019)
Excess	\$ 34,679	\$ 34,248

(Continued)

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Administrative expenses:		
Postage	\$ 1,638	\$ 1,325
Printing/copying	2,709	2,097
Website	1,099	15
Bank charges	235	367
Miscellaneous expenses	500	967
Management reimbursements	5,686	2,928
Total administrative expenses	11,867	7,699
Professional services:		
Legal fees	424	2,065
Audit and tax returns	1,150	1,150
Management fees	22,620	22,800
Total professional services	24,194	26,015
Taxes and insurance:		
Income taxes	140	72
Insurance	2,392	1,628
Total taxes and insurance	2,532	1,700
Newsletter and activities		
Social activities	1,722	-
Total newsletter and activities	1,722	-
Maintenance and services:		
Casual labor	1,822	2,285
Common electricity	1,759	1,558
Landscape maintenance contract	26,964	28,355
Snow removal contract	4,100	12,500
Trash removal contract	27,949	26,907
Floral rotations and replacements	-	2,270
Dead plant/tree removal and replacement	-	1,185
Landscape enhancements/other	8,812	1,010
Irrigation repair and maintenance	1,691	535
Irrigation water	-	32
Irrigation utilities	740	20
Sand removal	-	1,360
Community signs - new installations	-	299

(Continued)

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Maintenance and services: (Continued)		
Entrance lights repair and maintenance	\$ 7,070	\$ 1,685
Fence repair and maintenance	-	1,568
Asphalt repair and maintenance	560	825
Electrical repair and maintenance	211	1,291
Lock repair and maintenance	-	157
Total maintenance and services	<u>81,678</u>	<u>83,842</u>
 TOTAL EXPENSES	 <u>\$ 121,993</u>	 <u>\$ 119,256</u>

FAIR LAKES COURT
HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2004
 (Unaudited)

A registered professional engineer conducted a study in 2003 to estimate the remaining useful lives and the replacement costs of the components of the common property. The estimates were based on future estimated replacement costs. The table is based on the study.

<u>Components</u>	<u>Estimated Useful Lives (yrs)</u>	<u>Estimated Cost of Repairs/ Replacements</u>
Concrete sidewalks and aprons	4-30	\$ 73,370
Concrete curbs and gutters	7-30	91,904
Concrete curbs	7-30	4,945
Site improvements	4-45	343,718
Recreational facilities	4-30	<u>29,060</u>
Total		<u>\$ 542,997</u>

ASSOCIATION DISCLOSURE PACKET NOTICE

Note to prospective purchasers: The lot you are considering purchasing is in a development which is subject to the provisions of the Virginia Property Owners' Association Act. Living in a community association carries with it certain rights, responsibilities and benefits.

Some of the benefits include the right to use common areas, which may include swimming pools, parks, playgrounds and other recreational facilities. In order to finance the operation of the community, each owner is responsible for and obligated to pay regular assessments, and if necessary, special assessments to ensure that the financial requirements are met. Failure to pay any of these assessments may result in a lien being placed on your property.

The use of common areas, financial obligations of lot owners' and other information concerning the rights, responsibilities and benefits resulting from the purchase of a lot in this common interest community are subject to the provisions of governing documents that typically include a declaration, bylaws, articles of incorporation and rules and regulations. These documents play an important role in association living and should be reviewed carefully prior to your purchase.

Some decisions of your association will be made by the board of directors, while others will be made by a vote of all association members, made up of the other lot owners in your development. You will be bound by all decisions of the association and the board of directors. The documents cited above contain information concerning the selection of members of the board of directors, meetings, voting requirements, and other important information you should become familiar with. **REMEMBER:** Failure to comply with the governing documents of your association can result in legal action being taken against you.

You may wish to become active in your association, either by running for the board of directors or by serving on a committee. Your involvement is important, as you will be bound by all decisions of the association and the board of directors.

The name of your association is:

See Enclosed Resale Disclosure Package, Part 1

Lot number and address:

See Enclosed Resale Disclosure Package, Part 1

Assessments and/or Mandatory Fees you are responsible for:

Assessments:	<u><i>See Enclosed Resale Disclosure Package Parts 1 & 2</i></u>
Special assessments:	<u><i>See Enclosed Resale Disclosure Package Parts 1 & 2</i></u>
Other entity or facility:	<u><i>See Enclosed Resale Disclosure Package Parts 1 & 2</i></u>
Other fees:	<u><i>See Enclosed Resale Disclosure Package Parts 1 & 2</i></u>

Failure to pay any of the above Assessments and/or mandatory Fees may result in nonjudicial foreclosure on your property or the following:

See Enclosed Governing Documents and Related State Statutes

ALL DOCUMENTS AND INFORMATION CONTAINED IN THIS DISCLOSURE PACKET PLAY AN IMPORTANT ROLE IN LIVING WITHIN A COMMON INTEREST COMMUNITY AND SHOULD BE REVIEWED CAREFULLY PRIOR TO YOUR PURCHASE OF THE PROPERTY. A LIST OF THOSE DOCUMENTS YOU ARE ENTITLED TO RECEIVE IN ACCORDANCE WITH THE PROPERTY OWNERS' ASSOCIATION ACT IS PRINTED ON THE BACK OF THIS NOTICE.

Recipient Name (print): _____

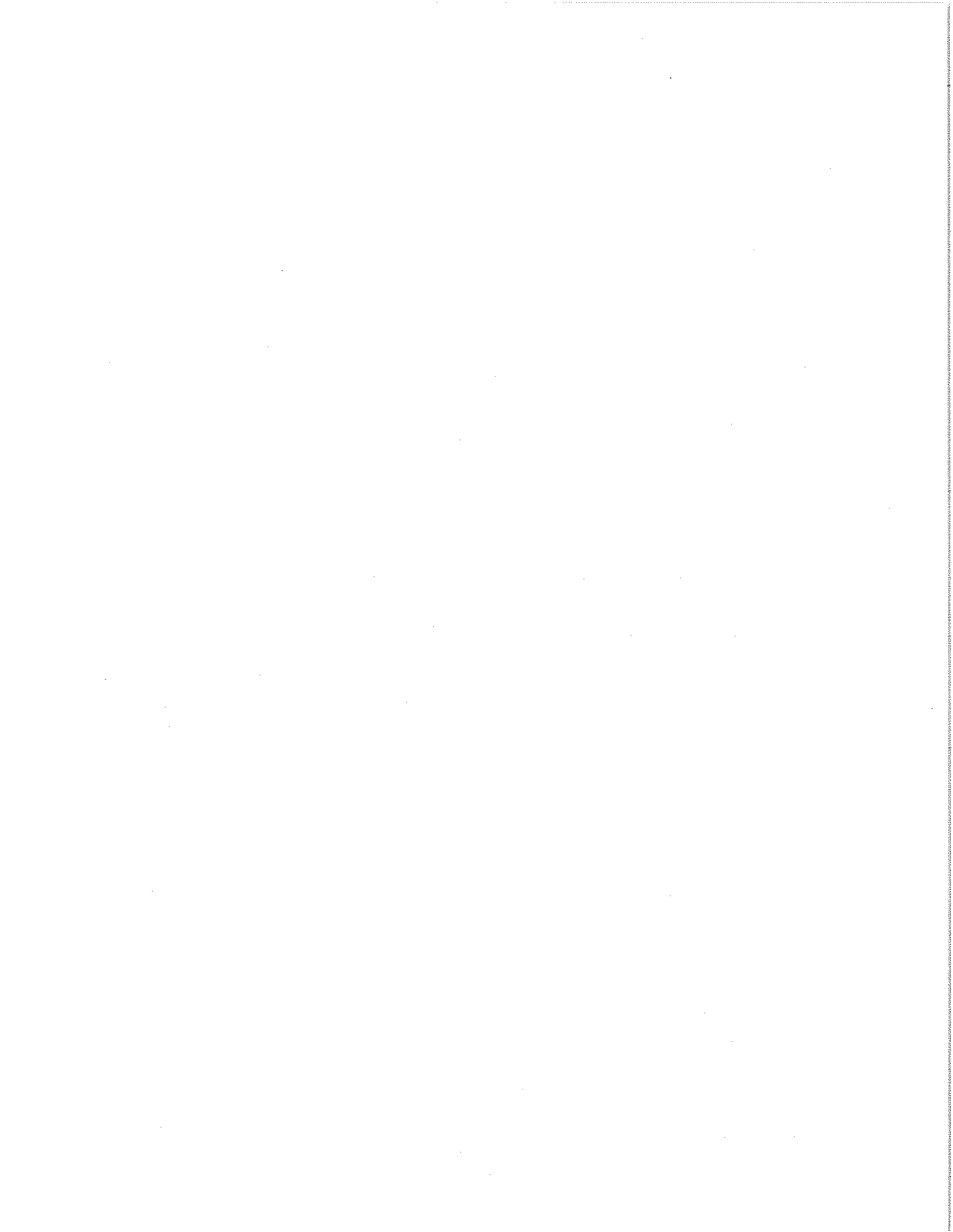
Recipient signature: _____

Date: _____

The following is a list of documents you are entitled to receive in accordance with the Property Owners' Association Act.

- ◆ the name of your association, and if incorporated, the state of incorporation and the name and address of the registered agent;
- ◆ a statement of any approved expenditures that shall require an additional assessment during the current year or the immediately succeeding fiscal year;
- ◆ a statement of all assessments and other mandatory fees currently imposed by the association;
- ◆ a statement whether there is any other entity or facility to which the lot owner may be liable for fees or charges;
- ◆ the current reserve study report (or a summary thereof), a statement of the status and amount of any reserve or replacement fund and any portion of the fund allocated by the board for a specified project;
- ◆ a copy of the association's current budget (or a summary thereof) and a copy of its statement of income and expenses or financial condition for the last fiscal year available;
- ◆ a statement of the nature and status of any pending suit or unpaid judgment to which the association is a party which either could or would have a material impact on the association or which relates to the lot being purchased;
- ◆ a statement setting forth what insurance coverage is provided for all lot owners by the association, including any fidelity bond maintained by the association, and what additional insurance would normally be secured by each individual lot owner;
- ◆ a statement that any improvement or alteration made to the lot, or uses made of the lot or common area assigned thereto by the prior lot owner, are not in violation of any of the instruments referred to in this disclosure notice;
- ◆ a statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to place a sign on the owner's lot advertising the lot for sale;
- ◆ a statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to display any flag on the owner's lot, including, but not limited to reasonable restrictions as to the size, place and manner of placement or display of such flag and the installation of any flagpole or similar structure necessary to display such flag;
- ◆ a copy of the current declaration, the association's articles of incorporation and bylaws, and any rules and regulations or architectural guidelines adopted by the association;
- ◆ a copy of notice given to the lot owner by the association of any current or pending rule or architectural violation;
- ◆ a copy of the fully completed one-page cover sheet developed by the Real Estate Board pursuant to § 54.1-2105.1; and
- ◆ certification; if applicable, that the association has filed with the Real Estate Board the annual report required by § 55-516.1 of the Code of Virginia; which certification shall indicate the filing number assigned by the Real Estate Board and the expiration date of such filing.

RESERVE STUDY



Reserve Study
Bob

Roe

Bob + 5

Replacement Reserve Report

**FAIR LAKES COURT
HOME OWNERS ASSOCIATION**

Fairfax, Virginia

April 10, 2003

Property Management by:

Ms. P. Gay Bridges
Small Community Specialists
P.O. Box 221350
Chantilly, VA 20153

MILLER ♦ DODSON ASSOCIATES
CAPITAL RESERVE CONSULTANTS

929 West Street, Suite 310 Annapolis, Maryland 21401
Tel: (800) 850-2835 Fax: (410) 268-8483

APR 15 2003

MILLER ♦ DODSON
ASSOCIATES
CAPITAL RESERVE CONSULTANTS

April 10, 2003

Ms. P. Gay Bridges
Small Community Specialists
P.O. Box 221350
Chantilly, VA 20153

RE: FAIR LAKES COURT
Replacement Reserve Study-Final Report

Dear Ms. Bridges:

At the request of the Board of Directors of Fair Lakes Court, we have made the following adjustments to the Replacement Reserve Analysis that was performed on December 12, 2002:

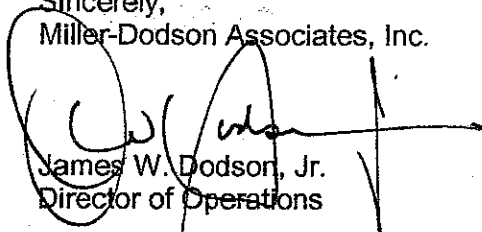
1. Changed the Study Year from 2003 to 2004.
2. Changed Reserve Balance from \$72,551 to \$93,019.
3. Decreased Remaining Economic Life for all component in the study by one year.
4. Changed Asphalt-Overlay Remaining Economic Life.
5. Added another Asphalt-Overlay and divided the Number of Units for the total by two.
6. Changed Number of Units for Asphalt Overlay and Seal-Coat-Trails.
7. Added Dredging Wet Pond, Irrigation System, another Tot Lot.

The effect of these adjustments is to change the projected annual contributions as follows:

	From	To	
Component Method	\$29,024	\$38,792	33.7% ↑
Cash Flow Method	\$23,201	\$25,413	9.5% ↑

A copy of the revised report is enclosed for your use. Please let me know if I can be of any further assistance.

Sincerely,
Miller-Dodson Associates, Inc.



James W. Dodson, Jr.
Director of Operations

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MILLER ♦ DODSON

ASSOCIATES

CAPITAL RESERVE CONSULTANTS

December 17, 2002
(Revised April 10, 2003)

Ms. P. Gay Bridges
Small Community Specialists
P.O. Box 221350
Chantilly, VA 20153

RE: FAIR LAKES COURT HOME OWNERS ASSOCIATION
Replacement Reserve Report

Dear Ms. Bridges:

Pursuant to your acceptance of our proposal on November 11, 2002, we have completed our evaluation of the Fair Lakes Court Home Owners Association in Fairfax, Virginia. The purpose of this evaluation was to obtain data for the preparation of the enclosed Replacement Reserve Study.


The following sections are included in this Report:

- ~ A written narrative which includes a financial summary, additional information describing and clarifying the enclosed *Replacement Reserve Report*, and a summary of conditions found on the site;
- ~ The *Replacement Reserve Analysis* with tables listing the replacement items, replacement costs, estimated remaining life, and the graphical presentation of the calculated data;
- ~ *Supporting photographs and photo log*;
- ~ An *Appendix* describing the standard procedures and definitions.

Please review the narrative and data in this study with your Board of Directors. We will provide revisions to this document if items have been improperly included or omitted, or if the Board wishes to suggest other modifications to the component inventory herein. Such revisions should be requested in writing by the Board of Directors within ninety (90) days of the date of this report.

If you have any questions regarding this report, please do not hesitate to contact my office.

Sincerely,
Miller-Dodson Associates, Inc.


Heather N. Naples
Reserve Analyst

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Enclosures: Replacement Reserve Report

Replacement Reserve Report

FAIR LAKES COURT HOME OWNERS ASSOCIATION

Fairfax, Virginia
December 17, 2002
(Revised April 10, 2003)

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Replacement Reserve Report

FAIR LAKES COURT HOME OWNERS ASSOCIATION

Fairfax, Virginia
December 17, 2002
(Revised April 10, 2003)

The subject property consists of a town home community in Fairfax, Virginia that was constructed in 1997. The community consists of 211 town homes and the associated community facilities. The field work for this study was conducted on December 4, 2002, and the weather was overcast with a temperature of approximately 28° Fahrenheit. The survey covered all common site improvements including roads, parking areas, trails, walks, curbs, site lighting, signage, tot lot and other site amenities. Interiors of units were not evaluated, nor were they included in any of the analyses.

Level of Service: This study has been performed as a Full Service Study as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. As such, a complete component inventory was established based on information regarding commonly owned components provided by the property manager and upon quantities derived from field measurement and/or quantity takeoffs from to-scale engineering drawings that have been made available. The condition of all components was ascertained from a site visit and the visual inspection of each component by the analyst. The life expectancy and the value of components are provided based in part on these observations, and the fund status and funding plan have been derived from analysis data.

A. FINANCIAL SUMMARY

Current Funding: This reserve study has been prepared for Fiscal Year 2004. The reserves on deposit at the start of the year are projected to be \$93,019. This balance has been supplied by the property management agent, and confirmation or audit of the balance is beyond the scope of the study. The planned annual contribution to reserves for the Fiscal Year is \$20,468, which is equivalent to an average contribution of \$8.08 per unit per month. For the purposes of the study it is assumed that the annual contribution will be deposited at year-end. Based on currently projected expenditures, the Homeowners' Association will deplete the reserve fund in the year 2028, and will incur a deficit of \$224 in that year if annual reserve contributions are not increased. See Page A-5 for details.

Methods of Accounting: In the enclosed Replacement Reserve Analysis, the recommended annual deposit is calculated by two methods, the *Projected Component Method* and the *Cash Flow Method*. Both methods are presented graphically, pages A-2 through A-5, with tables showing recommended annual deposits, expenditures, and balances projected over the next thirty years. Both methods of accounting are discussed in more detail below, as well as in the attached *Appendix*. The Board of Directors, in consultation with their management and accounting professionals, must decide which of the two accounting methods is more suitable for use by the Association.

Cash Flow Method: The *Minimum Annual Deposit* as calculated by the Cash Flow Method is \$25,413, which is equivalent to an average contribution of \$10.04 per unit per month. This is the uniform amount that must be placed in reserves each year until the critical year is reached in 2040. This stream of deposits will provide an adequate amount to cover the replacement expenses that have been projected in the study and to maintain a minimum balance that is equal to 5% of the replacement value of the inventory. It should be recognized, however, that Cash Flow Method calculations should be reviewed annually based on recent contributions and expenditures, and should be updated every three to five years based on a physical evaluation of the conditions of the components.

(Please note that the Critical Year falls outside of the 30-year period represented on the enclosed graphs and tables. In recognition of the recurring nature of replacement components, this program calculates reserve-funding requirements over a 50-year period. This is done in an effort to prevent inadvertent underfunding by anticipating large funding needs beyond the 30-year study period shown in this report.)

Component Method: The *Current Objective* calculated by the Component method is \$163,947. With a reserves balance of \$93,019 the Association reserves are funded at 56.74% of this objective. The recommended *Minimum Annual Deposit* to the reserves as computed by the Component Method is \$38,792 in the first year of the study, declining to \$30,215 in the tenth year of the study. Projected annual deposits by the Component Method over the next ten years are shown on page A-4 of the Replacement Reserve Analysis.

The Minimum deposit in the study year projected by the Component method is higher than the annual deposit if reserves were fully funded. This higher deposit is due in large part to the initial acceleration which results from Component Method mathematical model. However, the high first year contribution may also be dictated by significant anticipated costs to be incurred for replacement of major common elements in the first ten years of the study. Refer to the tables and charts on pages A-2 and A-5 for more detail.

Interest, Inflation and Taxes on Reserves: This study does not factor into account the interest on the reserves on deposit, nor does it account for inflation over the period of the study. We will, however, incorporate interest and inflation figures into the study at the direction of the Board of Directors using figures provided by the Board. The study also assumes that the Association Reserves are not subject to tax.

B. REPLACEMENT RESERVE ANALYSIS

Components included: Every effort has been made to identify all items, which should be reasonably considered to be "common elements" for inclusion in this analysis. To that end, this report may have been made overly inclusive. Some of these components could be appropriately deleted from the analysis. Such deletions, however, should be made consciously, with the approval of the Board, recognizing that any future replacement of the deleted components would have to be funded from sources other than the replacement reserves. Components that are candidates for deletion:

- 1. Small components:** For ease of administration, it may be preferable to handle replacement of relatively low cost components from the annual operating budget rather than making disbursements from the reserves. Examples might be the asphalt striping and asphalt trail seal coating. A commonly used guideline is to use operating funds for replacement of any component with replacement cost less than \$1,000. In larger Associations, this limit is often raised to \$5,000.

2. **Long lasting components:** The reserve schedule includes components with estimated economic lives equaling or exceeding thirty years, for example, the entrance sign tuckpointing masonry. While some analysts would omit these components from the schedule entirely on the basis that the economic lives of these components approach that of the property as a whole, it is recommended that they be retained since dropping them might expose the Association to a large unfunded liability should the replacements be needed at some time in the future.
3. **Components incorrectly included:** In an effort to include all components which could reasonably be considered as "common," it is possible that some items have been included which are not the responsibility of the Association.

Components excluded: The following components have been excluded from the Replacement Reserve Analyses. If any of these exclusions have been made in error, we will reinsert the component upon the written request of the Board of Directors:

1. **Long lived components.** The following components are expected to have a life equal to of the project, if properly maintained.
 - a. Concrete caps and name plate on the two entrance signs.
2. **Underground Utilities.** We understand that the underground utility lines and laterals to the meter or connection point are the property of the respective utility company, and will be maintained and replaced by the utility companies respectively.
3. **Operating Funds.** Pursuant to our proposal, we have not included items with a value of less than \$500.00 or items that the Association has been funding as a matter of policy with operating funds. Some of these items are listed below:
 - a. Small signage throughout the community (entrance signs are included).
4. **Unreservable components.** The following items were omitted because they are considered to be non-capital expenses under IRS guidelines.
 - a. Painting.
 - b. Landscaping.
 - c. Future Reserve Studies.

Revisions: Revisions will be made to the Replacement Reserve Analysis in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of this report.

Updating: It is recommended to review and revise the Replacement Reserve Analysis annually to take into account replacements, which have actually occurred and known changes in replacement costs. Updating the analysis after a major replacement is made usually results in a significant reduction in the annual deposit as calculated by the Component Method. A full analysis based on a physical evaluation of the components should be performed approximately every three to five years.

C. SUMMARY OF CONDITIONS

The subject property appears to be in very good overall condition for its age. The general upkeep of the common facilities reflects the conscientiousness of the property manager, the building manager, and staff. Some components in the community require routine maintenance such as sealing, painting or grouting. The Association should budget adequate maintenance funds to perform annual maintenance.

The following comments pertain to the larger, more significant components in the Community's inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the analysis.

SITE FACILITIES

Concrete Pavement. The concrete pavement, curbs and gutters are in good condition. The pavement has been included in the Replacement Reserve Analysis as a cyclic replacement item with the next replacement cycle occurring in the next five to eight years, depending on the component.

Because it is highly unlikely that all of the community's concrete components will fail and require replacement in the 30-year period of the study, we have programmed funds for the replacement of 30% of the inventory and spread those funds over a 30-year timeframe to reflect the incremental nature of this work.

Asphalt Paving. The asphalt roads and parking areas are in typical condition for their age, as shown in photo #1. The asphalt trails are wearing faster than the roads and parking areas, which is typical. We have assigned a shorter life expectancy to the trails to account for the fact that the trails will need to be addressed sooner.

To maintain the condition of the pavement and to insure the longest life of the asphalt we recommend a systematic and comprehensive maintenance program. The program includes:

1. **Crack Sealing.** All cracks should be sealed with an appropriate sealing compound to prevent water infiltration through the asphalt compound into the base. This repair should be done annually. This is an entirely different process from the seal coating discussed below. Crack sealing is normally considered a maintenance activity and is not funded from the Reserves. Areas of extensive cracking or deterioration that cannot be made watertight by crack sealing should be cut out and patched.
2. **Cleaning.** Long term exposure to oil or gas breaks down asphalt. When necessary, spill areas should be cleaned, or if deterioration has penetrated the asphalt, patched. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
3. **Seal Coating.** The asphalt should be seal coated every three to five years. For this maintenance activity to be effective in extending the life of the asphalt, the crack sealing and cleaning of the asphalt, discussed above, should be done first. We have extended the seal coat treatment for trails to every six years to account for the 12-year life of the asphalt.

CMU Retaining Wall. There are several retaining walls throughout the community, as shown in photo #2. The retaining walls appear to be in good condition generally. The Association should make sure that the soil meets the top of the wall and remains sloped to allow the water to flow over the wall. This will prevent water from accumulating behind the wall and moving the blocks over time.

Dry Storm Water Management Pond. The community has one dry storm water management pond, as shown in photo #3. The components of the pond consist primarily of a concrete culvert and an overflow basin. Both appear to be in good condition. We have programmed funds to replace the entire system in 24 years, although we acknowledge that the components may last indefinitely and never need to be replaced if the pond does not fill up frequently.

SITE IMPROVEMENTS

All of the site improvements are in good condition and are expected to live out the remainder of their life expectancies with routine maintenance and minimal repairs.

Tot Lot Equipment. There is one tot lot on the property with children's play equipment. The equipment is a combination of plastic and metal. We have assigned a remaining life of 10 years to both pieces of equipment.

Metal Rails. The metal rails on the retaining walls are beginning to rust. These rails should be scraped of all rust and then painted with an anti-oxidizing paint as part of a normal maintenance program in order to preserve the life of the rails.

Wood/Iron Benches. The benches are starting to age and will probably need to be replaced in the next five years (see photo #4).

Gazebo. The gazebo is in good condition, as shown in photo #5.

Mailboxes. The mailboxes are in good condition, as shown in photo #6.

Light Poles. We counted a total of 22 exterior light poles, as shown in photo #7. The poles are in good condition and should last approximately 24 more years before needing to be replaced.

Entrance Signage. The entrance signage is shown in photo #8. There are two nearly identical features on either side of the entrance road. We have included the lights, irrigation system, masonry tuck-pointing and metal fence in our inventory of items to be replaced. We believe the concrete caps and name plates to be long life items and therefore have not scheduled their replacement over the 30-year period of this study.

D. LIFE EXPECTANCY AND COST ESTIMATES

Estimated Life Left: The "Estimated Life Left in Years" column represents the number of serviceable years left in the item based on its current or repaired condition. It is not a mathematical formula directly related to "Estimated Economic Life in Years." Some items may experience longer lives while others may experience shorter lives depending on many factors such as environment, initial quality of the component, maintenance, etc.

Cyclical Funding: The concrete sidewalks and aprons, concrete curbs and gutters, and concrete curbs are components that are typically replaced in stages rather than all in one time period. For this reason, these items were placed in the cyclic replacement section of the reserve schedule, at full replacement value.

Partial Funding: Several of the replacement items have been funded at less than 100 percent of their full replacement value. This is done in an effort to keep reserve contributions at a reasonable level, on the theory that many of these components will never be replaced in their entirety. Items such as the concrete sidewalks and aprons, concrete curb and gutters, concrete curbs may be replaced in part over a period of years. However, catastrophic failure is not anticipated, and therefore is not fully funded. The percentage of funding may be adjusted in future years based on historical data and actual experience. All other components were placed in the normal replacement sections at full estimated replacement cost with replacement time estimates based on current conditions and historical data.

E. SURVEY METHODOLOGY


Valuation: The replacement reserve analysis depends upon estimates of total useful life, life remaining and replacement cost. These estimates were obtained from Government standards, published estimating manuals, experience on comparable properties and engineering judgment. We believe that the analysis will provide a useful guide for planning. Actual experience in replacing equipment may differ significantly from the projections in the analysis because of conditions beyond our control, such as maintenance practices, inflation, variations in pricing and market conditions, future technological developments and regulatory actions.

Analyst's Credentials. This study has been performed by Ms. Heather N. Naples who holds a Bachelors Degree in Civil Engineering and a Masters Degree in Engineering Administration from Virginia Tech. A registered Professional Engineer, Mrs. Naples has experience in all phases of project design, contract administration, and inspection of public and private facilities. As an Engineer, she has completed multiple facilities engineering studies, life cycle cost studies, and analysis for repair versus replacement of facilities and systems. She is currently an Engineer and Reserve Analysis with the Commercial and Community Services Division of U.S. Inspect, Inc.

End of Report

FAIRLAKES COURT HOME OWNERS ASSOCIATION
Replacement Reserve Report Page 7

Respectfully Submitted,
Miller-Dodson Associates, Inc.


Heather N. Naples
Reserve Analyst

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REPLACEMENT RESERVE ANALYSIS

Fair Lakes Court

December 12, 2002

GENERAL INFORMATION:

2004 Study Year
 \$93,019 Replacement Reserves reported to be on deposit at start of Study Year
 \$542,995 Estimated value of all Components included in the Replacement Reserve Inventory

The information shown in this Summary does not account for interest earned on Replacement Reserves on deposit, nor does it include adjustments for inflation. For more information see the attached Appendix.

REPORTED CURRENT FUNDING DATA:

\$20,468 REPORTED CURRENT ANNUAL CONTRIBUTION TO REPLACEMENT RESERVES
 \$8.08 Per unit current monthly contribution to Replacement Reserves

CASH FLOW METHOD CALCULATIONS:

\$25,413 MINIMUM RECOMMENDED ANNUAL CONTRIBUTION TO REPLACEMENT RESERVES
 \$10.04 Per unit minimum recommended monthly contribution to Replacement Reserves
 \$27,150 Recommended minimum Replacement Reserve Funding Threshold (5.0 percent)
 2040 First year Reserves fall to minimum recommended level (Design Year)

COMPONENT METHOD CALCULATIONS:

\$38,792 MINIMUM RECOMMENDED ANNUAL CONTRIBUTION TO RESERVES (IN STUDY YEAR)
 \$15.32 Per unit minimum recommended monthly contribution to Replacement Reserves
 \$163,947 Current Funding Objective
 56.74% Funding Percentage
 \$70,928 One time deposit required to fully fund Replacement Reserves
 \$27,555 Annual Contribution to Replacement Reserves if Reserves were fully funded.

PROJECT INFORMATION:

PROPERTY MANAGED BY:
 Small Community Specialists
 P. Gay Bridges / Bob Elks
 P.O. Box 221350
 Chantilly, VA 20153
 703 - 631-2003

MAJOR COMPONENTS IN ANALYSIS:
 Roads, parking areas, walks, curbs,
 retaining walls, mailboxes, site lighting,
 signage, tot lots, asphalt trails

PROPERTY LOCATION:
 Fairfax, Virginia

TYPE OF PROPERTY:
 Town homes
 # OF UNITS:
 211
 YEAR BUILT:
 1997

NOTES:

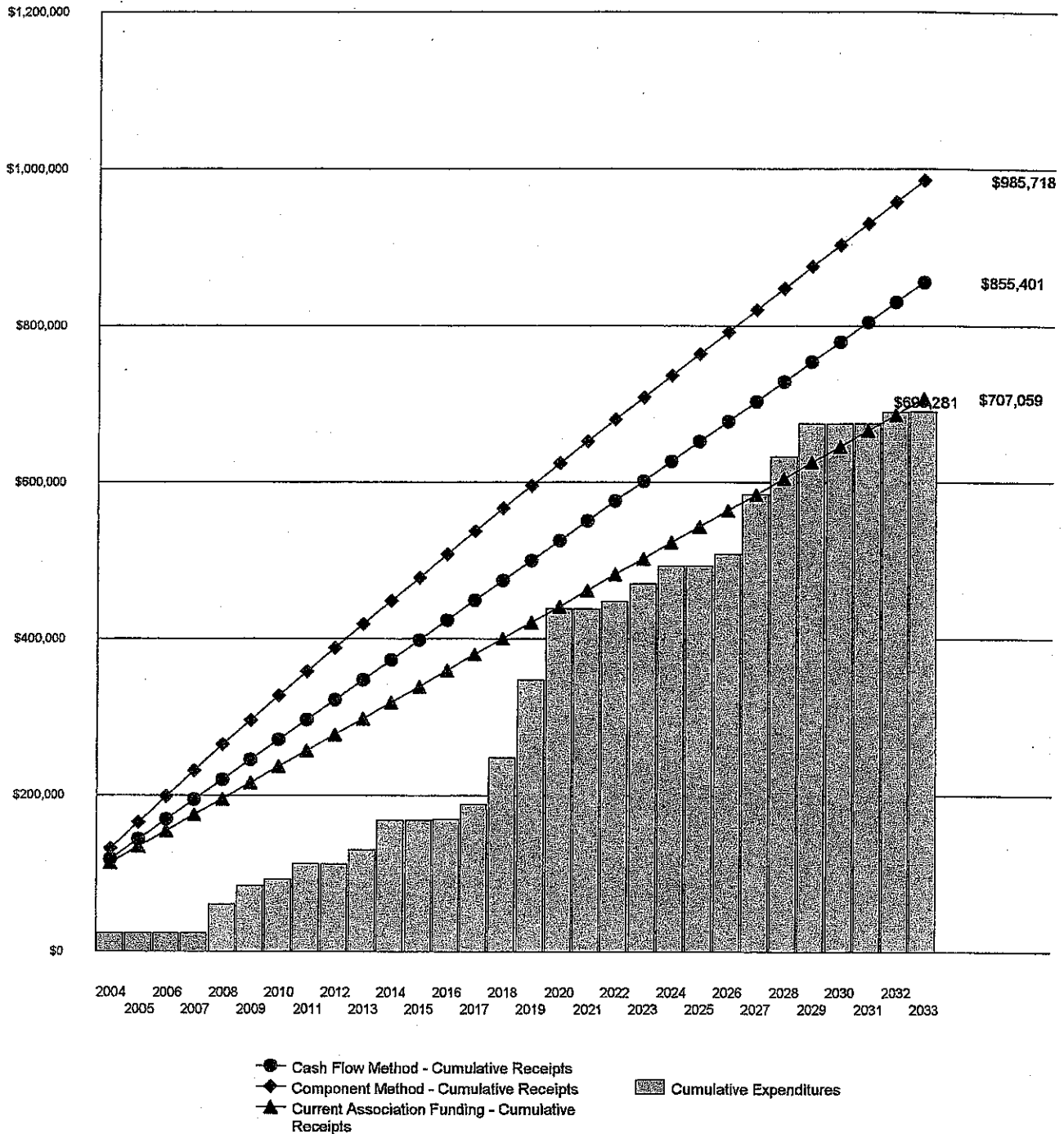
1. This study complies with the National Reserve Study Standards that were adopted by CAI in 1998.
2. The Association uses a Fiscal Year that covers the period of January 1 through December 31.
3. This report was revised on April 10, 2003, changed Report Year to 2004 and Reserve Balance from \$72,551 to \$93,019.

REPLACEMENT RESERVE ANALYSIS

Fair Lakes Court

December 12, 2002

Funding Methods Comparison Graph - Cumulative Receipts and Expenditures

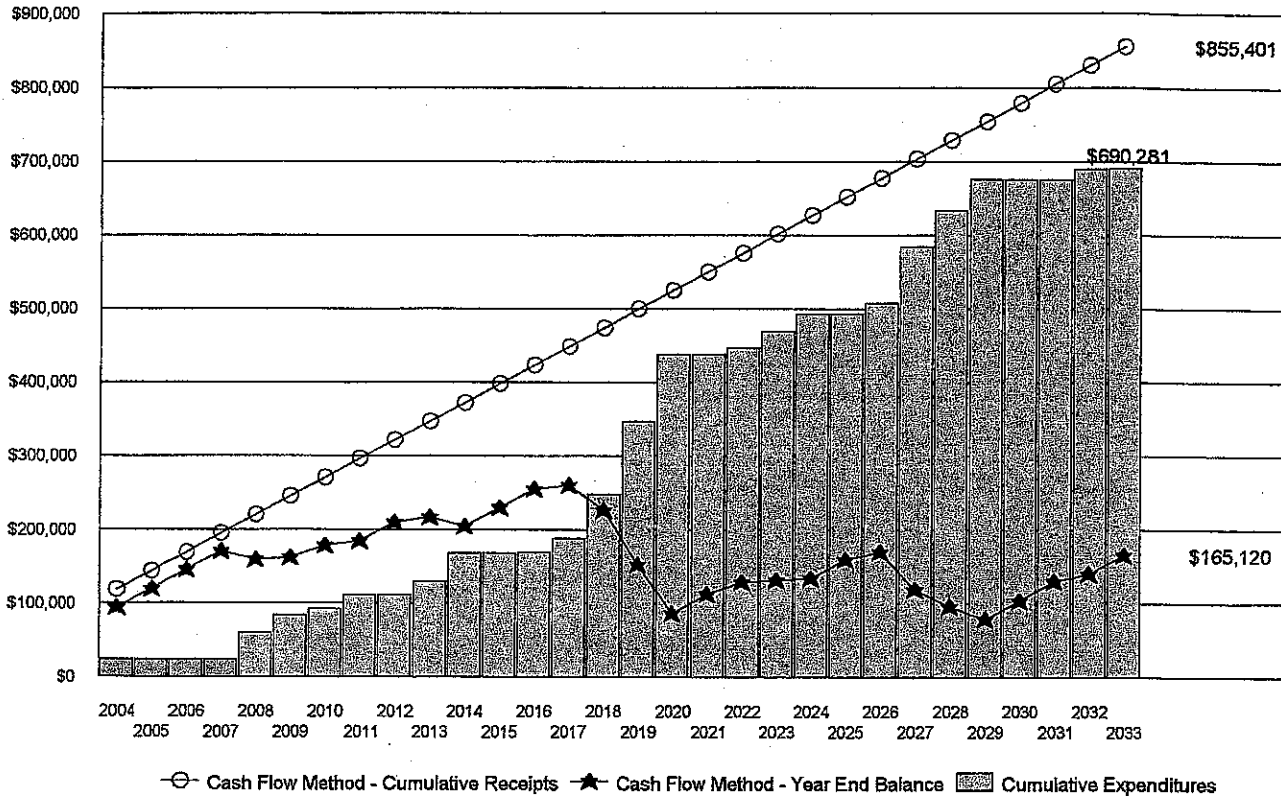


REPLACEMENT RESERVE ANALYSIS

Fair Lakes Court

December 12, 2002

Cash Flow Method - Cumulative Receipts and Expenditures Graph



Cash Flow Method Data - Years 1 through 30

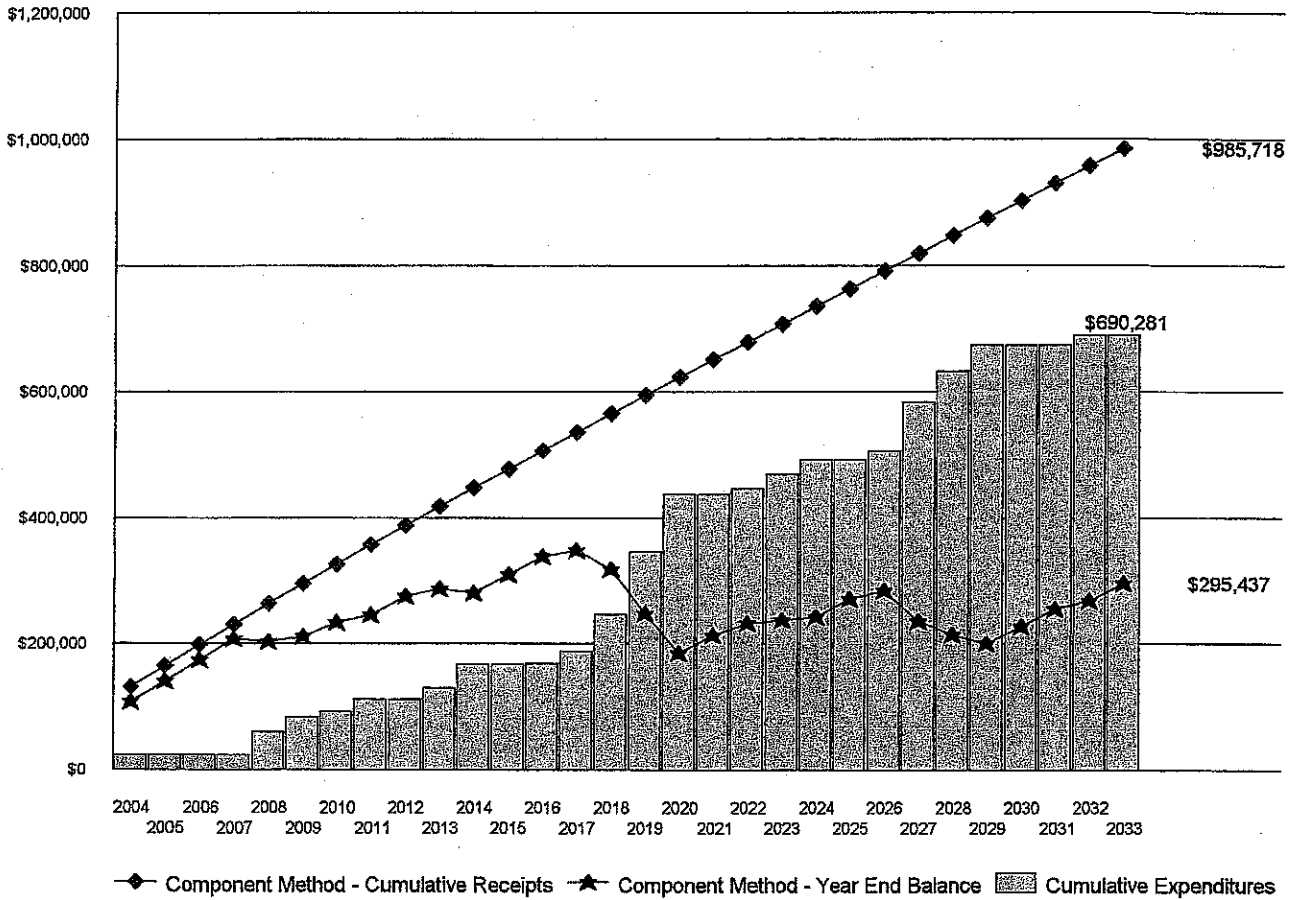
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TEN YEAR SUMMARIES
Starting balance	\$93,019										
Annual deposit	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$130,144
Expenditures	\$23,993	\$0	\$0	\$0	\$36,798	\$22,947	\$8,891	\$19,370	\$0	\$18,145	Receipts:
Year end balance	\$94,438	\$119,851	\$145,264	\$170,677	\$159,291	\$161,756	\$178,278	\$184,321	\$209,734	\$217,002	\$347,146
Minimum rec. funding Mt.	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	
Cumulative expenditures	\$23,993	\$23,993	\$23,993	\$23,993	\$60,792	\$83,739	\$92,630	\$112,000	\$112,000	\$130,144	
Cumulative receipts	\$118,432	\$143,844	\$169,257	\$194,670	\$220,083	\$245,495	\$270,908	\$296,321	\$321,734	\$347,146	
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Expenditures:
Annual deposit	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$339,802
Expenditures	\$37,621	\$0	\$1,046	\$19,370	\$59,486	\$99,438	\$91,165	\$0	\$8,891	\$22,785	Receipts:
Year end balance	\$204,794	\$230,206	\$254,573	\$280,616	\$226,543	\$152,518	\$86,765	\$112,178	\$128,700	\$131,328	\$256,141
Minimum rec. funding Mt.	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	
Cumulative expenditures	\$167,785	\$167,785	\$168,811	\$188,181	\$247,667	\$347,105	\$438,270	\$438,270	\$447,161	\$469,946	
Cumulative receipts	\$372,559	\$397,972	\$423,384	\$448,797	\$474,210	\$499,623	\$525,035	\$550,448	\$575,861	\$601,274	
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Expenditures:
Annual deposit	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$25,413	\$220,335
Expenditures	\$22,947	\$0	\$14,674	\$76,908	\$48,230	\$42,317	\$0	\$0	\$14,674	\$585	Receipts:
Year end balance	\$133,793	\$159,206	\$169,945	\$118,450	\$95,832	\$78,728	\$104,140	\$129,553	\$140,282	\$165,120	\$256,151
Minimum rec. funding Mt.	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	\$27,150	
Cumulative expenditures	\$492,893	\$492,893	\$507,567	\$584,475	\$632,705	\$675,022	\$675,022	\$675,022	\$689,696	\$690,281	FIRST TRANSITION YEAR
Cumulative receipts	\$528,686	\$552,099	\$677,512	\$702,925	\$726,337	\$753,750	\$779,163	\$804,575	\$829,988	\$855,401	2040

REPLACEMENT RESERVE ANALYSIS

Fair Lakes Court

December 12, 2002

Component Method - Cumulative Receipts and Expenditures Graph



Component Method Data - Years 1 through 30

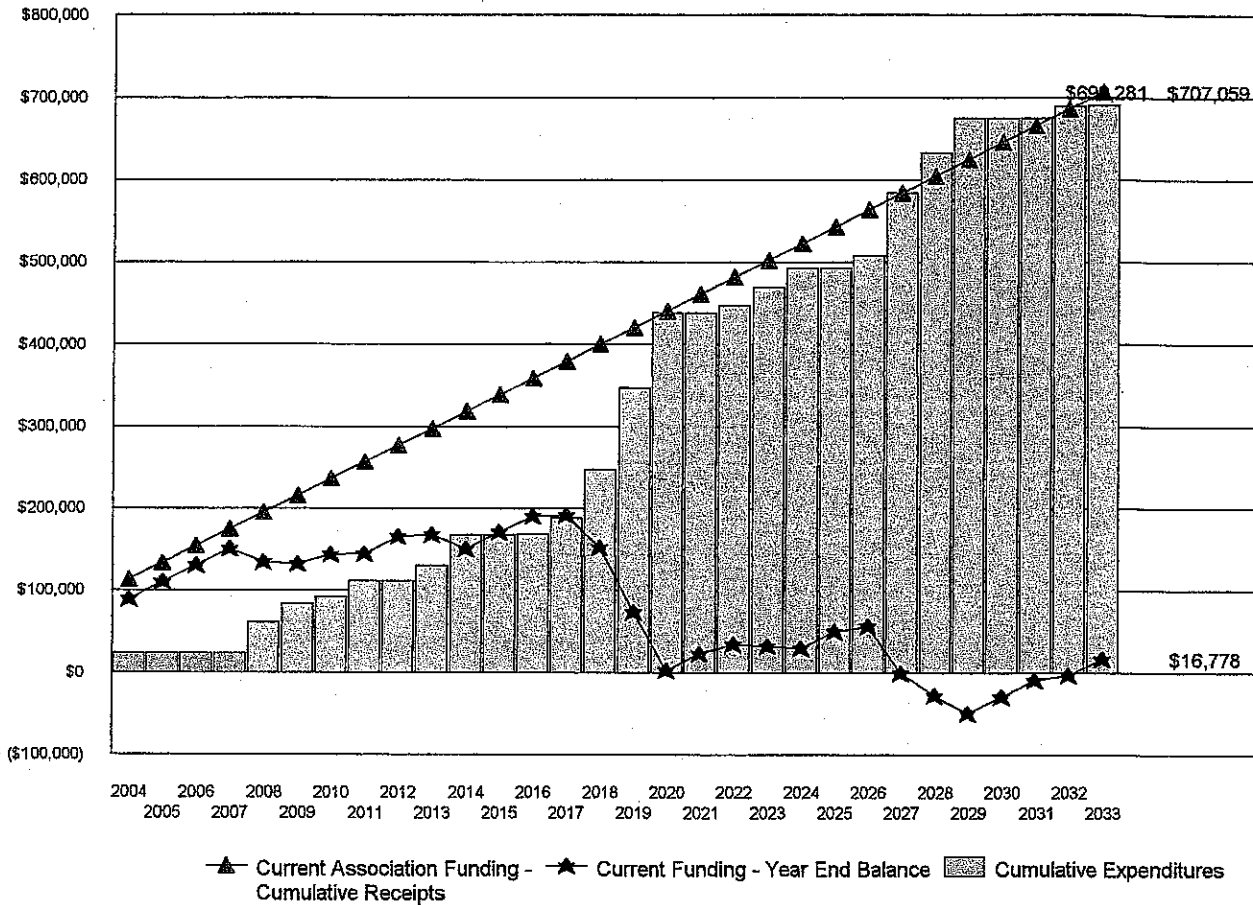
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TEN YEAR SUMMARIES
Starting balance	\$93,019										
Annual deposit	\$38,792	\$33,175	\$33,175	\$33,175	\$33,175	\$31,185	\$31,105	\$30,983	\$30,215	\$30,215	
Expenditures	\$23,993	\$0	\$0	\$0	\$36,798	\$22,947	\$8,891	\$19,370	\$0	\$18,145	Expenditures: \$339,802 Receipts: \$292,028
Year end balance	\$107,817	\$140,993	\$174,168	\$207,344	\$203,721	\$211,959	\$234,253	\$245,867	\$276,082	\$288,153	
Cumulative Expenditures	\$23,993	\$23,993	\$23,993	\$23,993	\$60,792	\$83,739	\$92,630	\$112,000	\$112,000	\$130,144	Expenditures: \$220,335 Receipts: \$279,431
Cumulative Receipts	\$131,811	\$164,986	\$198,162	\$231,337	\$264,512	\$295,698	\$326,883	\$357,867	\$388,082	\$418,297	
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Expenditures: \$585
Annual deposit	\$29,962	\$29,597	\$29,597	\$29,597	\$29,277	\$29,000	\$28,587	\$28,133	\$28,133	\$28,133	
Expenditures	\$37,621	\$0	\$1,046	\$19,370	\$59,486	\$99,438	\$91,185	\$0	\$6,891	\$22,785	Expenditures: \$268,455 Receipts: \$890,281
Year end balance	\$280,494	\$310,091	\$336,641	\$348,868	\$318,660	\$248,221	\$185,643	\$213,776	\$233,018	\$238,366	
Cumulative Expenditures	\$167,765	\$167,765	\$168,811	\$188,181	\$247,667	\$347,105	\$438,270	\$438,270	\$447,181	\$469,946	Expenditures: \$958,151
Cumulative Receipts	\$448,269	\$477,856	\$507,452	\$537,049	\$566,326	\$695,327	\$623,913	\$652,046	\$680,179	\$708,311	
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Expenditures: \$985,718
Annual deposit	\$27,981	\$27,981	\$27,981	\$27,916	\$27,639	\$27,618	\$27,575	\$27,575	\$27,575	\$27,567	
Expenditures	\$22,947	\$0	\$14,674	\$76,808	\$48,230	\$42,317	\$0	\$0	\$14,674	\$585	Expenditures: \$985,718
Year end balance	\$243,399	\$271,380	\$284,687	\$235,696	\$215,104	\$200,405	\$227,979	\$255,554	\$268,455	\$285,437	
Cumulative Expenditures	\$492,893	\$492,893	\$507,567	\$584,475	\$632,705	\$675,022	\$675,022	\$675,022	\$689,696	\$690,281	Expenditures: \$985,718
Cumulative Receipts	\$736,282	\$764,273	\$792,254	\$820,170	\$847,810	\$875,427	\$903,002	\$930,576	\$958,151	\$985,718	

REPLACEMENT RESERVE ANALYSIS

Fair Lakes Court

December 12, 2002

Current Association Funding - Cumulative Receipts and Expenditures Graph



Current Funding Data - Years 1 through 30

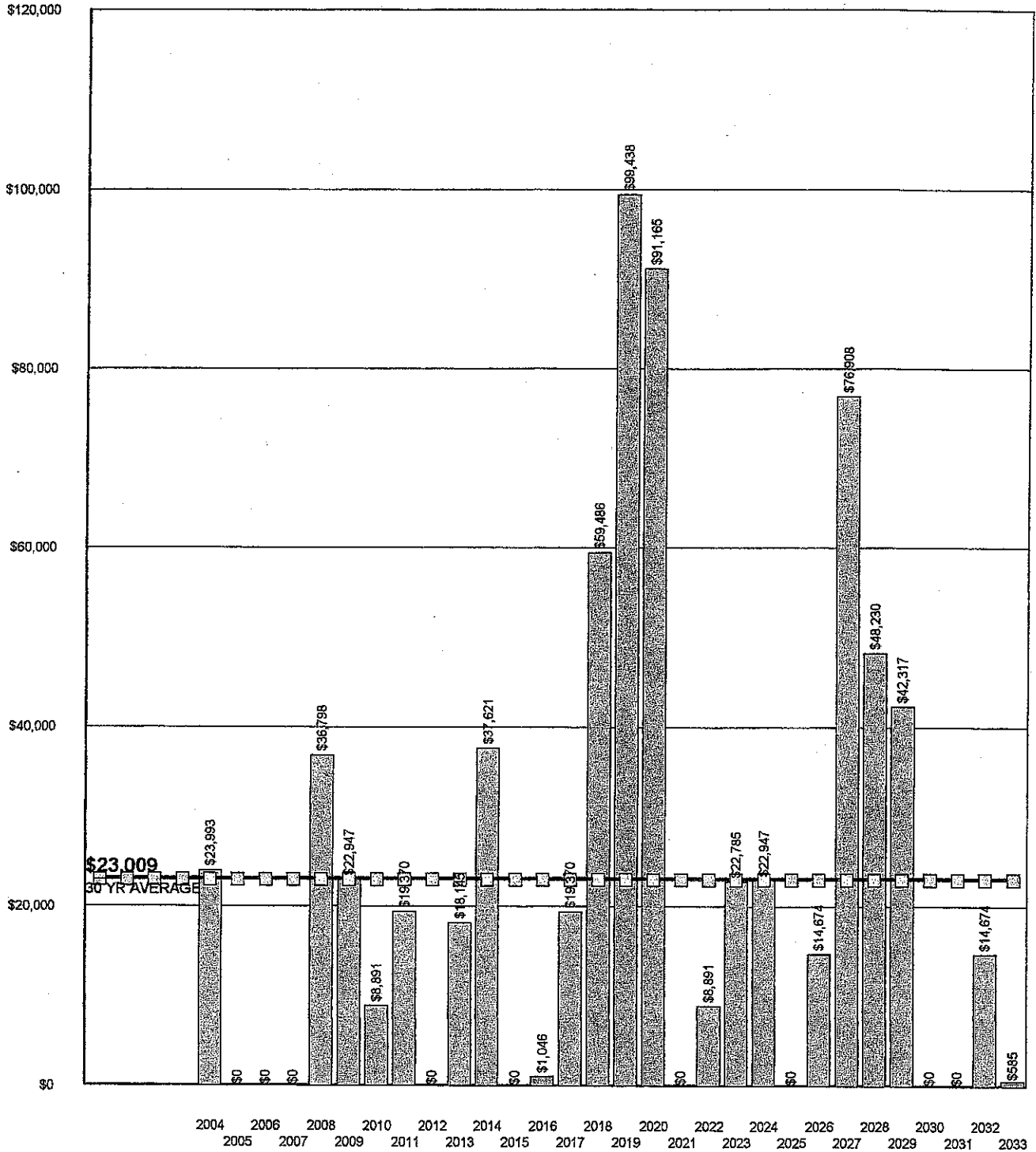
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TEN YEAR SUMMARIES
Starting balance	\$93,019										
Annual deposit	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	
Expenditures	\$23,893	\$0	\$0	\$0	\$36,798	\$22,947	\$8,891	\$19,370	\$0	\$18,145	Expenditures: \$130,144
Year end balance	\$89,494	\$109,962	\$130,430	\$150,898	\$134,567	\$132,088	\$143,665	\$144,763	\$165,231	\$167,555	Receipts: \$297,699
Cumulative Expenditures	\$23,893	\$23,893	\$23,893	\$23,893	\$80,792	\$83,739	\$92,630	\$112,000	\$112,000	\$130,144	
Cumulative Receipts	\$113,487	\$133,955	\$154,423	\$174,891	\$195,359	\$215,827	\$236,295	\$256,763	\$277,231	\$297,699	
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Annual deposit	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	Expenditures: \$339,802
Expenditures	\$37,621	\$0	\$1,046	\$19,370	\$59,486	\$99,438	\$91,165	\$0	\$8,891	\$22,785	Receipts: \$204,660
Year end balance	\$150,402	\$170,870	\$190,292	\$191,390	\$152,372	\$73,402	\$2,705	\$23,173	\$34,750	\$32,433	
Cumulative expenditures	\$167,765	\$167,765	\$168,811	\$188,181	\$247,667	\$347,105	\$438,270	\$438,270	\$447,161	\$469,946	
Cumulative receipts	\$318,167	\$338,635	\$359,103	\$379,571	\$400,039	\$420,507	\$440,975	\$461,443	\$481,911	\$502,379	
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Annual deposit	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	\$20,468	Expenditures: \$220,335
Expenditures	\$22,947	\$0	\$14,674	\$76,908	\$48,230	\$42,317	\$0	\$0	\$14,674	\$565	Receipts: \$204,660
Year end balance	\$29,954	\$50,422	\$56,216	(\$224)	(\$27,986)	(\$49,835)	(\$29,367)	(\$6,699)	(\$3,105)	\$16,778	
Cumulative Expenditures	\$492,893	\$492,893	\$507,567	\$584,475	\$632,705	\$675,022	\$675,022	\$675,022	\$689,696	\$690,281	
Cumulative Receipts	\$522,847	\$543,315	\$563,783	\$584,251	\$604,719	\$625,187	\$645,655	\$666,123	\$686,591	\$707,059	

REPLACEMENT RESERVE ANALYSIS

Fair Lakes Court

December 12, 2002

Graph of Annual Replacement Expenditures



REPLACEMENT RESERVE INVENTORY

Fair Lakes Court

December 12, 2002

INVENTORY OF COMPONENTS - INTERVAL REPLACEMENT

ITEM #	COMPONENT	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	COMPLETE CYCLE (YRS)	INITIAL REPLACEMENT (YRS)	TOTAL REPLACEMENT COST (\$)
1	Concrete Sidewalks and Aprons @ 30%	sf	11340	\$6.47	30	4	\$73,370
	2268 units to be replaced in	2008					\$14,674
	2268 units to be replaced in	2014					\$14,674
	2268 units to be replaced in	2020					\$14,674
	2268 units to be replaced in	2026					\$14,674
	2268 units to be replaced in	2032					\$14,674
2	Concrete Curbs and Gutters @ 30%	lf	3685	\$24.94	30	7	\$91,904
	737 units to be replaced in	2011					\$18,381
	737 units to be replaced in	2017					\$18,381
	737 units to be replaced in	2023					\$18,381
	737 units to be replaced in	2029					\$18,381
	737 units to be replaced in	2035					\$18,381
3	Concrete Curbs @ 30%	lf	230	\$21.50	30	7	\$4,945
	46 units to be replaced in	2011					\$989
	46 units to be replaced in	2017					\$989
	46 units to be replaced in	2023					\$989
	46 units to be replaced in	2029					\$989
	46 units to be replaced in	2035					\$989

COMMENTS:

1. Decreased Remaining Economic Life for all Components on this page by 1. 4/10/2003.

REPLACEMENT RESERVE INVENTORY

Fair Lakes Court

December 12, 2002

INVENTORY OF COMPONENTS - NORMAL REPLACEMENT

ITEM #		UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	TOTAL REPLACEMENT COST (\$)
SITE IMPROVEMENTS							
4	Asphalt Pavement - Overlay	sf	76,491	\$1.00	20	15	\$76,491
5	Asphalt Pavement - Overlay	sf	76,491	\$1.00	20	16	\$76,491
6	Asphalt Pavement - Mill	sf	38,246	\$0.40	20	33	\$15,298
7	Asphalt Seal Coat	sf	152,982	\$0.15	5	none	\$22,947
8	Asphalt Striping	ea	167	\$3.50	5	4	\$585
9	Asphalt Overlay - Trails	sf	4,023	\$1.95	12	6	\$7,845
10	Asphalt Seal Coat - Trails	sf	4,023	\$0.26	6	none	\$1,046
11	Dredging Wet Pond	ls	1	\$5,000.00	10	4	\$5,000
12	Dry SWM Pond Overflow / Culvert	ls	1	\$7,500.00	30	23	\$7,500
13	Irrigation system	ls	1	\$12,540.00	10	4	\$12,540
14	CMU Retaining Walls	sf	589	\$29.84	30	23	\$17,576
15	3.5' High Steel Picket Fence	lf	70	\$25.45	25	14	\$1,782
16	Chain Link Fencing 6'	lf	790	\$13.33	20	14	\$10,531
17	Exterior Light Poles	ea	22	\$2,356.00	30	23	\$51,832
18	Mailboxes	ea	256	\$74.41	20	14	\$19,049
19	Entrance Sign Tuck-point Masonry	sf	1,580	\$5.30	45	38	\$8,374
20	Entrance Sign Lighting	ls	2	\$1,500.00	20	14	\$3,000
21	Entrance Sign Irrigation	ls	2	\$1,500.00	20	14	\$3,000
22	Entrance Sign Steel Picket Fence	lf	74	\$38.25	25	19	\$2,831

COMMENTS:

1. Decreased Remaining Economic Life for all components on this page by 1 year with the exception of Asphalt-Overlay. 4/10/2003.
2. Changed Asphalt-Overlay Remaining Economic Life. 4/10/2003.
3. Added another Asphalt-Overlay and divided the Number of Units for the total by 2. 4/10/2003.
4. Changed Number of Units for Asphalt Overlay and Seal Coat-Trails. 4/10/2003.
5. Added Dredging Wet Pond and Irrigation System. 4/10/2003.

REPLACEMENT RESERVE INVENTORY

Fair Lakes Court

December 12, 2002

INVENTORY OF COMPONENTS - NORMAL REPLACEMENT

ITEM #		UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	TOTAL REPLACEMENT COST (\$)
RECREATIONAL FACILITIES							
23	Gazebo - Wood with Cedar Shingles	sf	300	\$25.00	30	24	\$7,500
24	Gazebo - Cedar Shingles	sf	390	\$4.00	15	9	\$1,560
25	Tot Lot Equipment - Metal/Plastic	ls	1	\$8,000.00	15	9	\$8,000
26	Tot Lot Equipment - Metal/Plastic	ls	1	\$8,000.00	15	9	\$8,000
27	Wood/Iron Benches	ea	4	\$1,000.00	10	4	\$4,000

COMMENTS:

1. Decreased Remaining Economic Life for all Components on this page by 1. 4/10/2003.
2. Added another Tot Lot. 4/10/2003.

REPLACEMENT RESERVE INVENTORY

Fair Lakes Court

December 12, 2002

SCHEDULE OF REPLACEMENTS - YEARS ONE TO FIFTEEN

2004	2005	2006
Asphalt Seal Coat \$22,947 Asphalt Seal Coat - Trails \$1,046		
Total Scheduled Replacements \$23,993	No Scheduled Replacements	No Scheduled Replacements
2007	2008	2009
No Scheduled Replacements	Concrete Sidewalks and Aprons @ \$14,674 Irrigation system \$12,540 Dredging Wet Pond \$5,000 Wood/Iron Benches \$4,000 Asphalt Striping \$585	Asphalt Seal Coat \$22,947
	Total Scheduled Replacements \$36,798	Total Scheduled Replacements \$22,947
2010	2011	2012
Asphalt Overlay - Trails \$7,845 Asphalt Seal Coat - Trails \$1,046	Concrete Curbs and Gutters @ 3' \$18,381 Concrete Curbs @ 30% \$989	
Total Scheduled Replacements \$8,891	Total Scheduled Replacements \$19,370	No Scheduled Replacements
2013	2014	2015
Tot Lot Equipment - Metal/Plastic \$8,000 Tot Lot Equipment - Metal/Plastic \$8,000 Gazebo - Cedar Shingles \$1,560 Asphalt Striping \$585	Asphalt Seal Coat \$22,947 Concrete Sidewalks and Aprons @ \$14,674	
Total Scheduled Replacements \$18,145	Total Scheduled Replacements \$37,621	No Scheduled Replacements
2016	2017	2018
Asphalt Seal Coat - Trails \$1,046	Concrete Curbs and Gutters @ 3' \$18,381 Concrete Curbs @ 30% \$989	Mailboxes \$19,049 Irrigation system \$12,540 Chain Link Fencing 6' \$10,531 Dredging Wet Pond \$5,000 Wood/Iron Benches \$4,000 Entrance Sign Irrigation \$3,000 Entrance Sign Lighting \$3,000 3.5' High Steel Picket Fence \$1,782 Other Replacements \$585
Total Scheduled Replacements \$1,046	Total Scheduled Replacements \$19,370	Total Scheduled Replacements \$59,486

MILLER - DODSON ASSOCIATES Capital Reserve Consultants

929 West Street, Suite 310, Annapolis, MD 21401 Tel: (800) 850-2835 Fax: (410) 268-8483 e-mail: millerdodson@aol.com

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REPLACEMENT RESERVE INVENTORY

Fair Lakes Court

December 12, 2002

SCHEDULE OF REPLACEMENTS - YEARS SIXTEEN TO THIRTY

2019		2020		2021	
Asphalt Pavement - Overlay	\$76,491	Asphalt Pavement - Overlay	\$76,491		
Asphalt Seal Coat	\$22,947	Concrete Sidewalks and Aprons (\$14,674		
Total Scheduled Replacements	\$99,438	Total Scheduled Replacements	\$91,165	No Scheduled Replacements	
2022		2023		2024	
Asphalt Overlay - Trails	\$7,845	Concrete Curbs and Gutters @ 3'	\$18,381	Asphalt Seal Coat	\$22,947
Asphalt Seal Coat - Trails	\$1,046	Entrance Sign Steel Picket Fence	\$2,831		
		Concrete Curbs @ 30%	\$989		
		Asphalt Striping	\$585		
Total Scheduled Replacements	\$8,891	Total Scheduled Replacements	\$22,785	Total Scheduled Replacements	
					\$22,947
2025		2026		2027	
No Scheduled Replacements		Concrete Sidewalks and Aprons (\$14,674	Exterior Light Poles	\$51,832
				CMU Retaining Walls	\$17,576
				Dry SWM Pond Overflow / Culvert	\$7,500
		Total Scheduled Replacements	\$14,674	Total Scheduled Replacements	
					\$76,908
2028		2029		2030	
Irrigation system	\$12,540	Asphalt Seal Coat	\$22,947	No Scheduled Replacements	
Tot Lot Equipment - Metal/Plastic	\$8,000	Concrete Curbs and Gutters @ 3'	\$18,381		
Tot Lot Equipment - Metal/Plastic	\$8,000	Concrete Curbs @ 30%	\$989		
Gazebo - Wood with Cedar Shing	\$7,500				
Dredging Wet Pond	\$5,000	Total Scheduled Replacements	\$42,317		
Wood/Iron Benches	\$4,000				
Gazebo - Cedar Shingles	\$1,560				
Asphalt Seal Coat - Trails	\$1,046				
Other Replacements	\$585				
Total Scheduled Replacements	\$48,230				
2031		2032		2033	
No Scheduled Replacements		Concrete Sidewalks and Aprons (\$14,674	Asphalt Striping	\$585
		Total Scheduled Replacements	\$14,674	Total Scheduled Replacements	
					\$585

REPLACEMENT RESERVE ALLOCATION

Fair Lakes Court

December 12, 2002

CASH FLOW METHOD - THREE YEAR ALLOCATION OF REPLACEMENT RESERVES

Item #	Component	Estimated Replacement Cost	Allocation of Reserves on Deposit	2004			2005			2006		
				Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance
INTERVAL COMPONENTS												
1	Concrete Sidewalks and Aprons	73,370	14,674			14,674	5,344		20,018	9,330		29,348
2	Concrete Curbs and Gutters @ 3'	91,904	369	18,012		18,381			18,381	423		18,804
3	Concrete Curbs @ 30%	4,945	20	969		989			989	23		1,012
NORMAL COMPONENTS												
SITE IMPROVEMENTS												
4	Asphalt Pavement - Overlay	76,491										
5	Asphalt Pavement - Overlay	76,491										
6	Asphalt Pavement - Mill	15,298										
7	Asphalt Seal Coat	22,947	45,895		(22,947)	22,947	8,357		31,304	14,591		45,895
8	Asphalt Striping	585	585	207		792	377		1,169			1,169
9	Asphalt Overlay - Trails	7,845	7,845			7,845			7,845			7,845
10	Asphalt Seal Coat - Trails	1,046	2,092		(1,046)	1,046			1,046	1,046		2,092
11	Dredging Wet Pond	5,000	5,000			5,000			5,000			5,000
12	Dry SWM Pond Overflow / Culv.	7,500										
13	Irrigation system	12,540	12,540			12,540			12,540			12,540
14	CMU Retaining Walls	17,576										
15	3.5' High Steel Picket Fence	1,782										
16	Chain Link Fencing 6'	10,531										
17	Exterior Light Poles	51,832										
18	Mailboxes	19,049										
19	Entrance Sign Truck-point Mason	8,374										
20	Entrance Sign Lighting	3,000										
21	Entrance Sign Irrigation	3,000										
22	Entrance Sign Steel Picket Fence	2,831										
RECREATIONAL FACILITIES												
23	Gazebo - Wood with Cedar Shing	7,500										
24	Gazebo - Cedar Shingles	1,560		553		553	1,007		1,560			1,560
25	Tot Lot Equipment - Metal/Plasti	8,000		2,836		2,836	5,164		8,000			8,000
26	Tot Lot Equipment - Metal/Plasti	8,000		2,836		2,836	5,164		8,000			8,000
27	Wood/Iron Benches	4,000	4,000			4,000			4,000			4,000

MILLER - DODSON ASSOCIATES Capital Reserve Consultants

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REPLACEMENT RESERVE ALLOCATION

Fair Lakes Court

December 12, 2002

COMPONENT METHOD - THREE YEAR ALLOCATION OF REPLACEMENT RESERVES

Item #	Component	Estimated Replacement Cost	Allocation of Reserves on Deposit	2004			2005			2006		
				Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance
INTERVAL COMPONENTS												
1	Concrete Sidewalks and Aprons	73,370	18,039	4,103		22,142	4,103		26,244	4,103		30,347
2	Concrete Curbs and Gutters @ 3'	91,904	18,077	4,230		22,307	4,230		26,537	4,230		30,768
3	Concrete Curbs @ 30%	4,945	973	228		1,200	228		1,428	228		1,655
NORMAL COMPONENTS												
SITE IMPROVEMENTS												
4	Asphalt Pavement - Overlay	76,491	8,680	4,238		12,918	4,238		17,156	4,238		21,394
5	Asphalt Pavement - Overlay	76,491	6,510	4,117		10,626	4,117		14,743	4,117		18,859
6	Asphalt Pavement - Mill	15,298		450		450	450		900	450		1,350
7	Asphalt Seal Coat	22,947	13,020	9,928	(22,947)		4,589		4,589	4,589		9,179
8	Asphalt Striping	585		117		117	117		234	117		351
9	Asphalt Overlay - Trails	7,845	1,855	856		2,710	856		3,566	856		4,422
10	Asphalt Seal Coat - Trails	1,046	593	453	(1,046)		174		174	174		349
11	Dredging Wet Pond	5,000	1,418	716		2,135	716		2,851	716		3,567
12	Dry SWM Pond Overflow / Culv	7,500	851	277		1,128	277		1,405	277		1,682
13	Irrigation system	12,540	3,557	1,797		5,354	1,797		7,150	1,797		8,947
14	CMU Retaining Walls	17,576	1,994	649		2,644	649		3,293	649		3,942
15	3.5' High Steel Picket Fence	1,782	404	92		496	92		588	92		680
16	Chain Link Fencing 6'	10,531	1,494	602		2,096	602		2,699	602		3,301
17	Exterior Light Poles	51,832	5,882	1,915		7,796	1,915		9,711	1,915		11,625
18	Mailboxes	19,049	2,702	1,090		3,792	1,090		4,882	1,090		5,971
19	Entrance Sign Tuck-point Mason	8,374	633	198		832	198		1,030	198		1,229
20	Entrance Sign Lighting	3,000	426	172		597	172		769	172		940
21	Entrance Sign Irrigation	3,000	426	172		597	172		769	172		940
22	Entrance Sign Steel Picket Fence	2,831	321	125		447	125		572	125		698
RECREATIONAL FACILITIES												
23	Gazebo - Wood with Cedar Shitu	7,500	709	272		981	272		1,252	272		1,524
24	Gazebo - Cedar Shingles	1,560	295	126		422	126		548	126		675
25	Tot Lot Equipment - Metal/Plasti	8,000	1,513	649		2,162	649		2,810	649		3,459
26	Tot Lot Equipment - Metal/Plasti	8,000	1,513	649		2,162	649		2,810	649		3,459
27	Wood/Iron Benches	4,000	1,135	573		1,708	573		2,281	573		2,854

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APPENDIX Section A

PROCEDURES AND DEFINITIONS USED IN THE REPLACEMENT RESERVE SCHEDULE

A. Replacement Reserve Analysis

- **Analysis methods.** The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the *Minimum Annual Contribution* to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for this Condominium. The two methods are:

1. **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980's. It treats each item in the replacement schedule as an individual line item budget. Generally, the *Minimum Annual Contribution* to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

First, the total *Current Objective* is calculated, which is the reserve amount that would have accumulated had all of the items on the schedule been funded from initial construction at their current replacement costs. Next, the *Reserve Currently on Deposit* (as reported by the Association) are distributed to the components in the schedule in proportion to the *Current Objective*. The *Minimum Annual Deposit* for each component is equal to the Estimated Replacement Cost, minus the Reserves on Hand, divided by the years of life remaining.

2. **Cash Flow Method.** The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (*Minimum Annual Deposit*) required to meet projected expenditures, without allowing TOTAL reserves on hand to fall below the specified minimum level in any year. This method usually results in a calculated requirement for annual contribution somewhat less than that arrived at by the Component Method of analysis.

First, the *Minimum Recommended Reserve Level to be Held on Account* is determined based on the age, condition, and replacement cost of the individual components. The mathematical model then allocates the estimated replacement costs to the future years in which they are projected to occur. Based on these expenditures, it then calculates the minimum constant yearly contribution (*Minimum Annual Deposit*) to the reserves necessary to keep the reserve balance at the end of each year above the *Minimum Recommended Reserve Level to be Held on Account*. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a *Minimum Annual Deposit* which is less than that arrived at by the Component Analysis.

- **Adjusted Cash Flow Analysis.** This program has the ability to modify the Cash Flow Method to take into account forecasted inflation and interest rates, thereby producing an *Adjusted Cash Flow Analysis*. Attempting to forecast future inflation and interest rates and the impact of changing technology is highly tenuous. Therefore, in most cases it is preferable to make a new schedule periodically rather than attempt to project far into the future. We will provide more information on this type of analysis upon request.
- **Unit costs.** Unit costs are developed using nationally published standards and estimating guides, and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures.

Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

- **Replacement vs. repair and maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of repairs or maintenance.

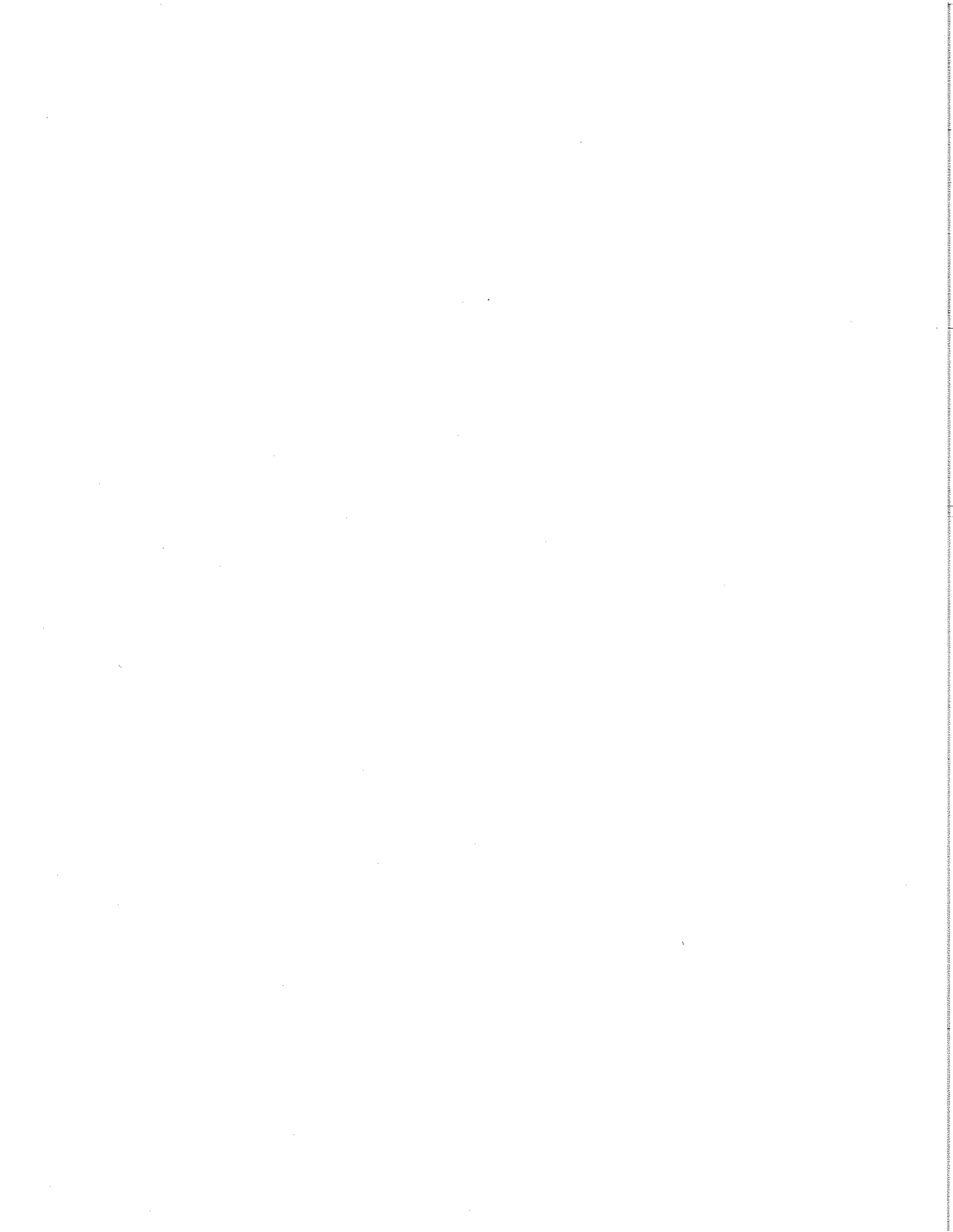
B. Definitions

- **Adjusted Cash Flow Analysis.** Cash flow analysis adjusted to take into account annual cost increases due to inflation, and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.
- **Annual Deposit if Reserves Were Fully Funded.** Shown on the Summary Sheet, "A" in the Component Method summary, this would be the amount of the Annual Deposit needed if the *Reserves Currently on Deposit* were equal to the *Total Current Objective*.
- **Cash Flow Analysis.** See *Cash Flow Method*, above.
- **Component Analysis.** See *Component Method*, above.
- **Contingency.** An allowance for unexpected requirements. Roughly the same as the *Minimum Recommended Reserve Level to be Held on Account* used in the *Cash Flow Method* of analysis.
- **Critical Year.** In the *Cash Flow Analysis*, a year in which the reserves on hand are projected to fall to the established minimum level. See *Minimum Recommended Reserve Level to be Held on Account*
- **Current Objective.** This is the reserve amount that would have accumulated had the item been funded from initial construction at its current replacement costs. It is equal to the *estimated replacement cost* divided by the estimated economic life, times the number of years expended (the difference between the *Estimated Economic Life* and the *Estimated Life Left*). The *Total Current Objective* can be thought of as the amount of reserves the Association should now have on hand based on the sum of all of the Current Objectives.

- **Cyclic Replacement Item.** A component item that typically begins to fail after an initial period (*Estimated Initial Replacement*), but which will be replaced in increments over a number of years (the *Estimated Replacement Cycle*). The Reserve Analysis program divides the number of years in the *Estimated Replacement Cycle* into five equal increments. It then allocates the *Estimated Replacement Cost* equally over those five increments. (As distinguished from *Normal Replacement Items*, see below)
- **Normal Replacement Schedules.** A component item that typically begins to fail after an initial period (*Estimated Initial Replacement*), but which will be replaced in increments over a number of years (the *Estimated Replacement Cycle*).
- **Estimated Economic Life.** Used in the *Normal Replacement Schedules*. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.
- **Estimated Economic Life Left.** Used in the *Normal Replacement Schedules*. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the *Estimated Economic Life* and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.
- **Estimated Initial Replacement.** For a *Cyclic Replacement Item* (see above), the number of years until the replacement cycle is expected to begin.
- **Estimated Replacement Cycle.** For a *Cyclic Replacement Item*, the number of years over which the remainder of the component's replacement occurs.
- **Minimum Annual Deposit.** Shown on the Summary Sheet, "A-1." The calculated requirement for annual contribution to reserves as calculated by the *Cash Flow Method* (see above).
- **Minimum Deposit in the Study Year.** Shown on the Summary Sheet, "A-1." The calculated requirement for contribution to reserves in the study year as calculated by the Component Method (see above).
- **Minimum Recommended Reserve Level to be Held on Account.** Shown on the Summary Sheet, "A" this number is used in the Cash Flow Method only, this is the prescribed level below which the reserves will not be allowed to fall in any year. This amount is determined based on the age, condition, and replacement cost of the individual components. This number is normally given as a percentage of the total *Estimated Replacement Cost* of all reserve components.
- **Normal Replacement Item.** A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from *Cyclic Replacement Items*, see above.)
- **Normal Replacement Schedules.** The list of Normal Replacement Items by category or location. These items appear on pages designated.

- **Number of Years of the Study.** The number of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. This study covers a 40-year period.
- **One Time Deposit Required to Fully Fund Reserves.** Shown on the Summary Sheet, "A-1" in the Component Method summary, this is the difference between the *Total Current Objective* and the *Reserves Currently on Deposit*.
- **Reserves Currently on Deposit.** Shown on the Summary Sheet, "A-1", this is the amount of accumulated reserves as reported by the Association in the current year.
- **Reserves on Hand.** Shown in the *Cyclic Replacement* and *Normal Replacement Schedules*, this is the amount of reserves allocated to each component item in the *Cyclic* or *Normal Replacement* schedules. This figure is based on the ratio of *Reserves Currently on Deposit* divided by the total *Current Objective*.
- **Replacement Reserve Study.** An analysis of all of the components of the common property of the Association for which a need for replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its estimated Replacement Cost, Estimated Economic Life, and Estimated Life Left. The objective of the study is to calculate a recommended annual contribution to the Association's Replacement Reserve Fund.
- **Total Replacement Cost.** Shown on the Summary Sheet, "A-1", this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.
- **Unit Replacement Cost.** Estimated replacement cost for a single unit of a given item on the schedule.
- **Unit (of Measure).** The following abbreviations are used in this report:
EA: each FT: feet LS: lump sum SF: square feet

BUDGET



Budget - Summary Detail
Fair Lakes Court
 FY 2007 Budget - Approved

Description	2005 Actual	2006 Budget	2006 Projected	2007 Budget	Budget % Change
Assessment Income					
4001 -- Residential Assessments	149,447.00	169,644.00	169,644.00	177,240.00	4.48%
Total Assessment Income	149,447.00	169,644.00	169,644.00	177,240.00	4.48%
Other Income					
4101 -- Interest Income	2,876.03	2,000.00	3,553.74	4,800.00	140.00%
4301 -- Late Fees	870.00	1,200.00	1,350.00	1,200.00	0.00%
4302 -- Legal Fee Income	119.42	0.00	199.64	0.00	0.00%
4303 -- Delinquency Processing Income	120.00	0.00	175.00	0.00	0.00%
4306 -- Charges Assessed for Violations	0.00	0.00	0.00	0.00	0.00%
4322 -- Misc Income	671.68	0.00	0.00	0.00	0.00%
4325 -- Arc. Appl. Income	208.00	45.00	105.00	90.00	100.00%
4332 -- Miscellaneous Income	0.00	0.00	15.00	0.00	0.00%
4333 -- Prior Fiscal Year Income	0.00	0.00	203.00	0.00	0.00%
Total Other Income	4,865.13	3,245.00	5,601.38	6,090.00	87.67%
Total Fair Lakes Court Income	154,312.13	172,889.00	175,245.38	183,330.00	6.04%
Administrative Expenses					
5010 -- Postage	1,406.96	1,200.00	1,353.07	1,200.00	0.00%
5015 -- Printing/Copying	2,709.31	2,000.00	3,833.88	3,500.00	75.00%
5016 -- Community Mailings	0.00	0.00	0.00	0.00	0.00%
5022 -- Wireless Communications	0.00	0.00	0.00	180.00	0.00%
5033 -- Web Site	600.00	600.00	600.00	600.00	0.00%
5040 -- Bank Charges	185.00	180.00	180.00	180.00	0.00%
5055 -- Courier/Delivery Service	19.70	0.00	0.00	0.00	0.00%
5060 -- Storage Rental	152.00	216.00	72.00	240.00	11.11%
5065 -- Miscellaneous	433.70	50.00	282.00	0.00	(100.00%)
5070 -- Direct Debit Expense	1,696.00	1,560.00	1,600.00	1,608.00	3.08%
5071 -- Storage Fee	120.00	180.00	111.91	0.00	(100.00%)
5072 -- Community Mailings	253.20	760.00	511.35	760.00	0.00%
5073 -- Resale/Account Set Up	700.00	375.00	225.00	250.00	(33.33%)
5074 -- Notary Fee	4.00	0.00	0.00	0.00	0.00%
5075 -- Architectural Application Fee	45.00	45.00	45.00	45.00	0.00%
5078 -- Violation Letter Fee	1,801.00	0.00	1,016.00	0.00	0.00%
5121 -- Management Delinquency Processing	1,270.00	1,200.00	1,360.00	1,200.00	0.00%
5402 -- Covenants Violations	0.00	1,800.00	400.00	1,000.00	(44.44%)
Total Administrative Expenses	11,395.87	10,166.00	11,590.21	10,763.00	5.87%
Professional Services					
5101 -- Legal Fees	300.13	650.00	217.00	650.00	0.00%
5105 -- Legal Fees - Collections	783.80	350.00	707.28	350.00	0.00%
5110 -- Audit/Tax Returns	1,225.00	1,325.00	0.00	1,325.00	0.00%
5115 -- Management Fees	24,012.00	25,332.00	25,540.56	26,600.00	5.01%
5120 -- Management Reimbursements	0.00	0.00	0.00	0.00	0.00%

Budget - Summary Detail
Fair Lakes Court
FY 2007 Budget - Approved

Description	2005 Actual	2006 Budget	2006 Projected	2007 Budget	Budget % Change
Professional Services					
5125 -- Consulting/Engineering	0.00	0.00	0.00	0.00	0.00%
Total Professional Services	26,320.93	27,657.00	26,464.84	28,925.00	4.58%
Taxes & Insurance					
5201 -- Federal Income Tax	28.01	400.00	347.00	960.00	140.00%
5202 -- State Income Tax	42.00	200.00	163.00	480.00	140.00%
5220 -- Insurance	2,407.72	3,000.00	2,978.55	4,000.00	33.33%
5230 -- Insurance Losses Claim	0.00	0.00	0.00	0.00	0.00%
5235 -- Insurance Deductible Losses	0.00	1,000.00	1,000.00	1,000.00	0.00%
Total Taxes & Insurance	2,477.73	4,600.00	4,488.55	6,440.00	40.00%
Reserve Contributions					
5310 -- Repair & Replacement Reserves	26,175.00	26,960.00	26,960.00	27,769.00	3.00%
5320 -- Street/Parking Reserves	0.00	0.00	0.00	0.00	0.00%
5321 -- Exterior Reserves	0.00	0.00	0.00	0.00	0.00%
5322 -- Sidewalk Reserves	0.00	0.00	0.00	0.00	0.00%
5323 -- Play Area Reserves	0.00	0.00	0.00	0.00	0.00%
5340 -- Other Reserves #21	0.00	0.00	0.00	0.00	0.00%
Total Reserve Contributions	26,175.00	26,960.00	26,960.00	27,769.00	3.00%
Payroll					
5401 -- Activities	0.00	0.00	104.44	0.00	0.00%
Total Payroll	0.00	0.00	104.44	0.00	0.00%
Newsletter & Activities					
5601 -- Activities	1,598.00	5,300.00	2,431.48	5,300.00	0.00%
5701 -- Newsletter	0.00	250.00	80.00	250.00	0.00%
Total Newsletter & Activities	1,598.00	5,550.00	2,511.48	5,550.00	0.00%
Contracts					
6008 -- HVAC Contract	0.00	0.00	0.00	0.00	0.00%
6016 -- Interior Plant Maintenance Contract	0.00	0.00	0.00	0.00	0.00%
Total Contracts	0.00	0.00	0.00	0.00	0.00%
Maintenance & Services					
5405 -- Casual Labor	1,495.00	1,755.00	1,670.00	1,755.00	0.00%
5915 -- Common Electricity	1,702.29	1,950.00	1,686.32	1,607.00	(17.59%)
6001 -- Landscape Maint Contract	26,951.00	27,936.00	28,056.00	28,494.00	2.00%
6002 -- Irrigation System Contract	0.00	1,260.00	990.00	1,200.00	(4.76%)
6003 -- Snow Removal Contract	7,545.00	8,000.00	6,510.00	6,976.00	(12.80%)
6012 -- Trash Removal Contract	32,485.56	37,195.00	37,899.46	39,055.00	5.00%
6101 -- Floral Rotations/Replacements	0.00	0.00	0.00	0.00	0.00%
6102 -- Landscape Enhancements	1,171.81	6,600.00	5,878.00	8,196.00	24.18%
6103 -- Dead Plant/Tree Removal & Replace	3,725.00	4,000.00	2,000.00	2,000.00	(50.00%)
6108 -- Landscape Other	820.00	0.00	1,110.00	0.00	0.00%
6201 -- Irrigation Repairs/Maint	0.00	1,000.00	0.00	1,000.00	0.00%

Budget - Summary Detail
Fair Lakes Court
FY 2007 Budget - Approved

Description	2005 Actual	2006 Budget	2006 Projected	2007 Budget	Budget % Change
Maintenance & Services					
6202 -- Irrigation Water	0.00	0.00	0.00	0.00	0.00%
6204 -- Irrigation Utilities	529.20	300.00	205.55	300.00	0.00%
6252 -- Snow Removal Supplies	1,250.00	0.00	0.00	0.00	0.00%
6253 -- Sand Removal	0.00	1,500.00	0.00	0.00	(100.00%)
6262 -- Community Signs - New Installations	0.00	0.00	0.00	0.00	0.00%
6263 -- Community Signs	306.26	300.00	455.14	1,300.00	333.33%
6270 -- Tot Lot Maintenance	0.00	2,500.00	1,250.00	2,500.00	0.00%
6296 -- Entrance Lights - Repair/Maintenance	727.18	1,000.00	1,029.30	1,000.00	0.00%
6300 -- Lighting Repair & Maintenance	125.00	0.00	922.64	0.00	0.00%
6310 -- Fence Repair & Maintenance	0.00	1,000.00	0.00	1,000.00	0.00%
6321 -- Asphalt Repair & Maintenance	0.00	0.00	0.00	5,000.00	0.00%
6336 -- Retention Ponds Repair & Maintenance	0.00	2,500.00	833.00	2,500.00	0.00%
6360 -- General Repair & Maintenance	0.00	0.00	222.04	0.00	0.00%
6471 -- Fire/Sprinkler System Repair & Maintenance	0.00	0.00	0.00	0.00	0.00%
6490 -- Electrical Repair & Maintenance	0.00	0.00	0.00	0.00	0.00%
6520 -- Lock Repair & Maintenance	0.00	0.00	0.00	0.00	0.00%
6644 -- Other	0.00	0.00	0.00	0.00	0.00%
Total Maintenance & Services	78,833.30	98,796.00	90,717.45	103,883.00	5.15%
Total Fair Lakes Court Expense	146,800.83	173,729.00	162,836.97	183,330.00	5.53%
Total Association Net Income / (Loss)	7,511.30	(840.00)	12,408.41	0.00	(100.00%)

ARTICLES
OF
INCORPORATION

Commonwealth of Virginia



STATE CORPORATION COMMISSION

Richmond, April 2, 1997

This is to Certify that the certificate of incorporation of

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

*was this day issued and admitted to record in this office
and that the said corporation is authorized to transact its business
subject to all Virginia laws applicable to the corporation and its
business. Effective date:*

April 2, 1997



State Corporation Comm

William J P

ARTICLES OF INCORPORATION
OF
FAIR LAKES COURT HOMEOWNERS ASSOCIATION

In full compliance with the requirements of Chapter 10 of Title 13.1 of the Code of Virginia, as amended (Virginia Non-Stock Corporation Act, Sec. 13.1-801, et seq.), the undersigned incorporators, all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a non-stock corporation not for profit and do hereby certify as follows:

ARTICLE I

NAME

The name of the corporation is FAIR LAKES COURT HOMEOWNERS ASSOCIATION hereinafter called the "Corporation".

ARTICLE II

REGISTERED OFFICE

The initial registered office of the Corporation is located at 1749 Old Meadow Road, Suite 300, McLean, Virginia 22102, which is situate and located in Fairfax County, Virginia.

ARTICLE III

REGISTERED AGENT

Eric A. Anderson, who is a resident of Virginia and a member of the Virginia State Bar, and whose address is 1749 Old Meadow Road, Suite 300, McLean, Virginia 22102, is hereby appointed the initial registered agent of the Corporation.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Corporation does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of residential lots and to own, improve, maintain and preserve the Common Area within FAIR LAKES COURT Subdivision, Fairfax County, Virginia, and to promote the health, safety and welfare of the residents within such area as may come within the jurisdiction of the Corporation and any additions thereto as may hereafter be brought within the jurisdiction of this Corporation by annexation, as provided in Article VIII herein, and for this purpose:

1. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", recorded or to be recorded from time to time in the Office of Clerk of the Circuit Court of Fairfax County, Virginia, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

2. To fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation, including all licenses, taxes or

governmental charges levied or imposed against the property of the Corporation;

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

4. To dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members and provided that any such dedication, sale or transfer shall not conflict with the designation of the Common Area as open space. No such dedication, sale or transfer shall be effective unless assented to by more than two-thirds (2/3) of each class of members agreeing to such dedication, sale or transfer;

5. To have and to exercise any and all powers, rights and privileges which a corporation organized under the NonStock Corporation Act of the Commonwealth of Virginia by law may now or hereafter have or exercise.

ARTICLE V

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Corporation, including contract sellers, shall be a member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest

merely as security for the performance of an obligation Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Corporation. Ownership of such Lot shall be the sole qualification for membership.

ARTICLE VI

VOTING RIGHTS

The Corporation shall have two classes of voting membership:

Class A: Class A members shall be all those Owners as defined in Article V with the exception of the Declarant and the Builder. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article V. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B: The Class B member shall be Centex Homes, its successors and assigns. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article V; provided, however, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B and

Class C membership, or

(b) January 1, 2004.

Class C: The Class C members shall be any entity which acquires a Lot for the purpose of constructing a house thereon. The Class C members shall be entitled to three (3) votes for each Lot in which they hold the interest required for membership by Article V; provided, however, that the Class C membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B and Class C membership, or

(b) January 1, 2004.

ARTICLE VII

BOARD OF DIRECTORS

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

Howard B. Katz	12150 East Monument Drive Suite 110 Fairfax, Virginia 22003
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Leon O'Rourke	12150 East Monument Drive Suite 110 Fairfax, Virginia 22003
---------------	---

Jano Cymes

12150 East Monument Drive
Suite 110
Fairfax, Virginia 22003

The term of office for all directors shall be three (3) years, with the exception of the initial board of directors after the Class B and C memberships cease, which board shall serve staggered terms as provided in the By-laws.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTIES

The Corporation may, at any time, annex additional areas and provide for maintenance, preservation and architectural control of residence lots, as such annexation shall be authorized in the Declaration.

ARTICLE IX

AUTHORITY TO DEDICATE

The Corporation shall have the power to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members and approved by Statute, provided such dedication or transfer shall be approved by an affirmative vote at a duly called meeting, at which a quorum is present, of more than two-thirds (2/3), in person or by proxy, of each class of members entitled to vote.

ARTICLE X

DISSOLUTION

The Corporation shall not be dissolved nor shall any common

open space be disposed of by sale or otherwise, except to an organization conceived and organized to own and maintain common open space, without first offering to dedicate to same to Fairfax County or another appropriate governmental agency. Upon such provision for disposition of the common open space, the Corporation may be dissolved with the assent, given in writing and signed by not less than two-thirds (2/3) of each class of members entitled to vote.

ARTICLE XI

DURATION

The Corporation shall exist perpetually.

ARTICLE XIII

AMENDMENTS

Amendment of these Articles shall require that assent at a duly held meeting, of seventy-five percent (75%) of the votes, in person or by proxy, entitled to be cast by the entire membership.

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the Laws of the Commonwealth of Virginia, the undersigned, constituting the incorporators of this Corporation, have executed these Articles of Incorporation this 19th day of March, 1997.


Name: Eric A. Anderson


Name: Robert W. Haas

BY-LAWS

BY-LAWS

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is FAIR LAKES COURT HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Corporation". The initial principal office of the Corporation shall be located at 12150 East Monument Drive, Suite 110, Fairfax, Virginia 22003, but meetings of members and directors may be held at such places within the State of Virginia, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1: "Common Area" shall mean and refer to all real property and improvements thereon owned or leased by the Corporation for the common use and enjoyment of the members of the Corporation.

Section 2: "Corporation" shall mean and refer to Fair Lakes Court Homeowners Association, its successors and assigns.

Section 3. "Declarant" shall mean and refer to Centex Homes, its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot for the purposes of development.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded in the Office of the Clerk of the Circuit

Court of Fairfax County, Virginia

Section 5: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area and streets dedicated to public use.

Section 6. "Member" shall mean and refer to every person or entity who holds a membership in the Corporation.

Section 7. "Owner" shall mean and refer to the record holder of the fee simple title to any lot, whether one or more persons or entities, including contract sellers, the terms shall exclude those having such interest merely as security for the performance of an obligation.

Section 8: "Property" shall mean and refer to that certain real property described in the "Declaration" and such additions which, from time to time, may be brought within the jurisdiction of the Corporation.

ARTICLE III

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Corporation, including contract sellers, shall be a member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Corporation. Ownership of

such Lot shall be the sole qualification for membership.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Members' Easements of Enjoyment. Every Member shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

(a) The right of the Corporation to limit the number of guests of members;

(b) The right of the Corporation to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(c) The right of the Corporation to suspend the voting rights and right to use of the recreational facilities by a member for any period during which any assessment against his Lot remains unpaid for more than thirty (30) days, and for a period not to exceed sixty (60) days for any other infraction of its published rules and regulations;

(d) The right of the Corporation, at any time and consistent with the then existing zoning ordinances of Fairfax County, and consistent with its designation as "open space", or upon dissolution, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members provided that any such dedication or transfer shall have

the assent of two-thirds (2/3) of each class of members and the recordation of an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members.

(e) The right of the Corporation to grant any public utility with or without payment to the Corporation, and consistent with the "open space" designation thereof, easements for the construction, reconstruction, installation, repair and/or necessary maintenance of utility lines through or over any portion of the Common Areas. The foregoing shall not be construed, however, to permit any such utility to acquire or damage any improvements situate upon the Common Areas, or other structures or installations situate thereon which would otherwise be deemed to be part of the realty, without the payment of damages, including severance or resulting damages, if any, to the Corporation, all in amounts and in a manner now or hereafter governing proceedings for the acquisition of private property for public use by condemnation in this State.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Member's Lot.

Article V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Corporation shall be managed by a Board of Directors. Until the first annual meeting of the Corporation following the cessation of the Class B and Class C

membership, the initial Board of Directors shall consist of three (3) members appointed by the Declarant. The number of Directors shall be increased to five (5) at a Special Meeting of Members to be convened within ninety (90) days following the expiration of the Class B and C Memberships.

Section 2. Election. At the Special Meeting provided in Section 1, above, two Directors shall be elected for three year terms, two for two year terms and one for a one year term. At each Annual Meeting thereafter, the members shall elect Directors to replace those Directors whose terms have expired, each to serve a term of three (3) years.

Section 3. Removal. Any Directors may be removed from the Board, with or without cause, by a majority vote of the Members of the Corporation. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he may render to the Corporation. However, any Director may be reimbursed for his actual reasonable expenses incurred in the performance of his duties.

Section 6. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place, date and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Corporation, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present, shall be regarded as the act of the Board.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by nominations from the floor pursuant to a call for candidates at the meeting called for such election. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

Cumulative voting is not perritted

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1 Powers. The Board of Directors shall have power:

(a) To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) To suspend the voting rights and right to use the recreation facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Corporation for more than thirty (30) days. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for any other infraction of published rules and regulations;

(c) To exercise for the Corporation all powers, duties, and authority vested in or delegated to this Corporation, not reserved to the membership, or other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) To do all other things allowed by law not inconsistent with these Articles, the Declaration, or other provisions of the By-Laws.

Section 2. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) To supervise all officers, agents, and employees of this Corporation, and to see that their duties are properly performed;

(c) As more fully provided herein and in the Declaration:

(1) to fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period, as hereinafter provided in Article XII; and

(2) to send written notices of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(d) To issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein

stated to have been paid;

(e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Corporation; and

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) To cause the Common Area to be maintained in accordance with the standards adopted by the Board.

ARTICLE IX

COMMITTEES

Section 1. The Corporation shall appoint an Architectural Control Committee as provided in the Declaration. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Corporation functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director, or officer of the Corporation as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of members shall be held in January, 1999 at such place, date and time as shall be determined by the Board of Directors and noticed to the

members and each subsequent regular annual meeting of the members shall be held in January of each year thereafter, at such place, date and time as shall be determined by the Board of Directors and noticed to the members.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all votes of the Class A membership

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Corporation, or supplied by such member to the Corporation for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or by proxies entitled to cast, ten percent (10%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these ByLaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without other notice than

announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, notarized and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The Officers of this Corporation shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of Officers shall take place at the first annual meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Corporation shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may be

removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignations shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer shall be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments, and shall co-sign checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such

other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the members; keep the corporate seal of the Corporation and affix it on all papers requiring said seal; serve notice of meetings of the Board and the members; keep appropriate current records showing the members of the Corporation together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Corporation and shall disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Corporation; keep proper books of account; cause an annual audit of the Corporation books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meetings, and deliver a copy of each to the members.

ARTICLE XII

ASSESSMENTS

Section 1. As more fully set forth in Article V of the Declaration, each Member is obligated to pay to the Corporation annual, and special assessments. Said assessments are secured by a continuing lien upon the Lot against which the assessment is made.

Section 2. Remedies of the Corporation in the event of Default. Any assessment installment not paid within thirty (30) days after the first day of the Corporation's assessment period (whether quarterly or monthly) shall be delinquent. Thereupon, the Corporation shall provide Notice of such delinquency and may (a) declare the entire balance of such General or Special Assessment due and payable in full; (b) charge interest from the due date at a rate of six percent (6%) per annum; (c) charge a late penalty of \$10.00 or as otherwise set by Board of Directors if not paid within thirty (30) days after the first day of the Corporation's assessment period (whether quarterly or monthly); (d) give Registered Notice to the Owner that in the event payment with accrued interest is not paid within thirty (30) days from the date of such notice, then the expressed contractual lien provided for herein shall be foreclosed; or (d) upon Registered Notice to the Owner, suspend the right of such Owner to vote or use the recreational facilities until the assessment and accrued interest is paid in full.

ARTICLE XIII

BOOKS AND RECORDS

The books, records, and papers of the Corporation shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the By-Laws of the Corporation shall be available for inspection by any member at the principal office of the Corporation, where copies may be purchased at reasonable cost.

ARTICLE XIV

CORPORATE SEAL

The Corporation shall have a seal in circular form having within its circumference the words: "Fair Lakes Court Homeowners Association, a Virginia non-stock corporation".

ARTICLE XV

AMENDMENTS

These By-Laws may be amended, at a regular or special meeting of the members, by a vote of the majority of a quorum of members present in person or by proxy, except that if the Lots have been approved by FHA of VA financing, and upon insurance or guarantee by FHA or VA of a mortgage or deed of trust on the Properties, the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is a Class B membership.

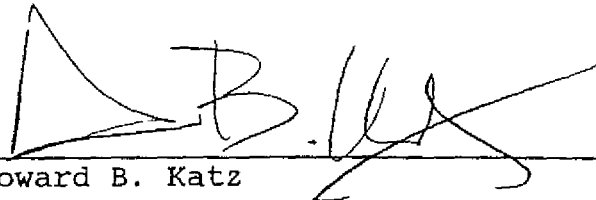
ARTICLE XVI

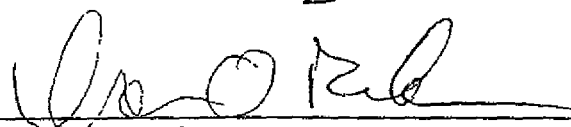
MISCELLANEOUS

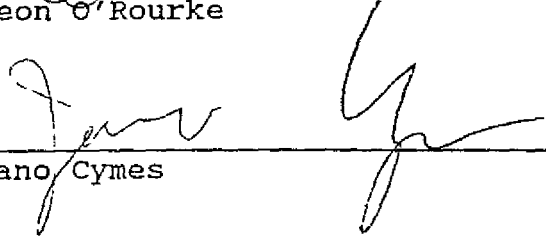
Section 1. The fiscal year of the Corporation shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, we being all of the Directors of FAIR LAKES COURT HOMEOWNERS ASSOCIATION, have hereunto set our hands this 21st day of March, 1997.


Howard B. Katz


Leon O'Rourke


Jano Cymes

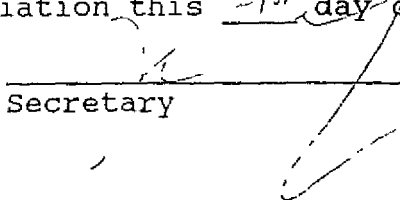
CERTIFICATE

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of FAIR LAKES COURT HOMEOWNERS ASSOCIATION, a Virginia nonstock corporation; and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted on the 21st day of March, 1997.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 21st day of March, 1997.


Secretary

Fair Lakes Court

DECLARATION

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION made this 2nd day of March, 1997, by CENTEX HOMES, a Nevada general partnership (hereinafter referred to as the "Declarant") and THE VERNOY/FRANKLIN TRUST ("Franklin"), and FAIR LAKES COURT HOMEOWNERS ASSOCIATION, a Virginia non-stock corporation (hereinafter the "Association");

W I T N E S S E T H :

WHEREAS, the Declarant is the owner of Lots One (1) through Sixty Six (66), inclusive, PHASE ONE, FAIR LAKES COURT Subdivision as duly dedicated, platted and recorded immediately prior hereto, having acquired said lots by deeds recorded in Deed Book 9760 at Page 774 among the land records of Fairfax County, Virginia; and

WHEREAS, Franklin is the owner of Lots Sixty Seven (67) through Seventy Three (73), inclusive, PHASE ONE, FAIR LAKES COURT Subdivision as duly dedicated, platted and recorded immediately prior hereto, having acquired said lots by deeds recorded in Deed Book 9760 at Page 767 among the land records of Fairfax County, Virginia; and

WHEREAS, the Association is the owner of Parcel "A" and Parcel "B", PHASE ONE (1), FAIR LAKES COURT Subdivision, as duly dedicated, platted and recorded immediately prior hereto among the land records of Fairfax County, Virginia; and

WHEREAS, the above-referenced property is located in the proposed residential community of FAIR LAKES COURT; and

WHEREAS, the Board of Supervisors of Fairfax County has specified that a single association be formed for all residential

BAA.89 FAIRLAKES DEC

Prepared by
Haas & Dennis, P.C
1749 Old Meadow Road, Ste. 300
McLean, Virginia 22102

Tax Map No. 45-4-001-22A & 23A

0001 200000

uses in the Community; and

WHEREAS, in order to provide for the preservation and enhancement of the property values, amenities, and opportunities in said community contributing to the personal and general health, safety, and welfare of residents and for the maintenance of the land and improvements thereon, the Declarant and Franklin desire to subject the real property described above to the covenants, restrictions, easements, charges, and liens of this Declaration of Covenants, Conditions, and Restrictions said covenants, restrictions, easements, conditions, and charges running with said real property and binding all persons or entities having or acquiring any right, title, or interest in said real property or any part thereof, and inuring to the benefit of each owner thereof; and

WHEREAS, to provide a means for meeting the purposes and intents herein set forth and the intents and requirements of the County of Fairfax, the Declarant has incorporated under the laws of the State of Virginia, FAIR LAKES COURT HOMEOWNERS ASSOCIATION.

NOW, THEREFORE, the Declarant, Franklin and Association do hereby grant, establish, and convey to each Owner mutual non-exclusive rights, privileges and easements of enjoyment on equal terms in common with all other Owners in and to the use of the common facilities; and do hereby declare the above-described real property and such additions thereto as may hereafter be made pursuant to Article II hereof to be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions,

easements, conditions, charges, and liens hereinafter set forth, which are for the purpose of protecting the value and desirability of, and shall run with, the real property and be binding on all parties having any right, title, or interest in the above-described real property or any portion thereof, their successors and assigns, and shall inure to the benefit of each Owner thereof.

AND FURTHER, the Declarant and Franklin hereby delegate and assign to FAIR LAKES COURT HOMEOWNERS ASSOCIATION the powers of owning, maintaining, and administering all common areas, administering and enforcing the covenants and restrictions, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety, and welfare of the residents.

ARTICLE I

DEFINITIONS

Section 1. "Approval" shall mean and refer to the issuance by any public agency of written approval, or any written waiver of approval rights, or a formal letter stating "no objection."

Section 2. "Association" shall mean FAIR LAKES COURT HOMEOWNERS ASSOCIATION.

Section 3. "Book of Resolutions" shall mean and refer to the document containing the rules and regulations and policies of the FAIR LAKES HOMEOWNERS ASSOCIATION as they may from time to time be amended.

Section 4. "Builder" shall mean and refer to any entity to which the Declarant shall sell finished lots for the purpose of

constructing a single family residence for sale to the public.

Section 5. "Common Area" shall mean and refer to all real property and improvements thereon owned or leased by the Association for the use and enjoyment of Members. At present said Common Area consists of Parcels "A" and "B", Phase One, as hereinabove described.

Section 6. "Declaration" shall mean and refer to the covenants, conditions, and restrictions and all other provisions herein set forth in this Declaration of Covenants and Restrictions.

Section 7. "Declarant" shall mean and refer to Centex Homes, a Nevada general partnership, its successors and assigns; provided, however, that no successor or assignee of the Declarant shall have any rights or obligations of the Declarant hereunder unless such rights or obligations are specifically set forth in the instrument of succession or assignment or which pass by operation of law.

Section 8. "Federal Mortgage Agencies" shall mean and refer to those Federal Agencies who have an interest in the Property, such as the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, or successors to their interests.

Section 9. "First Mortgagee" shall mean and refer to an Institutional Lender who holds the first deed of trust on a Lot and who has notified the Association of its holdings.

Section 10. "Founding Documents" shall mean and refer to the Articles of Incorporation of the Association, this Declaration, and

the Bylaws of the Association, all as initially drawn by the Declarant and filed and recorded as the case may be, and all as may be duly amended from time to time.

Section 11. "Governing Documents" shall mean and refer collectively and severally to the Founding Documents, any Supplementary Declarations and the Book of Resolutions, as such may be amended from time to time.

Section 12. "Institutional Lender" shall mean and refer to one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds, or business trusts including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such a lender, or any private or governmental institution which has insured a loan of such a lender, or any combination of any of the foregoing entities.

Section 13. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property, with the exception of Common Area as heretofore defined.

Section 14. "Member" shall mean and refer to members of the Association which shall consist of all Owners.

Section 15. "Notice" shall mean and refer to (1) written notice delivered personally or mailed to the last known address of the intended recipient, or (2) notice published at least once a week for two consecutive weeks in (a) a newspaper having general

circulation in Fairfax County, or (b) the newsletter of the Association delivered personally or mailed to each Member.

Section 16. "Owner" shall mean and refer to the record holder of the fee simple title to any Lot, whether one or more persons or entities, including contract sellers; the term shall exclude those having such interest merely as security for the performance of any obligation.

Section 17. "Property" shall mean and refer to Lots One (1) through Seventy Three (73), inclusive, and Parcels "A" and "B", FAIR LAKES COURT, PHASE ONE, as duly dedicated, platted and recorded immediately prior hereto, together with such other real property as may from time to time be annexed thereto under the provisions of Article II hereof.

Section 18. "Quorum of Members" shall mean and refer to the representation by presence or proxy of Members who hold ten percent of the outstanding votes of the Class A Members and the representation by presence or proxy of the Class B Members and Class C Members so long as they shall exist.

Section 19. "Registered Notice" shall mean and refer to any Notice which has been signed for by a recipient or has been certified by the U.S. Postal Service or other entity as having been delivered to the address of the intended recipient. Failure by refusal of an intended recipient to acknowledge such Notice shall nevertheless constitute receipt when such refusal is witnessed by two other people.

Section 20. "Single Family" shall mean and refer to a single

housekeeping unit which includes not more than three adults who are legally unrelated.

Section 21. "Supplementary Declaration" shall mean and refer to any declaration of covenants, conditions, and Restrictions which may be recorded by the Declarant, which extends the provisions of this Declaration or which contains such complementary provisions as are deemed appropriate by the Declarant and as are herein required.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION; ADDITIONS THERETO

Section 1. The Property. The real property which is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in the County of Fairfax, State of Virginia.

Section 2. Additions to The Property. Additional properties may become subject to this Declaration in the following manner:

(a) Additions by the Declarant. The Declarant shall have the right without the approval of the Members to subject to the Declaration any additional property which lies adjacent to the Property provided that not more than seven (7) years have lapsed since the filing of the Declaration.

(b) Other Additions. Additional land, other than that described above, may be annexed to the Property upon approval of two-thirds (2/3) of each class of Members.

The additions authorized under subsection (a) and (b) shall be made by complying with the requirements of the Zoning Ordinance, by

securing the Approval of the Federal Mortgage Agencies, by filing of record one or more Supplementary Declarations of Covenants and Restrictions with respect to the additional property, and by filing with the Association the preliminary plat for such additions.

Section 3. Merger. In accordance with its Articles of Incorporation, the property, rights, and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association similar in corporate nature and purposes or, alternatively, the property, rights, and obligations of an association similar in corporate nature and purposes may be by operation of law be added to the property, rights, and obligations of the Association as a surviving association pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidations, however, shall effect any revocation, change, or addition to the covenants established by this Declaration within the Property except as hereinafter provided. Such merger or consolidation shall have the assent of two-thirds (2/3) of each class of Members.

ARTICLE III

THE ASSOCIATION

Section 1. Organization.

The Association is a nonprofit non-stock corporation organized and existing under the laws of Virginia charged with the duties and vested with the powers prescribed by law and set forth in the

Governing Documents, as such may be amended from time to time, provided no other Governing Documents than this Declaration shall for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 2. Membership.

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

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

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

Class A. Class A Members shall be all Owners except the Class B and C Members. Class A Members shall be entitled to one vote for each Lot owned.

Class B. The Class B Members shall be the Declarant who shall have three (3) votes for each Lot in which it holds the interest required for membership.

The Class B membership and the Class B voting rights shall cease upon the earlier of the following events: when the total number of Class A votes equals the total number of Class B and C votes or on January 1, 2004. Thereafter, the Declarant shall have Class A membership rights for each Lot it may own; provided, however, that Declarant's Class B membership for each Lot owned by

it shall be automatically revived when it subjects additional land to the provisions of this Declaration.

Class C. The Class C Members shall be the Builder who shall have three (3) votes for each Lot in which it holds the interest required for membership.

The Class C membership and the Class C voting rights shall cease upon the earlier of the following events: when the total number of Class A votes equals the total number of Class B and C votes or on January 1, 2004. Thereafter, the Builder shall have Class A membership rights for each Lot it may own; provided, however, that Declarant's Class C membership for each Lot owned by it shall be automatically revived when it subjects additional land to the provisions of this Declaration.

(d) Annexation of Additional Property. In the event of annexation of additional properties, Class B and Class C memberships shall continue or be revived with respect to those Lots contained in the annexed property; provided, however, that the Class B and Class C membership shall cease upon the earlier of the following events: when the total number of Class A votes in such annexed properties equals the total combined number of Class B and C votes in the annexed properties or seven (7) years from the date of recordation of the Supplemental Declaration annexing such properties.

(e) Exercise of Vote. The vote for any membership which is held by more than one person may be exercised by any one of them, unless any objection or protest by any holder of such membership is

made prior to the completion of a vote, in which case the vote for such membership shall not be counted.

Section 3. Board of Directors.

(a) Composition. The number of Directors and methods of selection shall be as provided in the Bylaws. As long as the Declarant has rights hereunder, as Declarant, it shall have the right to appoint a majority of the Directors and the remainder shall be selected as provided in the Bylaws.

(b) Extent of Power.

(1) The Board of Directors shall have all powers for the conduct of the affairs of the Association which are enabled by law or the Founding Documents which are not specifically reserved to Members or the Declarant by said Documents.

(2) The Board of Directors shall exercise its powers in accordance with the Governing Documents.

(c) Powers and Duties. Without limiting the generality thereof the Board shall have the power and obligation to perform the following duties:

(1) Real and Personal Property. To acquire, own, hold, improve, maintain, manage, lease, pledge, convey, transfer, or dedicate real or personal property for the benefit of the Members in connection with the affairs of the Association, except, the acquisition, mortgaging, or disposal of Common Area and/or improvements shall be subject to the provisions of Article II and Article IV, respectively.

(2) Rule Making. To establish rules and regulations for

the use of the Property as provided in Articles IV and VI and to review, modify, and approve Architectural standards adopted by the Architectural Review Board; and

(3) Assessments. To fix, levy, and collect assessments as provided in Article V; and

(4) Easements. To grant and convey easements to the Common Area as may become necessary and as provided in Article VI; and

(5) Employment of Agents. To employ, enter into contracts with, delegate authority to, and supervise such persons or entities as may be appropriate to manage, conduct, and perform the business obligations and duties of the Association; and

(6) Mergers/Consolidations. To participate in mergers and consolidations with other corporations as provided in Article II; and

(7) Enforcement of Governing Documents. To perform acts, as may be reasonably necessary or appropriate, including bringing suit, causing a lien to be foreclosed or suspending membership rights, to enforce or effectuate any of the provisions of the Governing Documents, subject to any appeal which may be filed and is pending.

Section 4. The Architectural Review Board.

(a) Composition. The Architectural Review Board shall consist of three or more members appointed by the Board of Directors.

(b) Powers and Duties. The Architectural Review Board shall

regulate the external design, appearance, and location of the Property and improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. In furtherance thereof, the Architectural Review Board shall:

(1) Review and approve, modify, or disapprove written applications of Owners and of the Association, for improvements or additions to Lots or Common Areas. Notice of any disapprovals of applications shall be by Registered Notice. Approvals shall be sent by regular mail. All applications for modification and change to a Lot which are not in accordance with the original approved plan for such Lot or which do not meet the adopted standards, shall be acted upon with the comments of the Architectural Review Board.

(2) In accordance with the Bylaws and Book of Resolutions, monitor Lots for compliance with architectural standards and approved plans for alteration; and

(3) Adopt architectural standards subject to the confirmation of the Board of Directors; and

(4) Adopt procedures for the exercise of its duties and enter them in the Book of Resolutions.

(c) Failure to Act. In the event the Architectural Review Board fails to approve, modify, or disapprove, in writing, a correctly filed application within forty-five (45) days, approval will be deemed granted. Total or partial disapproval will include the reasons for such disapproval.

(d) Appeal. An applicant may appeal an adverse decision of the Architectural Review Board to the Board of Directors, which may reverse or modify such decision.

(e) Original Construction. Notwithstanding anything herein to the contrary, as long as the Declarant or Builder owns a Lot, the Declarant shall have sole and exclusive authority with respect to the approval of initial improvements to the Common Areas and Lots. Any construction or modifications performed by Declarant, its agents, employees and/or subcontractors shall automatically be deemed approved by the Declarant.

Section 5. Fidelity Bond. The Association shall obtain fidelity coverage against dishonest acts on the part of Directors, officers, managers, employees, or agents responsible for handling funds collected and held for the benefit of the Association.

Section 6. Insurance. The Association shall maintain hazard insurance policies for any improvements on the Common Areas and a comprehensive policy of public liability insurance covering the Common Area. Such insurance policy shall contain a severability of interest clause or endorsement, which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners. The scope of coverage shall include all coverage in kinds and amounts commonly obtained with regard to projects similar in construction, location, and use.

Section 7. The Association shall promulgate such rules and regulations as needed to regulate the use of any parking areas that may be constructed or authorized on Common Areas for the benefit of

all Owners of Lots.

ARTICLE IV
COMMON AREA

Section 1. Obligations of the Association. The Association, subject to the rights of the Members set forth in this Declaration, shall be responsible for the management and control, for the benefit of the Members, of the Common Area conveyed to it and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive, and sanitary condition, order and repair in compliance with standards contained in the Book of Resolutions.

The following property is hereby designated as Common Area, as defined in Article I, Section 5, of the Declaration: Parcels "A" and "B" Fair Lakes Court, Phase One (1).

Section 2. Easement of Enjoyment.

Common Areas. Subject to the provisions herein, every Member shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot.

Section 3. Extent of Member's Easement. The Members' easement of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to establish reasonable admission and other fees for the use of the Common Areas.

(b) The right of the Association to suspend the right of a Member to use the recreational facilities for any period during

which any assessment against his Lot remains unpaid for more than thirty (30) days after notice, until such default has been remedied; the right of the Association to suspend the right of a Member to use the recreational facilities for a period not to exceed sixty (60) days for any other infraction of the Governing Documents.

(c) The right of the Association to mortgage any or all of the Common Area with the assent of seventy-five percent (75%) of the Class A votes of a Quorum of Members.

(d) The right of the Association to convey, or transfer all or any part of the Common Area, subject to the prior approval of Fairfax County and the recordation of an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members.

(e) The right of the Association to license portions of the Common Area to Members on a uniform, non-preferential basis.

(f) The right of the Association to regulate the use of the Common Area for the benefit of Members.

Section 4. Delegation of Use. Any member may delegate his right of enjoyment to the Common Area and facilities to the members of his family, to his guests, and to any tenant or subtenant, subject to such general regulations as may be established from time to time by the Association, and included within the Book of Resolutions.

Section 5. Title to Common Area. The Declarant hereby covenants that areas designated as open space, which the Declarant

conveys to the Association as Common Area or to a governmental agency as parkland shall be free and clear of liens and financial encumbrances at the time of conveyance.

Section 6. Preservation of Common Area. The Common Area shall not be denuded, defaced nor otherwise disturbed in any manner at any time without the approval of the appropriate governmental authorities.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant and Franklin hereby covenant, and each Owner of a Lot by acceptance of a deed thereto, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the Association such Annual, and Special Assessments as are established herein and paid in the manner hereinafter provided.

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

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

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

Section 4. Annual Assessment.

(1) **Purpose.** The Annual Assessment shall be used exclusively to promote the recreation health, safety, and welfare of the Members and in particular to improve, maintain, and operate the Common Area and facilities, and shall include the funding of appropriate reserves for future maintenance, repair, and replacement.

(2) **Basis for Assessment.** For Annual Assessment purposes, there shall be two classes of Lots, all of which shall be assessed at a uniform rate within each class:

Class I: All Lots which are or have been occupied by a Single

Family shall be assessed at one hundred percent (100%) of the Annual Assessment rate.

Class II: All Lots which are not otherwise assessable under the Class I provision shall be assessed at twenty-five percent (25%) of the Annual Assessment rate. As long as the Declarant and/or Builder pays a Class II assessment for any Lot, the Declarant and/or Builder shall fund all budget deficits; provided, however, that the Declarant and/or Builder shall not be liable for any amount in excess of the amount for which they would be liable if assessed at 100% of the maximum Annual Assessment attributed to the Lots they own at the end of the year for which the assessment would have been made, including any special assessments which could be assessed against the Lot were it occupied by a Single Family. If both the Declarant and Builder own Lots, any deficit shall be funded in proportion to the number of Lots owned by the Declarant and Builder.

(3) Maximum. Until the first day of the fiscal year following commencement of assessments, the maximum Annual General Assessment rate shall be \$650 per lot.

(4) Change in Maximum. From and after the first day of the fiscal year immediately following the commencement of assessments, the maximum Annual General Assessment rate shall increase each year by the greater of: (1) a factor of not more than five percent (5%) of the maximum for the current fiscal year or (2) the percentage increase, if any, over the twelve (12) month period ending five (5) months prior to the start of the fiscal

year, in the Consumer Price Index, or equivalent, as published by the U.S. Labor Department for the Metropolitan Washington Area; such increase shall become effective the first day of the next fiscal year.

From and after the first day of the fiscal year immediately following the commencement of assessments, the maximum may be increased above the amount which can be set by the Board with the assent of two-thirds (2/3) of the votes of each class of Members voting in person or by proxy at a meeting duly called for this purpose.

(b) Method of Assessment. By a vote of two-thirds (2/3) of the Directors, the Board shall fix the Annual Assessment at an amount not in excess of the current maximum for each assessment, provided, however, that the Annual Assessment shall be sufficient to meet the obligations imposed by the Declaration and any Supplementary Declarations. In the event the Board fails to fix an assessment for any fiscal year, then each assessment established for the prior year shall automatically be continued until such time as the Board acts.

(c) Date of Commencement of Annual Assessment. The first Annual Assessment provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area.

Section 5. Special Assessments.

(a) One-Time Owners Assessment. At settlement on the initial sale of any Lot with a single family residence constructed

thereon, the purchaser of such Lot shall pay to the Association a one-time assessment in the amount of One Hundred Dollars (\$100.00). All assessments received by the Association pursuant to this Article V, Section 5(a) shall be used to establish a working capital fund for the Association.

(b) Capital Improvement Assessment. The Association may levy in any assessment year a Special Assessment, applicable to that year and payable over not more than the next three (3) succeeding years, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or other specified purpose, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of a Quorum of Members.

(c) Restoration Assessment. The Association may levy a Restoration Assessment upon any Lot whose Owner fails to maintain such Lot, as provided in Article VI, Section 2, or who fails to provide such maintenance funds as may be required by the Declarations. Restoration Assessments shall be limited to the amount necessary to meet the cost of restoration or deficiency in required funds and the cost of collection itself.

Section 6. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment installment not paid within fifteen (15) days after the first day of the Association's assessment period (whether quarterly or monthly) shall be late and a late charge shall be assessed in the amount of \$10.00 or such

other amount as may be established by the Board of Directors. Any assessment installment not paid within thirty (30) days after the first day of the Association's assessment period (whether quarterly or monthly) shall be delinquent. Thereupon, the Association shall provide Notice of such delinquency and may (a) declare the entire balance of such Annual or Special Assessment due and payable in full; (b) charge interest from the due date at the rate of six percent (6%) per annum; (c) charge a penalty to be set by the Board of Directors; (d) give Registered Notice to the Owner that in the event payment with accrued interest is not paid within thirty (30) days from the date of such notice, then the expressed contractual lien provided for herein shall be foreclosed; or (d) upon Registered Notice to the Owner, suspend the right of such Owner to vote or to use the recreational facilities until the assessment and accrued interest is paid in full.

Section 8. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (1) all properties to the extent of any easement or other interest therein dedicated and accepted by a public authority and devoted to public use; (2) all Common Areas; (3) all properties exempted from taxation by the state or county government upon the terms and to the extent of such legal exemption, provided that no property utilized for residential purposes shall be exempt.

ARTICLE VI

USE OF PROPERTY

Section 1. Protective Covenants.

(a) Nuisances. No nuisance shall be permitted to exist or operate upon any property so as to jeopardize property values or be detrimental to the well-being of Members.

(b) Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest herein, shall be conveyed or transferred by an Owner, provided that this shall not prohibit the Declarant or the Builder from further subdividing Lots, nor prohibit deeds of correction, deeds to resolve boundary line disputes and similar corrective instruments.

(c) Conditions for Architectural Control. No improvements, alterations, repairs, change of paint colors, excavations, changes in grade or other work, which in any way alters the exterior of any Lot or Common Area or the improvements located thereon from its natural or improved state, existing on the date such property was first subject to this Declaration, shall be made or done without the prior approval of the Architectural Review Board. No building, residence, or other structure, fence, wall, or landscaping in lieu thereof, shall be commenced, erected, maintained, improved, altered, made, or done on such property without the prior written approval of the Architectural Review Board.

(d) Rules. From time to time the Board of Directors shall

adopt general rules, including but not limited to rules to regulate potential problems relating to the use of property and the well-being of Members, such as keeping of animals, storage and use of all vehicles, storage and use of machinery, use of outdoor drying lines, antennas, signs, trash and trash containers, maintenance and removal of vegetation on the Property, and the type and manner of application of fertilizers or other chemical treatments to the Property in accord with non-point source pollution control standards. At such time as the Declarant or Builder no longer own a Lot, such general rules may only be adopted or amended by a two-thirds (2/3) vote of the Board, following a hearing for which due notice has been provided to all Members. All such general rules and any subsequent amendments thereto shall be placed in the Book of Resolutions and shall be binding on all Members, except where expressly provided otherwise in such rule.

(e) Exceptions. The Board of Directors may issue temporary permits to except any prohibitions expressed or implied by this section, provided the Board can show good cause and acts in accordance with adopted guidelines and procedures. So long as the Declarant or Builder is engaged in developing or improving any portion of the Property, such persons shall be exempted from rules affecting movement, disposition, and storage of building materials and equipment, erection and maintenance or directional and promotional signs and conduct of sales activities, including maintenance of model homes. Such exemption shall be subject to such rules as may be established by the Declarant to maintain

reasonable standards of safety, cleanliness, and general appearance of the Property.

(f) Completion of Structures. The exterior of any new structure and the grounds related thereto must be substantially completed in accordance with the plans and specifications approved by the Architectural Review Committee within six (6) months after construction of the same shall have commenced, except that said Committee may grant extensions where such completion is impossible or is the result of matters beyond the control of the Owner or Builder, such as strikes, casualty losses, national emergencies, or acts of God. The Declarant and Builder are specifically exempted from the foregoing provision.

(g) Residential Use. All Lots shall be used, improved, and devoted exclusively to residential use, except home occupations may be pursued if permitted by Fairfax County, subject to reasonable rules to prevent unreasonable adverse impact on adjacent Lots. Nothing herein shall be deemed to prevent an Owner from leasing to a Single Family, provided such lease shall be in writing and subject to all of the provisions of the Governing Documents with any failure by a lessee to comply with the terms of the Governing Documents constituting a default under the lease.

(h) Vehicles. No portion of the property subjected hereto shall be used for the repair of motor vehicles. Use and storage of all vehicles and recreational equipment upon the Common Area and Lots or upon any street, public or private, adjacent thereto shall be subject to rules promulgated by the Board of Directors as

provided herein;

(a) All motor vehicles including, but not limited to trail bikes, motorcycles, dune buggies, and snowmobiles shall be driven only upon paved streets and parking lots. No motor vehicles shall be driven on pathways or Common Areas, except such vehicles as are authorized by the Association as needed to maintain, repair, or improve the Common Area. This prohibition shall not apply to normal vehicular use of designated streets and lanes constructed on Common Area.

(b) Parking of all commercial and recreational vehicles and related equipment, including boats and boat trailers, other than on a temporary and non-recurring basis, shall be in garages or in areas approved by the Association for such parking. No such area for approved parking is currently contemplated by the Association. There shall be no parking of commercial and recreational vehicles anywhere within public view; parking of commercial and recreational vehicles shall be restricted entirely to garages. If a truck-mounted camper is to be an Owner's primary means of transportation, it shall not be considered a recreational vehicle, providing it meets the following conditions: (a) the vehicle is moved on a daily basis; (b) it is parked within a garage or driveway; and (c) if the camper is removed, it shall be stored in an area screened from all surrounding property.

(i) Pets. Subject to limitations as may from time to time be set by the Association, generally recognized house or yard pets, in reasonable numbers, may be kept and maintained on a Lot, provided

such pets are not kept or maintained for commercial purposes. All pets must be kept under the control of their owner when they are outside of the Lot and must not become a nuisance to other residents. Pets shall be attended at all times and shall be registered, licensed, and inoculated as may from time to time be required by law.

(j) Clothes Drying Equipment. No exterior clothes lines or other exterior clothes drying apparatus shall be permitted on any Lot, unless approved in writing by the Architectural Review Committee. It is initially contemplated that no exterior clothes lines or other exterior clothes drying apparatus will be permitted.

(k) Antennae. To the extent not inconsistent with federal law, exterior television and other antennae, including satellite dishes, are prohibited, unless approved in writing by the Architectural Review Committee. The Architectural Review Committee shall adopt rules for the installation of such antennae, which rules shall require that antennae and satellite dishes be placed as inconspicuously as possible and screened from view; provided, however, that all such rules relating to antennae and satellite dishes shall not unreasonably delay installation, interfere with reception or increase the cost. It is the intent of this provision that the Architectural Review Committee shall be able to strictly regulate exterior antennae and satellite dishes to the fullest extent of law and should any regulations adopted herein or by the Architectural Review Committee conflict with federal law, such rules as do not conflict with federal law shall remain in full

force and effect.

(l) Trash Receptacles. Trash, garbage and recycling containers shall not be permitted to remain in public view except on days of trash and recyclables collection. Garbage, trash and other refuse shall be placed in covered containers, or plastic bags.

(m) Trash Burning and Collection. Trash, leaves, and other similar material shall not be burned in violation of Fairfax County law. No accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash of any kind shall be permitted on any Lot.

(n) Signs. Except for entrance signs, directional signs, signs for traffic control or safety, and such promotional sign or signs as may be maintained by the Declarant or Builder, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot, provided, however, that one temporary real estate sign not exceeding six (6) square feet in area, may be erected upon any Lot placed upon the market for sale or rent. Any such temporary real estate sign shall be removed promptly following the sale or rental of such Lot.

(o) Mailboxes and Newspaper Tubes. Only mailboxes and newspaper tubes meeting the design standards of the Association shall be permitted.

(p) Fences and Walls. Any fence constructed upon the Property shall be either horizontal, rustic, unfinished split rail or vertical split sapling, vertical board (stockade), or board-on-

board and shall not extend beyond the rear building line (wall) of the dwelling on the Lot upon which any such fence is erected or the rear building line (wall) of the dwellings on all immediately adjacent Lots. No fence shall be more than six (6) feet in height. Chain link and other wire fencing is specifically prohibited. No fence, wall, tree, hedge, or shrub planting shall be erected or maintained in such a manner as to obstruct sight lines for vehicular traffic. All fences, decks, gazebos, storage sheds or enclosures must be approved by the Architectural Review Committee as to location, material, and design. Any fence or wall built on any of the Lots shall be maintained in a proper manner so as not to detract from the value and desirability of surrounding property.

(q) Nuisances. No noxious or offensive activity shall be carried on upon any portion of the property subject hereto, nor shall anything be done thereon that may be or become a nuisance or annoyance to the community of Fair Lakes Court.

(r) Lighting. No exterior lighting shall be directed outside the boundaries of a Lot.

(s) Storage of Firewood. Storage of firewood shall be restricted to rear yards. Firewood shall be neatly stacked in piles no greater than four (4) feet high. All firewood storage locations must be approved by the Architectural Review Committee.

(t) Vegetation. No live trees with a diameter in excess of four inches, measured twelve inches above ground, nor trees in excess of two inches in diameter, similarly measured, which are generally known as flowering trees (such as dogwood or redbud) or

as broad leaf evergreens (such as holly, laurel, or rhododendron), nor live vegetation on slopes of greater than twenty percent (20%) gradient or marked "no cut" areas on Fairfax County approved site plans may be cut without prior approval of the Architectural Review Committee. The Association shall set rules for cutting of trees to allow for selective clearing or cutting.

(u) Leases. All leases within the Property shall be for a minimum of six (6) months. Leases shall be valid only if the tenant acknowledges receipt of a copy of the rules and regulations of the Association and the Lease shall state such acknowledgment. Approved lease language meeting this requirement will be provided by the Board of Directors.

(v) Rules. From time to time the Board of Directors shall adopt rules, including, but not limited to, rules to implement the provisions of this Article and such rules as are required herein. Such rules may be adopted or amended by a two-thirds (2/3) vote of the Board of Directors.

Section 2. Maintenance of Property.

(a) Owner Obligation. Each Owner shall keep all Lots owned by him, and all improvements therein or thereon, in good order and repair, free of debris, and all lawns shall be maintained at a maximum height of four inches, all in a manner and with such frequency as is consistent with good property management.

(b) Failure to Maintain. In the event an owner of any Lot in the Property shall fail to maintain the premises and the improvements situated thereon as provided herein, the Association

after Notice to the Owner and approval by two-thirds (2/3) vote of the Board of Directors, shall have the right to enter upon said Lot to correct drainage and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon. All costs related to such correction, repair, or restoration shall become a Restoration Assessment upon such Lot and as such shall be regarded as any other assessment with respect to lien rights of the Association and remedies provided for herein for non-payment.

Section 3. Resale of Lots.

(a) Reference to Declaration. The deed or instrument transferring title to any Lot shall contain a provision incorporating by reference the covenants and restrictions set forth in this Declaration as well as any applicable Supplementary Declaration.

(b) Notification. Further, the Contract Seller of a Lot shall notify the Board of Directors of the name of the Contract Purchaser and the scheduled date and place conveyance will be accomplished.

The Board thereupon shall prepare and provide the disclosure packet required by Section 55-512 of the Virginia Code and may charge the requesting party a reasonable sum for providing same.

ARTICLE VI

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the

Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Rights of Owners. The owners of contiguous Lots who have a party wall or party fence shall both equally have the right to use such wall or fence, provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

Section 3. Damage or Destruction. In the event that any party wall or party fence is damaged or destroyed (including deterioration from ordinary wear and tear and lapse of time):

(a) through the act of an Owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such owner to rebuild and repair the party wall or fence without cost to the other adjoining Lot Owner or Owners.

(b) other than by the act of an Owner, his agents, guests, or family, it shall be the obligation of all Owners whose Lots adjoin such wall or fence to rebuild and repair such wall or fence at their joint and equal expense.

Notwithstanding any provision herein, there shall be no impairment of the structural integrity of any party wall without the prior consent of all Owners of any interest herein, whether by way of easement or in fee.

Section 4. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 5. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

Section 6. Easement. The Owner of each Lot is hereby granted an easement on and over each and every Lot and Common Area which is adjacent to such Lot for all building and roof overhangs, projections, fireplace walls, gutters, downspouts, and other portions of the first Owner's buildings which extend or project into, onto or over such adjacent Lots.

When any building or appurtenance extends to or over the lot line of an adjoining Lot, the owner of said building shall have the right to enter upon a reasonable portion of such adjoining Lot at reasonable times for the purpose of performing repairs or maintenance of his building. Except as otherwise provided in the Declaration, such right of entry shall place no obligation on the entering party to maintain land entered upon, except to promptly restore any disturbed areas to their condition prior to the time of entry.

ARTICLE VIII

EASEMENTS

Section 1. Utility Easements. There is hereby created an easement upon, across, over, through, and under the Property for ingress, egress, installation, replacement, repair, and maintenance of all utility and service lines and systems including, but not limited to water, sewers, gas, telephones, electricity, television, cable, or communication lines and systems. By virtue of this easement, it shall be expressly permissible for the Declarant, Builder or the providing utility or service company to install and maintain facilities and equipment on the Property, to excavate for such purpose and to affix and maintain wires, circuits, and conduits on, in, and under the roofs and exterior walls of any improvements located on a Lot, providing such company restores disturbed areas to the condition in which they were found.

Notwithstanding anything to the contrary contained in this paragraph: (1) no sewers, electrical lines, water lines, or other utility service lines or facilities for such utilities may be installed or relocated on said premises except as approved by the Declarant prior to the conveyance of the first Lot to an Owner or by the Association thereafter, and (2) it shall not be construed to apply to the relocation, installation or removal of utility lines solely within any improvements located on a Lot. This easement shall in no way affect any other recorded easements on the Property.

When the utility line for a Lot extends under an adjacent Lot or Parcel, the Owner of the Lot may enter the adjacent Lot or Parcel for the purpose of maintenance or repair of the utility

line, subject to the obligation to restore the adjacent Lot or Parcel promptly upon completion of the repair or maintenance.

Section 2. Declarant's Easement to Correct Drainage. For a period of five years from the date of conveyance of each Lot, the Declarant and/or Builder reserve an easement and right on, over, and under the ground within that Lot to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety, and appearance. Such right expressly includes the right to cut any trees, bushes, or shrubbery, make any grading of the land, or to take any other similar action reasonably necessary, following which the Declarant or Builder, as the case may be, shall restore the effected property to its original condition as near as practicable. The Declarant or Builder shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant or Builder, as the case may be, an emergency exists which precludes such notice.

Section 3. Construction Easements and Rights. Notwithstanding any provision of this Declaration or of any Supplementary Declaration, so long as the Declarant or Builder is engaged in developing or improving any portion of the Property, such persons shall have an easement of ingress, egress, and use over any lands not conveyed to an Owner for occupancy for (1) movement and storage of building materials and equipment, (2) erection and maintenance of directional and promotional signs, and (3) conduct of sales activities, including maintenance of model homes. Such easement

shall be subject to such rules as may be established by the Declarant to maintain reasonable standards of safety, cleanliness, and general appearance of the Property.

Section 4. Easement to Inspect. There is hereby created an easement in favor of the Association for ingress and egress on any Lot (a) to inspect such property for alleged violations of the Governing Documents, based on formal, written complaints, and/or compliance with architectural standards and/or approved plans for alterations and improvements, and (b) performing such maintenance as is required by the Declaration on such Lots, provided the Owner of such Lot is given written notice of the purpose and time of inspection at least three days in advance thereof and such inspection if performed during reasonable hours.

Section 5. Easement for Governmental Personnel. A right of entry on any Lot or Common Area is hereby granted to law enforcement officers, fire and rescue personnel as needed to carry out their duties, including enforcement of clear emergency vehicle access.

Section 6. Easement for Landscaping, Signs, and Related Purposes. There shall be and is hereby reserved to the Declarant and Builder for so long as they retain their rights as Declarant and Builder, a nonexclusive easement over all Lots and Common Areas for a distance of twenty-five (25) feet behind any Lot line which parallels a street (whether public or private) for the purpose of erecting and maintaining street intersection signs, directional signs, temporary promotional signs, plantings, street lights,

entrance features and/or "theme areas," lighting, stone, wood, or masonry wall features, and/or related landscaping. Exercise of this easement will be with the consent of the owner of an Affected Lot, or the Architectural Review Board if the said Owner does not consent.

Section 7. Reservation of Power of Attorney to Grant Easements.

(a) There shall be and is hereby reserved in the Declarant and Builder and their successors and assigns, the right with respect to the Lots and Parcels subject to this Declaration, to grant easements required by any Government Agency or Authority. This right shall continue for a period of sixty (60) months from date of conveyance of any Lot.

(b) There shall be and is hereby reserved in the Association, its successors and assigns, the right with respect to the Lots and Parcels subject to this Declaration, to grant easements for the installation and maintenance of television cable.

ARTICLE IX

RIGHTS OF INSTITUTIONAL LENDERS AND PUBLIC AGENCIES

Section 1. Consents. Subject to the right of the Declarant to annex additional areas, as provided in Section 2(a) of Article II, unless fifty-one percent (51%) of the First Mortgagees and the Owners, as required by this Declaration or related Association documents, or if no provision is made for Member approval, then seventy-five percent (75%) of a Quorum of Members, have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area or other property owned by the Association. The granting of easements for public utilities or other public purpose consistent with the intended use of the Property, or in accordance with Article VII, shall not be deemed a transfer within the meaning of this clause;

(b) Fail to maintain fire and extended coverage insurance on insurable parts of the Common Area or other Association property on a current replacement-cost basis in an amount not less than one hundred percent (100%) of the insurable value, based on current replacement costs, not including land value;

(c) Use hazard insurance proceeds for other than the repair, replacement, or reconstruction of such property; or

(d) Add or amend any material provisions of this Declaration or related Association documents concerning the following:

(i) voting,

(ii) assessments, assessment liens, or subordination of such liens,

(iii) reserves for maintenance, repair, and replacement of those parts of the Common Area that may be replaced or require maintenance on a periodic basis,

(iv) insurance or fidelity bonds,

(v) responsibility for maintenance and repair of the Properties,

(vi) architectural controls,

(vii) annexation or withdrawal of property to or from the

Property, subject to the provisions of Article II,

(viii) leasing of Lots,

(ix) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his property,

(x) a decision by the Association to establish self management when professional management had been required previously by a First Mortgagee,

(xi) restoration or repair of the Common Areas or any improvements thereon after a hazard, damage, or partial condemnation,

(xii) termination of the Declaration after substantial destruction or condemnation occurs, and

(xiii) any provisions that are for the express benefit of First Mortgagees.

An addition or amendment to this Declaration or related association documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. A First Mortgagee who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section 2. Notice and other Rights. The Association shall maintain a file of all First Mortgagees, with a proper designation of the property in which they have an interest.

If requested, the Association shall provide to all First Mortgagees:

(a) Written notification of any default in the performance of any obligation under the Governing Documents by the Owner of a Lot which is the security for the indebtedness due the First Mortgagee, which is not cured within sixty (60) days.

(b) Written notice of any condemnation or eminent domain proceeding or other proposed acquisition by a condemning authority of any portion of the Common Area or of a Lot which is the security for the indebtedness due the First Mortgagee.

(c) Written notice, with right to attend, of all meetings of the Association.

(d) Any casualty loss that affects a material portion of the Lot that is the security for the indebtedness due the First Mortgagee.

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

Section 3. Books and Records. All Institutional Lenders who have an interest in the Property shall have the right to examine the books and records of the Association during normal business hours. The Association shall provide an audited statement for the preceding fiscal year to any Institutional Lender requesting such statement.

Section 4. Notice of Actions. The Board shall give to the First Mortgagees as may request it, expeditious notice of any civil action or liens lodged against the Association or Board of

Directors regarding their conduct in administering the affairs of the Association.

Section 5. Payment of Taxes. A First Mortgagee may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage upon the lapse of a policy for such Common Area. The Mortgagee or Mortgagees making such payment shall be owed immediate reimbursement therefore from the Association.

Section 6. Approvals. As long as the Declarant and Builder have Class B and Class C membership rights, the following actions will require the prior approval of the Federal Mortgage Agencies and Fairfax County: annexation of additional properties, Dedication of Common Area and amendment of this Declaration.

ARTICLE X

GENERAL PROVISIONS

Section 1. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty (20) years, unless at the expiration of any such period the covenants and restrictions are expressly terminated by an instrument signed by not less than seventy-five percent (75%) of the Class A Members, the consent of the Class B and C Members if it exists, and sixty-seven percent (67%) of the First Mortgages. A

termination must be approved by Fairfax County and be recorded in order to become effective.

Section 2. Amendment. For a period of five (5) years after the recording of this Declaration, the Declarant or Builder may make any amendment required by the Federal Mortgage Agencies or the County of Fairfax, Virginia, by the recordation of such amendment following Registered Notice to all Owners. After such five (5) year period, any amendment shall be accompanied by a document signed by not less than ninety percent (90%) of the Class A Members, the Class B Members if they exist, and evidence of the Approvals required by Article VIII. Any amendment must be recorded in order to become effective.

Section 3. Enforcement. The Association, any Member or First Mortgagee, as their interest may appear, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration and any Supplementary Declarations. Failure to enforce any covenants or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Certain Rights of the Declarant. For such time as the Declarant or Builder shall own Lots, their rights and interests shall not be prejudiced by any of the following actions unless it shall, in writing, join in such actions:

There shall be no amendments to the Founding Documents which:

(a) Discriminate or tend to discriminate against their rights

as an Owner.

(b) Changes Article I, Definitions, in a manner which alters their rights or status.

(c) Alters their rights under Article I as regards annexation of additional properties.

(d) Alters the character and rights of membership or the rights of the Declarant and Builder as set forth in Article III.

(e) Alters previously recorded or written agreements with public or quasi-public agencies as regards easements and rights of-way.

(f) Denies the right to convey Common Areas to the Association.

(g) Alters their rights as set forth in Article VI relating to design controls.

(h) Alters the basis for assessments.

(i) Alters the provisions of the protective covenants as set forth in Article VI.

(j) Alters the number or selection of Directors as established in the By-Laws.

(k) Alters the Declarant's or Builder's rights as they appear under this Article.

Section 5. Management Contracts. Until such time as the Class B membership expires, the Declarant shall have the right to enter into professional management contracts for the management of the Property; provided however, that such contracts shall not be for more than one (1) year, and once the Declarant loses its Class

B membership status, the Association shall have the right to terminate such contracts, with or without cause, upon ninety (90) days written notice given to the other party.

Section 6. Limitations. As long as the Declarant and Builder have an interest in developing the Property as defined in Article I, hereof, the Association may not use its financial resources to defray any costs of opposing the development activities so long as they remain consistent with the general intents of the Development Plan for the Fair Lakes Court Community. Nothing in this Section shall be construed to limit the rights of Members to act as individuals or in affiliation with other Members or groups.

Section 7. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

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

Section 9. Interpretation. Unless the context otherwise requires, the use of the singular shall include the plural and vice versa; the use of one gender shall include all genders; and the use of the term "including" shall mean "including, without limitation." This Declaration shall be liberally construed in favor of the party

seeking to enforce the provisions hereof to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the Properties by providing a common plan for the development thereof. The headings used herein are for indexing purposes only and shall not be used as a means of interpreting or construing the substantive provisions hereof.


ARTICLE XI

DISSOLUTION OF THE ASSOCIATION

The Association may be dissolved at a duly held meeting at which a quorum is present upon the vote of two-thirds (2/3) of the votes, in person or by proxy, of the Class A, Class B and Class C members. Prior to dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be offered for dedication to Fairfax County. In the event that such dedication is refused acceptance upon dissolution, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to similar purposes.

IN WITNESS WHEREOF, the Declarant, CENTEX HOMES, a Nevada general partnership, THE VEROY FRANKLIN TRUST and FAIR LAKES COURT HOMEOWNERS ASSOCIATION, a Virginia non-stock corporation, execute this Declaration to bind themselves to the terms and conditions provided herein, and have caused these presents to be duly executed this 21st day of March, 1997.

CENTEX HOMES
BY: CENTEX REAL ESTATE CORPORATION
General Partner

By: 
Robert K. Davis
Division President

THE VEROY FRANKLIN TRUST

By: 
Vernoy Franklin, Trustee

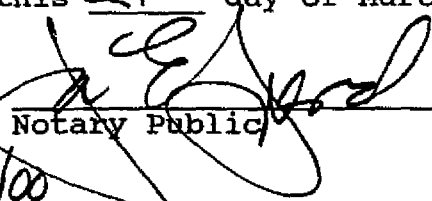
FAIR LAKES COURT HOMEOWNERS
ASSOCIATION

By: 
Howard B. Katz, President

STATE OF VIRGINIA
COUNTY OF FAIRFAX, to-wit:

I, the undersigned Notary Public, in and for the State and County aforesaid, do hereby certify that Robert K. Davis, in his capacity as Division President of Centex Real Estate Corporation, general partner of Centex Homes, whose name is signed to the foregoing Declaration of Covenants and Restrictions, personally appeared before me and acknowledged the same in my jurisdiction aforesaid.

GIVEN under my hand and seal this 21st day of March, 1997.



Notary Public

My commission Expires:

11/30/00

COMMONWEALTH OF VIRGINIA,
COUNTY OF FAIRFAX, to-wit:

I, the undersigned Notary Public in and for the County and State aforesaid, do hereby certify that Vernoy Franklin, Trustee, whose name is signed to the foregoing Declaration of Covenants and Restrictions bearing date on the 28th day of March, 1997 has acknowledged the same before me in the State and County aforesaid on behalf of the trust.

GIVEN under my hand and seal this 28th day of March, 1997.



Notary Public

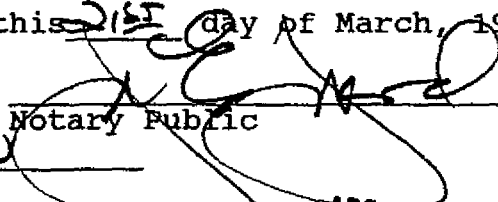
My commission Expires:

4/30/2000

STATE OF VIRGINIA
COUNTY OF FAIRFAX, to-wit:

I, the undersigned Notary Public, in and for the State and County aforesaid, do hereby certify that Howard B. Katz, President of Fair Lakes Court Homeowners Association, a Virginia non-stock corporation whose name is signed to the foregoing Declaration of Covenants, appeared before me and personally acknowledged the same in my jurisdiction aforesaid.

GIVEN under my hand and seal this 21st day of March, 1997.



Notary Public

My Commission Expires:

11/30/00

APR 16 97

RECORDED FAIRFAX CO V.
TESTE: 
CLERK

**RULES,
REGULATIONS
AND
RESOLUTIONS**

**FAIR LAKES COURT HOMEOWNERS ASSOCIATION
POLICY RESOLUTION:**

LEASE POLICIES AND PROCEDURES

APPROVED: SEPTEMBER 4, 2001

WHEREAS, Article VIII, Section 8.1 (c) of the Bylaws states that "the Board of Directors shall have power to exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation and not reserved to the membership, or other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;" and

WHEREAS, Article III, Section III.3 (c) (2) of the Declaration states that "the Board of Directors shall have the power and obligation to establish rules and regulations for the use of the Property, as provided in Articles IV and V; and

WHEREAS, Article VI, Section VI 1 (g) states that any lease "shall be in writing and subject to all of the provisions of the Governing Documents with any failure by a lessee to comply with the terms of the Governing Documents constituting a default under the lease;" and

WHEREAS, the Board of Directors deems it necessary and desirable to establish specific policies and procedures with respect to the leasing of units;

NOW, THEREFORE, BE IT RESOLVED THAT the policies and procedures detailed below are adopted by the Board of Directors:

- A. No Living Unit shall be rented for any period of less than six (6) months.
- B. Owners may use any lease form as long as the lease shall provide the right of the lessee to use and occupy the Lot and Living Unit subject and subordinate in all respect to the provisions of the Articles of Incorporation, Declaration, Bylaws, Rules and Regulations and Resolutions of the Fair Lakes Court Homeowners Association, and that any action by the lessee which constitutes a violation of the Association's Legal Documents, Rules, Regulations and Resolutions shall be a default under the lease.
- C. An Owner who leases his or her Living Unit shall, promptly following the execution of any lease, forward a conformed copy thereof to the Management Agent or Board of Directors at least ten (10) days prior to occupancy by the Lessee. The Management Agent or Board of Directors must be notified of any continuation, extension, renewal or termination of the lease at least fifteen (15) days prior thereto.
- D. The lease of any Living Unit must conform fully to applicable federal, state and local laws and ordinances.

- E. An owner who leases his or her unit shall provide a copy of the Association's Legal Documents, Rules and Regulations and Resolutions to the lessee.
- F. All absentee Unit Owners are required to provide their mailing address and telephone number to the Association's Managing Agent.
- G. The Board of Directors reserves the right to require a Unit Owner to evict a lessee who is found to be in violation of the Association's Legal Documents, Rules, Regulations and Resolutions.
- H. A Unit Owner is fully responsible for the actions of a lessee and subject to any financial charges or other sanctions which may be imposed by the Association for violations of the Association's Legal Documents, Rules, Regulations and Resolutions.

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

VEHICLE POLICIES

Revised: 4/4/01

relating to the use, parking and storage of vehicles

WHEREAS, Article VIII, Section VIII.1 (c) of the By-Laws states that "The Board of Directors shall have power to exercise for the Corporation all powers, duties, and authority vested in or delegated to this Corporation, not reserved to the membership, or other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;" and

WHEREAS, Article VIII, Section VIII.1 (a) of the By-Laws states that "The Board of Directors shall have power to adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;" and

WHEREAS, Article III, Section III.3 (c) (2) of the Declaration states that "The Board of Directors shall have the power and obligation to establish rules and regulations for the use of the Property;" and

WHEREAS, Article VI, Section VI. 1 (h) of the Declaration states that "Use and storage of all vehicles and recreational equipment upon the Common Area and Lots, or upon any street, public or private, adjacent thereto shall be subject to rules promulgated by the Board of Directors;" and

WHEREAS, in order to assure safe and attractive parking areas, the Board wishes to establish a comprehensive policy with respect to the parking and storage of vehicles.

NOW, THEREFORE, BE IT RESOLVED THAT the following parking policies be adopted by the Board:

I. RESTRICTIONS ON THE PARKING AND STORAGE OF VEHICLES

A. GENERAL

1. The types of vehicles listed in subsections (a) through (i) below may not be parked or stored in open view on residential lots, Common Area parking spaces, or on Common Area open space or public rights-of-way within the boundaries of the Fair Lakes Court Homeowners Association, except in such areas, if any, designated for such purpose by the Board of Directors. Any such vehicle may be stored in a garage out of open view.
 - (a) Any boat or boat trailer;
 - (b) Any motor home or self-contained camper;
 - (c) Any camper slip-on where the back of the camper is higher than the roof line of the cab of the truck; except that if a truck-mounted camper is to be an Owner's primary means of transportation, it shall not be considered a recreational vehicle, providing it meets the following conditions: (1) the vehicle is moved on a daily basis; (2) it is parked within a garage or driveway; and (3) if the camper is removed, it shall be stored in an area screened from all surrounding property;
 - (d) Any mobile home, trailer or fifth wheel vehicle;
 - (e) Any pop-up camp/tent trailer or similar recreation oriented portable vehicle or transportable facility or conveyance;
 - (f) Any other vehicle not defined above which is not normally or regularly used for daily transportation, including dune buggies, non-operational automobile collections or other automotive equipment not licensed for use on the highways of Virginia;
 - (g) Any vehicle defined as a commercial vehicle by the code of Virginia.
 - (h) Any vehicle with commercial signs, advertising or visible commercial equipment;
 - (i) Private or public school or church buses.
 - (j) Any vehicle exceeding eighteen (18) feet in length and/or eight (8) feet in width or is more than three (3) tons gross weight, irrespective of whether or not such vehicle would otherwise be permitted in accordance with other terms of this Resolution.
2. Junk or derelict vehicles may not be parked or stored in open view on residential lots, Common Area parking spaces, streets or on Common Area open space within the boundaries of the Fair Lakes Court Homeowners Association.

- (a) A vehicle shall be deemed to be a derelict vehicle if it is missing any necessary parts, such as, but not limited to, tires, wheels, engine, etc., that are necessary for operation of the vehicle on public streets. A vehicle shall also be classified as a derelict vehicle if it does not have a current state inspection sticker, current license, or current county sticker.

B. COMMON AREA PARKING SPACES

1. All townhome dwelling units without a garage shall have two reserved parking spaces designated by the approved site plan or the Board of Directors. The Board may assign and reassign such spaces at the Board's discretion. Only Unit Owners or their lessees or guests may park in the spaces reserved for specific units. All residents with reserved parking spaces may be required to register their vehicles with the Association and to display on such vehicles a parking decal issued by the Association which evidences the right of such vehicles to park in the reserved spaces.
2. Common area parking spaces are intended for temporary guests and visitors. Unit Owners and their guests are entitled to use the Common Area parking spaces on a first-come, first-served basis to the extent not assigned to specific dwelling units by virtue of the approved site plan or by the Board of Directors or reserved for the use of handicapped persons. For all townhouses with garages, it is expected that homeowners will use their four private spaces (2 in the garage, 2 on the driveway) before using the common area parking spaces.
3. Vehicles must be parked so as not to obstruct other parking spaces, sidewalks or ingress and egress areas.
4. No vehicles other than those clearly indicated as operated by or for a handicapped person shall be parked in spaces reserved for handicapped parking.
5. Vehicles may be parked only in designated parking spaces. All vehicles must comply with "No Parking" areas as posted or designated.
6. The performance of repairs to vehicles, including painting and the drainage of automobile fluids, is not permitted within the boundaries of the property.
7. Vehicles may not be parked or stored unattended in a hazardous condition, including, but not limited to, vehicles on jacks or blocks.

II. ASSOCIATION NOT RESPONSIBLE

Nothing in this resolution shall be construed to hold the Association or the Board of Directors responsible for damage to vehicles or the loss of property from vehicles parked on the Common Areas.

III. ENFORCEMENT

- A. The Managing Agent and/or the Board of Directors shall have the authority to issue a warning notice to vehicles which are in violation of this parking policy. The notice (Exhibit A of this resolution) shall be placed on the vehicle and a carbon copy retained by the Managing Agent.
- B. Any vehicle improperly parked in a Common Area parking space reserved for a specific unit will be subject to immediate towing at the discretion of the unit owner or tenant whose reserved space has been occupied by an improperly parked vehicle.
- C. Vehicles parked on Common Area parking spaces, are subject to being towed at the owner's risk and expense, seventy-two (72) hours from the date of tagging, except that any vehicle previously posted for violation of any of these regulations shall be subject to towing without notice for a repetition of said violation.

EXHIBIT A

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

YOU ARE IN VIOLATION OF THE DULY ADOPTED VEHICLE POLICY OF
FAIR LAKES COURT HOMEOWNERS ASSOCIATION

Date: _____ Time: _____

Desc: _____ ID: _____

- PROHIBITED VEHICLE TYPE: Vehicle type not permitted to be parked on lots or Common Area parking spaces.
- JUNK, DERELICT OR ABANDONED VEHICLE: Vehicle not in operating condition.
- IMPROPERLY PARKED VEHICLE: Occupies more than one marked space, parked in a "No Parking" area, blocking sidewalk, parked on any Common Area or Lot which is not designated for parking, improperly parked in a reserved parking space.
- PROHIBITED AUTO REPAIRS: Vehicle left unattended in a visibly disassembled condition.
- OTHER:

VIOLATORS ARE SUBJECT TO BEING TOWED AFTER SEVENTY-TWO (72) HOURS FROM THE DATE OF THIS NOTICE AT OWNER'S RISK AND EXPENSE. The Association assumes no responsibility whatsoever for any damage to vehicles towed.

ANY VEHICLE PREVIOUSLY POSTED FOR A VIOLATION OF ANY OF THESE REGULATIONS SHALL BE SUBJECT TO TOWING WITHOUT NOTICE FOR ANY SECOND VIOLATION OF ANY OF THESE REGULATIONS.

FOR FURTHER INFORMATION -- CONTACT
Community Management Corporation at 631-7200

Location Parked:	_____	*Date Towed	_____
*Posted By:	_____	*Time Towed	_____
Signature:	_____	*Towed By	_____

Vehicle Description: _____

The above vehicle was received by and towed to the above location on the above stated date.

By: _____ (Signature of Towing Agent)

**FAIR LAKES COURT HOMEOWNERS ASSOCIATION
POLICY RESOLUTION**

ENFORCEMENT PROCEDURES

Relating to Enforcement of the Rules and Regulations and Legal Documents

WHEREAS, Article VIII, Section 1 (c) of the By-Laws states that the Board of Directors shall have power "To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests, thereon, and to establish penalties for the infraction thereof," and

WHEREAS, the Board deems it necessary and desirable to establish and follow procedures to assure reasonable and timely enforcement of the legal documents and rules and regulations of the Association:

NOW, THEREFORE, BE IT RESOLVED THAT the procedures detailed below be adopted by the Board.

I. ENFORCEMENT OF LEGAL DOCUMENTS

- A. **Written Complaint.** Any member or resident may initiate the enforcement process by filing a written complaint with the Association's Managing Agent or the Board of Directors.

The complaint must include a concise statement of charges setting forth in clear language the specific act(s) or omission(s) with which the offending party is to be charged. The complaint should be as specific as possible with respect to times, dates, places and persons involved. All complaints must be signed by the Complainant.

- B. **Preliminary Investigation.** Upon receipt and consideration of the complaint, the Managing Agent or a member of the Board may make a preliminary investigation as to the validity of the complaint. If the condition has been corrected, or the complaint is invalid for any reason, the Managing Agent shall respond in writing to the Complainant in writing. If the preliminary investigation indicates the need for further action, the Managing Agent may proceed as appropriate. If it is questionable as to whether a violation exists, the Managing Agent or member of the Board shall ask the Board to investigate and provide direction.

- C. Notice. If preliminary investigation indicates further action is necessary, the Managing Agent shall mail a written notice by certified mail, return receipt requested, to the alleged offender at the alleged offender's address listed on the records of the Association and to the property address, if the record address is different. In instances when certified mail is refused or not picked up, notification shall be deemed effective two days after mailing.

If the violation is not of an urgent nature, as determined by the Managing Agent or the Board, an informal notice may be sent prior to the certified notice.

Written notice to an alleged offender shall advise the alleged offender of the nature of the offense, the identity of the specific provision within the legal documents which has allegedly been offended, the specific remedy required, and the number of days by which corrective action must be begun or completed in order to preclude the possible imposition of a penalty or remedy.

II. ENFORCEMENT REMEDY

If written notice to the alleged offender does not result in an abatement of the alleged offense, the Board may levy a monetary charge in the amount of \$50.00 for a single offense or \$10.00 per day for any continuing offense, such monetary charge to be treated as an assessment against the offending member's lot. Charges shall not exceed a total of \$300.00 for each offense.

III. HEARING GUIDELINES

The enforcement remedy cited above may not be pursued by the Board until an opportunity for a hearing has been provided to the alleged offender. The following guidelines apply to the hearing procedure:

- A. The Managing Agent shall send a written notice, mailed by registered or certified mail, return receipt requested, to the member, advising the member of his or her right to contest the complaint at the hearing before the Board of Directors.
- B. Such notice shall advise the member of the date, time and location of the hearing, of the member's right to be represented by counsel, and of an earlier date, at least fourteen (14) days following the date of the receipt of the notice, by which the alleged offender must, by written notification to the Association's Managing Agent, confirm the intention to attend the hearing or make a request for the hearing to be conducted on a date other than as specified in the notice. A request to reschedule a hearing must be submitted in writing within ten (10) days from the date of receipt of the notice from the Association.

This request may be granted if reasonable and satisfactory justification for rescheduling the hearing is presented. The Board shall set all hearing dates at its discretion.

When no response is received by the Association from the alleged offender by the hearing confirmation date, or the member confirms attendance but fails to attend the hearing without providing reasonable and satisfactory explanation, the alleged offender shall be deemed to have waived the right to attend the hearing. In such a case, the Board may impose a monetary charge or suspension of recreational use facility use privileges in the absence of the alleged offender. No such monetary charge or suspension shall be effective until a motion of the Board is duly passed. The minutes of the hearing at which the motion is passed must contain a written statement of the results of the motion, the imposed sanction, if any, and proof that the notice and invitation to be heard was mailed.

When the member exercises his or her right to a hearing, the member has a right to present evidence, present and cross-examine witnesses, and a general right to be heard.

Following the evidentiary portion of the hearing, the Board may conduct its deliberations in Executive Session to determine whether satisfactory proof of the alleged offense exists and, if so, whether monetary charges or suspension of recreational or facility use privileges should be imposed.

Notice of the decision of the Board shall be mailed to the alleged offender by certified mail within ten (10) calendar days of the hearing.

When the judgment is unfavorable to the member, the Board shall instruct the Managing Agent to undertake the administrative actions required to effect the charge as an assessment against the member's lot and/or suspend the use of recreational facility privileges. When judgment is favorable to the member, the records of the Association shall be revised to so indicate, and the occurrence in question shall be disregarded for purposes of determining whether any alleged allegation of subsequent offenses are regarded as continuing offenses.

If the Board, after providing an opportunity for a hearing to the alleged offender, determines there is satisfactory proof that a member has committed or is committing a continuing offense, and that monetary charges should be assessed, the calendar days for which daily charges may accrue will be those beginning after the date the member is in receipt of the notice of the decision made at the hearing and ending with the date on which the Association's Board or Managing Agent observes that correction has occurred, or is notified by the member that such correction has occurred, subject to later confirmation by the Association; however, in no case may the daily charge for a continuing violation exceed a total of thirty (30) days.

IV. APPLICABILITY

The procedures delineated herein may be applied to offenses of the rules and regulations and legal documents of the Association, but do not preclude the additional independent application of any other specialized and more expeditious enforcement procedures and remedies, as authorized in the Association's Policy Resolutions and state law, including, but not limited to:

- A. Tagging and towing of prohibited or unauthorized vehicles as authorized under by the Vehicle Policies approved by the Board of Directors.
- B. Initiation of legal action as authorized by the Declaration.

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

PROCEDURES RELATIVE TO ASSESSMENTS

relating to collection of routine and delinquent payments

WHEREAS, Article VIII, Section 8.1(c) of the Bylaws states that "The Board of Directors shall have power to exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation and not reserved to the membership, or other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;" and

WHEREAS, Article V of the Declaration creates an assessment obligation for owners; and

WHEREAS, Article V of the Declaration establishes certain provisions for the payment and collection of assessments; and

WHEREAS, there is a need to establish orderly procedures for the billing and collection of said assessments;

NOW THEREFORE, BE IT RESOLVED THAT the following assessment procedures be adopted:

I. ROUTINE COLLECTIONS

- A. All monthly installments of the annual assessments shall be due and payable in advance on the first day of the applicable month ("Due Date").
- B. All documents, correspondence, and notices relating to the charges shall be mailed to the address which appears on the books of the Association or as modified in writing by a Unit Owner.
- C. Nonreceipt of an invoice shall in no way relieve a Unit Owner of the obligation to pay the amount due by the Due Date.

II. REMEDIES FOR NONPAYMENT OF ASSESSMENT

- A. If payment is not received by the Managing Agent by the fifteenth (15th) day of each month (or the first working day thereafter if such day is a Saturday, Sunday or legal holiday) the account shall be deemed late and a late fee of ten dollars (\$10.00) per dwelling unit shall automatically be added to the account and thereafter be a part of the continuing lien for assessments as provided for in Article V, Section 5.1 of the Declaration until all sums due, including such late charge, shall have been paid in full. A "Late Notice" substantially in the form of Exhibit A to this Administrative Resolution shall be sent to Owners who have not paid their assessments in full by the fifteenth (15th) day of the month.
- B. If payment in full, including late charges, is not received by the Managing Agent by the thirtieth (30th) day after the due date that installment shall be delinquent, and a "Notice of Intent to Accelerate Installments and File a Memorandum of Lien" substantially in the form of Exhibit B to this Resolution shall be mailed to the Unit Owners. The Managing Agent may simultaneously send a copy of such Notice to the Mortgagee of such Unit, if known. The Notice shall be sent to the Unit Owner by certified mail, return receipt requested.
- C. If payment in full, including late charges and cost of the certified letter is not received by the Managing Agent within thirty (30) days after the "Notice of Intent to Accelerate Installments and File Lien" has been issued, then the remaining installments of the annual assessment shall be accelerated, interest on the delinquent assessment shall be charged from the due date at the rate of six percent (6%) per annum, notice will be provided that a lien shall be placed on the Unit if payment with accrued interest is not made within thirty (30) days, and a "Notice of Acceleration of Installments and Filing of Liens" substantially in the form of Exhibit C to this Resolution shall be mailed to the Unit Owners. If payment with accrued interest is not made within thirty (30) days, a lien shall be placed on the Unit, counsel will so notify Owner with a copy of the lien, and the Managing Agent shall notify the Mortgagee, if known. Counsel may also file a civil suit against the Unit Owner on the basis of the personal obligation to pay the assessments. The cost of filing both the lien and the civil suit will be added to the account, plus accrued late fees, interest chargeable by law on the unpaid assessment, and all other costs incurred by the collection process as allowed by Article V, Section 5.1 of the Declaration.
- D. If within ten (10) days of the filing of the Memorandum of Lien the account still remains delinquent, counsel for the Association shall take other appropriate legal action as directed by the Board.
- E. If the Association receives from any Owner, in any accounting year, two or more returned checks for payment of assessments, the Board may require all future payments to be made by certified check or cashier's check or money order for the remainder of the fiscal year. A reasonable charge will be made for any returned checks, which amount shall be established by the Board of Directors and may be changed by the Board from time to time.

- F. The Board may grant a waiver of any provision herein upon petition in writing by an Owner alleging a personal hardship. Such relief granted an Owner shall be appropriately documented in the Association files. Such documentation shall include, without limitation, the basis for taking such action. Generally, late charge waivers will not be considered for owners who have not mailed their assessment in sufficient time to have been received by the due date.
- G. The Board hereby authorizes the Managing Agent to waive the imposition of late fees on payments received by the Managing Agent after the fifteenth (15th) day of the month, if the delinquent Unit Owner has owned the Unit for less than six (6) months at the time of the delinquency and, in the judgment of the Managing Agent the delinquency was the result of a misunderstanding of the correct procedures relating to payment of the assessment. Such a waiver may be granted only once to any delinquent Unit Owner.

All Unit Owners who are delinquent shall be subject to the provisions of this Resolution and to the provisions of Article V of the Declaration with respect to nonpayment of assessments.

EXHIBIT "A"
TO
PROCEDURES RELATIVE TO ASSESSMENTS
LATE NOTICE

Account Number _____
 Address _____
 Pay to: Fair Lakes Court Homeowners Association
 Past Due _____
 Late Fee _____
 Balance Due _____

NAME:	
ADDRESS:	

QUESTIONS?

CALL CMC: (703) 631-7200

REMINDER NOTICE

ACCOUNT #: _____ ADDRESS: _____ _____ Past Due: _____ Late Fee: _____ Balance Due: _____	FAIR LAKES COURT HOMEOWNERS ASSOCIATION c/o Community Management Corporation 12701 Fair Lakes Circle, Suite 400 P.O. Box 10821 Chantilly, Virginia 20153-0821
THIS BILL REFLECTS PAYMENTS THROUGH _____	Payment Due the First Day of the Month Return this Portion with Check

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

EXHIBIT "B" TO PROCEDURES RELATIVE TO ASSESSMENTS
NOTICE OF INTENT TO ACCELERATE INSTALLMENTS AND FILE LIEN

Date: _____ RE: FAIR LAKES COURT HOMEOWNERS
To: _____ ASSOCIATION

The purpose of this letter is to provide notice that your homeowners assessment is delinquent as follows:

	TOTAL AMOUNT DUE:	\$ _____
DELINQUENT ASSESSMENTS:		
_____	\$ _____	
_____	\$ _____	
_____	\$ _____	
TOTAL DELINQUENT ASSESSMENTS	\$ _____	
LATE FEES AND OTHER CHARGES:		
Late Fees	\$ _____	
Certified Mail/Admin. Charges	\$ _____	
TOTAL LATE FEES AND OTHER CHARGES	\$ _____	
TOTAL AMOUNT DUE		\$ _____

Prompt payment of assessments is essential to the financial health of the Association and the protection of all the Unit Owners. We hope that you will promptly pay the amount now due.

If payment in full is not received by the Managing Agent within thirty (30) days after the date of this Notice, the remaining installments of your annual assessment shall be declared due and payable immediately and a Memorandum of Lien for \$ _____ shall be filed against your unit, pursuant to the Procedures Relative to Assessments, or suit may be filed by the Association to recover outstanding balance plus court costs and attorney fees.

If a **PRIOR** judgment already exists against you for assessments, you will also need to contact the association attorney, Chadwick, Washington, Olters, Moriarty & Lynn, P.C., to determine costs, interest and attorney fees that may be owed by you. The attorneys may be reached at 352-1900. Any judgments already recorded will have costs, interest and attorney fees that will have to be paid through the attorney's office before the judgment may be released.

We sincerely hope your prompt payment will eliminate the necessity of taking this action.

Sincerely,

Delinquency Coordinator

CERTIFIED MAIL

EXHIBIT "C"

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

PROCEDURES RELATIVE TO ASSESSMENTS

NOTICE OF ACCELERATION OF INSTALLMENTS AND FILING OF LIENS

Date:	AMOUNT DUE:	\$	
To:	Assessment:	\$	
	Late Fees:	\$	
	Certified/Admin. Charges:	\$	
Re:	TOTAL	\$	_____
	Accelerated Assessments:	\$	_____
	TOTAL DUE:	\$	_____

You have previously received a late notice and a notice of the delinquent status of your account.

The installments on your assessments **HAVE NOW BEEN ACCELERATED**, and a memorandum of lien will be filed in the Circuit Court Clerk's Office of Fairfax County, if full payment is not made within thirty (30) days. Your account will be referred to an attorney who shall be directed to record the lien and file suit for the accelerated assessments.

If a **PRIOR** judgment already exists against you for assessments, you will also need to contact the association attorney, Chadwick, Washington, Olters, Moriarty & Lynn, P.C., to determine costs, interest and attorney fees that may be owed by you. The attorneys may be reached at 352-1900. Any judgments already recorded will have costs, interest and attorney fees that will have to be paid through the attorney's office before the judgment may be released.

Sincerely,

Delinquency Coordinator

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

RESOLUTIONS ACTION RECORD

Resolution Type Administrative No. _____

Pertaining to: collection of routine and delinquent payments

Duly adopted at a meeting of the Board of Directors of the FAIR LAKES COURT HOMEOWNERS ASSOCIATION, held March 13, 1998.

Motion by: Mr. Reed Seconded by: Mr. O'Rourke

VOTE:

NAME	OFFICE	YES	NO	ABSTAIN	ABSENT
<u>Howard B. Katz</u>	President	<u>X</u>	_____	_____	_____
<u>Leon O'Rourke</u>	Vice President	<u>X</u>	_____	_____	_____
<u>Bryon Reed</u>	Secretary/Treasurer	<u>X</u>	_____	_____	_____

ATTEST:

[Signature]
Secretary

4/10/98
Date

FILE:

Book of Minutes - 1998

Resolution Effective, March 13, 1998

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

REPAIR AND REPLACEMENT RESERVE FUND RESOLUTION

relating to the collection of funds for future repair and replacements of Association
common areas

WHEREAS, Article VIII, Section VIII.1 (c) of the By-Laws states that "The Board of Directors shall have power to exercise for the Corporation all powers, duties, and authority vested in or delegated to this Corporation, not reserved to the membership, or other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;" and

WHEREAS, Article IV, Section 1 of the Declaration states that "The Association, subject to the rights of the Members set forth in this Declaration, shall be responsible for the management and control, for the benefit of the Members, of the Common Area conveyed to it and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive, and sanitary condition, order and repair in compliance with the standards contained in the Book of Resolutions;" and

WHEREAS, there is a need to establish procedures to create funds for the future repair and replacement for the upkeep of common areas.

NOW THEREFORE BE IT RESOLVED THAT the following procedures be adopted:

REPAIR AND REPLACEMENT RESERVE FUND PROCEDURES

The Board of Directors shall build up and maintain reasonable reserves for the repair and replacement of common facilities. Such funds shall be a Common Expense of the Association and may be deposited with any financial institution, the accounts of which are insured by an agency of the United States of America, or may in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

- A. Extraordinary expenditures not originally included in the annual budget, which may become necessary during the year, shall be charged first against the appropriate reserves. Except for expenses for normal Upkeep shown in the annual operating budget, all expenses for repair and replacement of physical assets maintained by the Association shall be charged first against the appropriate reserves. Unless otherwise determined by the Board of Directors, the amount held as reserves shall not substantially exceed the amount reasonably required to assure the Association's ability to replace components as they reach the end of their useful lives.

- B. If regular annual maintenance extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items, if appropriate, or by distribution to each Owner, in proportion to the percentage (if any) of assessments paid by such Owner.

- C. If the reserves are inadequate to meet actual expenditures for any reason (including non-payment of any Owner's assessment) then the Board of Directors shall, in accordance with Article V, Section 5, hereof, levy an additional assessment against the Lots.

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

DESIGN GUIDELINES

A HANDBOOK FOR FAIR LAKES COURT HOMEOWNERS

Revised: November 26, 2002

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PURPOSE OF THE HANDBOOK

The primary purpose of this handbook is to familiarize homeowners at Fair Lakes Court with the objectives, scope and application of design standards and guidelines which are intended and will be employed to maintain the aesthetic appearance and environmental quality of the Fair Lakes Court community.

The handbook enumerates specific design standards and guidelines which have been adopted by the Board of Directors of the Fair Lakes Court Homeowners Association. It also explains the application and review process which must be adhered to by homeowners seeking approval for any exterior modifications or changes to their homes or lots which are subject to approval by the Association.

This handbook will serve as a valuable reference source and will assist homeowners in preparing acceptable applications for review by the Association's Architectural Review Board. All homeowners are encouraged to familiarize themselves with its contents and to retain the handbook for future use.

BASIS FOR AND OBJECTIVES OF PROTECTIVE COVENANTS

The legal documents for the Fair Lakes Court Homeowners Association contain covenants, including those pertaining to design standards. Legally, these covenants are a part of the deed for each home and are binding upon all initial homeowners and their successors in ownership, irrespective of whether or not these owners are familiar with such covenants.

The primary purpose of design covenants is to maintain environmental and architectural design standards for the entire community. The promulgation and enforcement of design standards is intended to achieve the following objectives:

- Maintain consistency with the overall design concept for the community;
- Promote harmonious architectural and environmental design qualities and features;
- Promote and enhance the visual and aesthetic appearance of the community.

The enforcement of design standards not only enhances the physical appearance of a community but protects and preserves property values. Homeowners who reside in association communities which enforce design covenants are protected from actions of neighbors which can detract from the physical appearance of the community and, in some cases, diminish property values. In fact, surveys of homeowners living in association communities consistently reveal that this was an important consideration in their decision to purchase a home.

ROLE OF THE ARCHITECTURAL REVIEW BOARD

All homeowners at Fair Lakes Court are automatically members of the Fair Lakes Court Homeowners Association. The Association is a non-stock corporation which owns and is responsible for the upkeep and maintenance of all common properties within the community.

The Association is also responsible for the administration and enforcement of all covenants which are applicable to property owners, including design standards and restrictions. The Declaration of Covenants, Conditions and Restrictions for the Association (Article III, Section 4) provides that responsibility for the enforcement of design standards shall be exercised through an Architectural Review Board, the members of which shall be appointed by the Board of Directors of the Fair Lakes Court Homeowners Association.

The Architectural Review Board is to consist of three or more persons appointed by the Board of Directors. Since the Association's legal documents provide that the declarant may maintain control of the Board of Directors during most of the development phase of the community, there may initially be overlapping membership for the Board of Directors and the Architectural Review Board.

The Architectural Review Board shall be responsible for enforcing the Association's Design Guidelines with respect to exterior modifications to homes and lots proposed by lot owners, other than the declarant or a participating builder. The Review Board shall review and approve (or disapprove) applications submitted by lot owners for visible exterior additions, alterations or modifications to a home or lot. The review process shall be governed by the Design Guidelines promulgated by the Association's Board of Directors.

As part of its responsibilities, the Architectural Review Board will make recommendations to the Board of Directors with respect to the modification of the Design Guidelines initially approved by the Board. The Review Board will also be responsible for reviewing possible violations of the Association's Design Guidelines.

ALTERATIONS REQUIRING REVIEW AND APPROVAL BY THE ARCHITECTURAL REVIEW BOARD

Essentially, all changes, permanent or temporary, to the exterior appearance of a building or lot are subject to review and approval by the Architectural Review Board. The review process is not limited to major additions or alterations, such as adding a room, deck, or patio. It includes such minor items as changes in color and materials. Approval is also required when an existing item is to be removed.

There are a number of exceptions to this otherwise inclusive review requirement.

1. Building exteriors may be repainted or restained provided that there is no color change from the original. Similarly, exterior building components may be repaired or replaced so long as there is no change in the type of material and color.
2. Minor landscape improvements will also not require an application. This includes foundation plantings, or single specimen plantings. In general, landscape improvements of a small scale which do not materially alter the appearance of the lot, involve a change in topography or grade and which are not of sufficient scale to constitute a natural structure will be exempt from the design review process.

If there is any doubt as to whether or not a proposed exterior change is exempt from design review, and approval, homeowners should first seek clarification from the Architectural Review Board before proceeding with the improvement.

APPLICATION AND REVIEW PROCEDURES

Application and review procedures, which will be used by the Architectural Review Board are detailed below.

1. Applications. All applications for proposed improvements must be submitted in writing using the application form authorized by the Architectural Review Board. A copy of this form is included as an exhibit to this handbook. An application fee of a rate to be determined by the Board of Directors must be included with the submission of a complete application in order to commence the review process. Incomplete applications will be returned to the applicant with a statement of deficiencies, which must be remedied in order to be considered for review.

Unless notified to the contrary, homeowners should mail applications to the following address:

Architectural Review Board
Fair Lakes Court Homeowners Association
c/o Small Community Specialists
12701 Fair Lakes Circle, Suite 400
P.O. Box 221350
Chantilly, Virginia 20153-0821

2. Supporting Documentation. The application must include a complete and accurate description of the proposed improvement(s). In order to permit evaluation by the Architectural Review Board, supporting exhibits will frequently be required. Examples include: a site plan showing the location and dimensions of the proposed improvement;

architectural drawings or plans, as applicable; landscape plan; material and/or color samples, etc. The design guidelines and application form provide guidance with respect to the supporting documentation required for various types of improvements.

3. Time Frame for Completion of the Review. The Architectural Review Board is required to approve or disapprove any proposed improvement within forty-five (45) days after the receipt of a properly completed application. However, the forty-five day review period will only commence upon the receipt of a complete application form, including any required exhibits. It is therefore advisable for homeowners contemplating substantial improvements to first ensure that they are aware of all required supporting documentation prior to submitting a design review application. In the event that the Architectural Review Board does not act upon an application within forty-five (45) days, the application shall be deemed to be approved.
4. Notice of Approval/Disapproval. Homeowners who have submitted design review applications will be given written notice of the decision of the Architectural Review Board.
5. Appeals Procedure. Homeowners who have submitted design review applications may appeal decisions of the Architectural Review Board to the Board of Directors.

A homeowner may appeal a decision of the Architectural Review Board by submitting a written request to the Board of Directors within ten (10) days after the date of an action by the Architectural Review Board. This request should include any new or additional information which might clarify the requested change or demonstrate its acceptability. The Board may, at its discretion, conduct an informal hearing related to the appeal. The Board will respond in writing to an appeal within forty-five (45) days from the date of receipt of an appeal.

ENFORCEMENT PROCEDURES

The Declaration of Covenants and Bylaws of the Association empower the Architectural Review Board and the Board of Directors to enforce compliance with the Association's Design Guidelines. The following enforcement procedures will be used to ensure compliance.

1. A violation may be observed and reported to the Architectural Review Board by a member of the Review Board, the Board of Directors, the managing agent, or a homeowner. In the case of homeowners wishing to report a potential violation, a written notification should be transmitted to the Architectural Review Board or managing agent.
2. The alleged violation will be confirmed by a site visit by a member of the Architectural Review Board, or the managing agent.

3. The Architectural Review Board will contact the resident in violation by letter advising them of the violation and requesting appropriate action to remedy the violation. Notice will be sent by certified mail where the violation is deemed to involve an immediate emergency or where such violation, if not remedied, will increase or enhance with the passage of time.
4. If the violation continues for thirty days after notification to the resident in violation (or if no substantial progress is made in curing the violation, where such remedy would require more than thirty days) a letter will be sent by certified mail to the resident in violation. This letter will provide notice that the violation must be remedied within fifteen days from the date of mailing of the letter (or alternatively, that the resident in violation must submit to the Architectural Review Board a written plan, including timing, for the abatement of the violation within a reasonable period of time, where such violation cannot be cured within the fifteen day period).
5. If the violation is not abated within fifteen (15) days from the date of mailing of the certified letter (or if progress is not being made to abate such violation in accordance with a plan agreed to by the resident in violation and the Architectural Review Board) the Committee will send the resident in violation a certified mailing informing the resident of the time and place of a formal hearing by the Architectural Review Board, such hearing to be convened no sooner than fourteen (14) days from the date of the notice.
6. As a result of this hearing, the Architectural Review Board shall refer the violation to the Board of Directors for enforcement of the Association's Design Guidelines in accordance with the provisions of the Association's legal documents if, as a result of the hearing, the Review Board determines that the violation has either not been abated or that the resident is not making a good faith effort to abate the violation in a timely manner. The Board may enforce the Association's Design Guidelines by initiating legal proceedings at law or in equity and/or by assessing a charge against the member in violation of the Design Guidelines, any such charge to be levied in accordance with the provisions of Section 55-513B of the Virginia Property Owners Association Act.
7. The above procedures do not preclude the Architectural Review Board or the Board of Directors from taking accelerated measures in the case of a violation which constitutes an emergency situation, provided that the resident in violation has been properly notified by certified mailing and that the action is consistent with the provisions of the Association's legal documents. Likewise, the Architectural Review Board or the Board may establish shorter notification periods for the correction of violations of the Design Guidelines where the homeowner shall not be disadvantaged by a shorter notification period for compliance.
8. The above procedures do not apply to the failure of an owner to maintain a lot in good order and repair and free of debris, as required by Article VI, Section 2 of the Declaration. All owners must maintain their lots in accordance with the general maintenance standards detailed below. In the event of non-compliance with maintenance standards, the Board of Directors may, after thirty (30) days written notice to the owner (or such shorter notice

period as determined by the Board), authorize the Association to enter upon the owner's lot and to perform any required maintenance at the expense of the owner, provided that such authorization is approved by a two-thirds vote of the Board of Directors. In the case of persons who fail to mow their lawn or have trash or debris visibly stored on their lot, (other than neatly stored construction materials for an approved improvement of the lot or home) the notice period shall be ten (10) days.

Property Maintenance Standards

- A. All portions of a lot which are not improved by an impervious surface or a structure must be maintained with grass (or other vegetation installed by a builder or approved by the Architectural Review Board). No bare earth may be exposed on a lot (except for flower beds with appropriate approvals, as required).
- B. All turf areas on a lot must be kept neatly mowed during the growing season. Grass should not be permitted to exceed six (6) inches in height.
- C. Turf areas and other vegetation should be watered during dry periods. Any dead plants, shrubs or trees should be immediately removed.
- D. Turf areas should be kept as weed free as possible. At no time should weed cover exceed more than twenty-five percent (25%) of the total turfed area.
- E. No trash or debris may accumulate or be stored in a visible location on a lot. Construction materials required for the improvement of a home or lot should be neatly stored in as unobtrusive a location on the lot as possible when not in use.
- F. All hedges, trees and shrubs must be neatly trimmed and maintained and their size maintained in proportion to the lot and home through pruning.
- G. The exterior of a home must be maintained in an attractive manner. No significant blistering or peeling of exterior painted surfaces is permitted.

Any exterior building components (i.e., siding, gutters and downspouts, roof shingles, windows and doors) which are missing, broken or otherwise in a state of disrepair must be repaired as quickly as possible.

HOMEOWNER GUIDELINES FOR PROPOSING REVISIONS TO THE DESIGN GUIDELINES

Approved: 11/7/00

1. Homeowner shall gather Community support for any particular Design Guideline change.

- *It is expected that a signed petition of homeowners in good standing be presented to the Board of Directors.*
- 2. This petition shall serve as a request to the Board of Directors to call Special Meeting to the Membership.
- 3. Provided the Board of Directors honors the above request, notice of the Special Meeting will be mailed to all owners of record.
- 4. Should the above request be denied by the Board of Directors, at least ¼ of the entire membership (53 households) must have signed the above petition to initiate Article 10, Section 2 of the Bylaws, which empowers the members to call a Special Meeting.

*** Please note, any amendments to the Design Guidelines remain the sole discretion of the Board of Directors, pursuant to Article 6, Section 1, d (page 28 of the Declaration), thus requiring a 2/3 final vote of the Board.

DESIGN GUIDELINES

The specific Design Guidelines detailed below have been adopted by the Board of Directors.

ANTENNAS/SATELLITE DISHES. Satellite dishes which are less than one meter (39 inches) in diameter, TV antennas and MMDS (multichannel, multipoint distribution) antennas are permitted and do not require an application, subject to the following guidelines:

- A. Such devices may not be installed in the front yard or attached to the front facade of the home;
- B. The device should be located so as to be as visually unobtrusive as possible, without impairing the reception of the broadcast signal. Examples of preferred locations include the following:
 - 1. Located in the rear yard and below the height of privacy fencing which fully encloses the rear yard;
 - 2. Located above the walking surface of a railed deck, with as much of the device as possible below the top of the deck railing;
 - 3. Located on the rear side of the roof ridge line, so as to have no, or minimum, visibility from the front of the home.

- C. In order to minimize any adverse visual impact, antennas or satellite dishes which are affixed to the home should be painted to match the color of the building component to which attached (particularly applicable to DBS satellite dishes). Devices which are located at ground level or on the lower portion of the home should be screened with landscaping if the device would otherwise be visible from a street.

ATTIC VENTILATORS. Attic ventilators and turbines are permitted if painted to match the color of the roof (if roof mounted) or the color of the house siding or trim (if mounted on a gable end). Ventilators and turbines should be mounted on the least visible side of the ridge line so as to minimize their visibility and should not extend above the roof line.

AWNINGS. In general, exterior awnings are discouraged unless demonstrated to be clearly compatible with the architectural design and qualities of the home, and screened from the view of adjoining neighbors due to the proposed location of installation. Awnings will be approved only if the proposed location is on the rear side of a dwelling unit and not visible from a street.

If approved, awnings must meet the following criteria:

- They should be of a plain design without decorative features, such as scallops, fringes, etc.
- Solid colors which are compatible with the color scheme of the house should be used, rather than stripes or patterns.
- They should be consistent with the visual scale of the house.
- Pipe frames or structural supports for canvas awnings (or similar material) should be painted to match the trim or dominate color of the house.

CLOTHES LINES. Clothes lines or similar apparatus for the exterior drying of clothes are prohibited.

DECKS. ALL decks must be approved by the Architectural Review Board. Homeowners are advised to consider the following factors:

- Location. Decks must be located entirely in rear yards.
- Scale and Style. The scale of all decks shall be compatible with the scale of the house as sited on the lot. Decks, particularly elevated decks, should be of a scale and style which are compatible with the home to which attached, adjacent homes and the environmental surroundings.
- Materials. Decks must be constructed of high-quality pressure treated wood or recycled wood products such as Trex[®].

- Color. Decks should be left in a natural condition to weather or treated with a transparent (clear) water based or oil preservative or treated with a single wood-tone Natural, Pine or Cedar Color. Application documentation to stain a deck needs to include the color chip as an Exhibit to the Design Review Application. The entire deck, including supports and any attached wooden structures must be treated uniformly. Painted decks are not consistent with the policy.
- Under Deck Storage. Elevated decks have an under deck area which can have a negative visual impact on adjoining neighbors, particularly when used as an informal storage space. The use of decorative screening to minimize adverse visual impacts may be required by the Architectural Review Board, particularly in the case of high decks.
- Privacy Screens. Privacy screens will be allowed on the upper deck subject to the specifications outlined herein. Privacy screens are to be made of single sheet standard wood lattice at least 1/8 inch individual slat thickness (1/4 inch thickness at lap over). Privacy screens are to be framed on all four-perimeter sides. They must be securely attached to the railing to prevent physical or property damage to a neighbor. Privacy screens shall not exceed 36 inches over height from the top of the deck railing to the top of the privacy screen frame. Overall height from the deck floor shall not exceed 72 inches. Placement of the privacy screens shall be only on the side(s) of the deck. They shall extend from the back of the house along the deck railing to the first corner. Privacy screen(s), if stained, must be identical with the natural wood color staining of the deck. No temporary rollup screen(s) shall be allowed. There will be no grand fathering of existing privacy screens not in compliance with this standard or inconsistent with any governing HOA documents or other design guidelines. Design drawings, side and top view and placement, are required as part of the ARC application. See appendix II for illustration of design. *(effective 10/01/01)*

DOG HOUSES AND DOG RUNS. Dog runs are prohibited. Dog houses will be approved if compatible with the applicant's house in terms of color and material. Dog houses may not exceed sixteen (6) square feet of floor space and may not exceed four (4) feet in height at the highest point. They should be located where visually unobtrusive to neighbors and the use of appropriate screening is encouraged, and may be required in some cases, in order to minimize any negative visual impacts.

EXTERIOR AIR CONDITIONERS. Individual air conditioning units extending from windows are prohibited. Exterior air conditioning units or heat pumps may be relocated or added if there is no adverse visual impact to adjoining properties. Such relocation or addition must be approved by the Architectural Review Board.

EXTERIOR DECORATIVE OBJECTS. Approval will be required for all exterior decorative objects, whether natural or man-made, which were not part of the original construction design, either as a standard or optional feature, provided that such objects are intended to be placed in the front yard or visible from the front yard or a street. Examples include but are not limited to: bird

houses, bird baths, driftwood, weather vanes, sculptures, fountains, free standing poles of all types, house address numerals, and any items attached to approved structures.

Such objects will be evaluated in terms of their general appropriateness, size, location, compatibility with architectural and environmental design qualities and visual impact on neighborhoods and the surrounding area. Sculpture, garden statues, bird baths, bird houses and similar items are restricted to rear yard locations and should not be visible from the front yard or a street. Provided that this condition is complied with, such objects located in rear yards which are enclosed by a privacy fence do not require approval.

EXTERIOR LIGHTING. Lighting which is part of the original structure may not be altered without prior approval of the Architectural Review Board. Proposed replacement or additional fixtures must be compatible in style and scale with the applicant's house.

No exterior lighting shall be directed outside of the applicant's property. Proposed additional lighting shall not be approved if it will result in an adverse visual impact to adjoining neighbors due to location, wattage or other features.

EXTERIOR PAINTING. An application is not required in order to repaint or restain an object to match the original color. However, all exterior color changes must be approved. This requirement applies to siding, doors, shutters, trim, roofing and other appurtenant structures.

FENCES. General guidelines for the construction and approval of fences are provided below.

1. Chain-Link and Barbed Wire Fences. Chain link and barbed wire fences will not be approved under any circumstances. Chain link or barbed wire fencing material will not be permitted for any use.
2. Lot Line Fences. Owners are permitted to enclose the rear yard with a six foot board-on-board fence. Such fence may not extend forward of the rear plane of the home. Fences must be constructed of a high quality, pressure treated wood and should be left to age naturally or painted with a transparent paint or satin.

FIREWOOD. Firewood stored on a lot shall be kept neatly stacked and shall be located to the rear of the residence and in such a manner as to avoid adverse visual impacts for adjoining properties. Screening may be required in certain cases.

Firewood should be stacked in piles which do not exceed eight feet in length and four feet in height for both aesthetic and safety considerations.

Other than a limited quantity of firewood intended for immediate use, firewood shall not be stacked on patios or decks.

FLAGPOLES. Permanent, free standing flagpoles are prohibited.

Temporary flagpole staffs which do not exceed six feet in length and are attached at an incline to the wall or pillar of the dwelling unit do not require approval by the Architectural Review Board.

GREENHOUSES. A greenhouse will be treated as a major alteration to a dwelling unit and subject to the same level of review. Only greenhouses which are attached to the dwelling unit are permitted. Greenhouses must meet the following additional criteria to be approved.

1. The scale and design must be architecturally compatible with the home and surrounding homes.
2. There shall be no adverse visual impacts for adjoining properties. The installation of landscape materials to provide a visual screen is encouraged and may be required as a condition of approval.

HOT TUBS/SPAS. Exterior hot tubs or spas must be located in the rear yard adjacent to the dwelling unit. The incorporation of hot tubs as a design feature of a deck or patio is encouraged. The exterior finish of an elevated hot tub or spa should blend with the exterior finish of the home, deck or patio to which attached or most closely related.

LANDSCAPING. All major landscape installations must be approved in advance. In general, a design review application is not required for minor landscape improvements with the following exceptions:

1. Approval is required for plantings intended to form a hedge or natural screen and which will attain more than two feet in height.
2. An application is required for the installation of all landscape timbers or similar structures to be located in front yards. The use of railroad ties is prohibited.
3. A proposed improvement which is of such a scale or type as to be inconsistent with the existing design features of the home, adjacent units and the surrounding area will require approval. Examples include the substantial or total removal of turf and replacement with another material, such as mulch or gravel.

PATIOS. All patios require approval. Patios must be located in rear yards. Any adverse drainage requirements which might result from the construction of a patio should be considered and remedied. The use of a partially porous patio surface or the installation of mulch beds adjacent to the patio are ways to eliminate drainage concerns.

REAL ESTATE SIGNS. Only one sign, not to exceed four (4) square feet in area, advertising a property for sale or rent may be displayed on a lot. Signs may only be placed in the front yard of available properties.

RECREATION AND PLAY EQUIPMENT. Semi-permanent play equipment which either constitutes a structure or is appurtenant to an existing structure requires approval. Examples include sandboxes, play-houses, swing-sets, etc. The following factors will govern approval of such equipment.

1. Location. Such equipment must be placed in rear yards.
2. Scale and Design. The equipment should be generally compatible with the lot size. The design and any visual screening are additional considerations in evaluating whether or not there will be an adverse visual impact.
3. Color and Materials. Equipment constructed of wood and left in a natural condition to weather is encouraged. Metal play equipment should be painted solid earth tones (i.e., brown, tan, dark green) to blend with the natural environment.
4. Basketball Equipment. Basketball backboards may not be installed on the front facade of a home. Portable basketball equipment is permitted in rear yard locations only. Portable basketball set-ups may not be used in front yard locations or on common area.

SECURITY BARS. In general, the use of security bars or grates on windows and doors is prohibited. Exceptions may be made where the security apparatus will not be visible from the street and from adjoining properties. Homeowners concerned about the security of their residence are advised to consider alternatives, including alarms and sophisticated lock systems.

SECURITY SIGNS. Two security signs, each not exceeding a total of sixty-four (64) square inches may be posted on the property. Only one such sign may be posted forward of the front plane of the home. The approved location shall be at the front door. A second sign may be posted in the rear yard.

SKYLIGHTS. Skylights should be located such that they are not visible from the front of the dwelling unit or a street. Consideration will be given to skylights on the front side of the roof ridge line only if constructed flush with the roof.

SOLAR PANELS. Solar panels and solar collectors are not permitted.

STORAGE SHEDS.

1. General. Storage sheds are restricted to rear yard locations and should not be visible from the front of the dwelling unit or from a street. Storage sheds with metal siding or roofs are prohibited. Free-standing sheds are also prohibited.
2. Specific. Storage sheds may be attached to the dwelling unit or constructed integral with a fence. The following guidelines are applicable for each type of shed:

A. Sheds Attached to the Home

Design. The architectural design of the shed should be compatible with the design of the house.

Size. Sheds should not exceed 48 square feet of floor space and six feet in height at the highest point.

Materials. The finish materials must be the same as used for the exterior of the house.

Colors. The color scheme must be the same as for the house.

Roof. The roof slope and the type and color of roofing material should match the house.

B. Sheds Integral With a Fence

Design. Board-on-board privacy fencing must be used.

Size. Sheds should not exceed 48 square feet of floor space and six feet in height at the highest point.

Materials. The exterior finish material of the shed must be the same as the fence.

Colors. The roof should either be flat, with the top of the roof not exceeding the top of the fence, or sloped similar to that of the house.

STORM/SCREEN DOORS. Only full view storm doors, defined as doors where the glass covers 75 percent of the door surface, are permitted. Provided that this criterion is met, there is latitude for a number of door styles, including doors with side lights, doors with a horizontal bar (used with self storing screens), and doors with mullions (creating the appearance of window panes). Doors with other decorative treatment, such as grills, are not permitted. Doors must either be white or painted the same color as the unit entry door or the adjacent trim. Applications for storm/screen doors should include a picture or drawing of the door for which approval is requested.

TREE REMOVAL. No live trees with a diameter in excess of 4 inches, measured 12 inches above ground, nor flowering trees in excess of 2 inches similarly measured, no live vegetation on slopes of more than 20 percent gradient or marked "no cut" areas on approved plans, may be cut without the prior approval of the Architectural Review Board.

APPENDIX I
DESIGN REVIEW APPLICATION

DESIGN REVIEW APPLICATION

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

An application fee of \$15 per application will take effect as of March 2001. Checks should be made payable to Fair Lakes Court Homeowners Association and should accompany each application.

To: Architectural Review Board
Fair Lakes Court Homeowners Association
c/o Select Community Services (SCS)
P.O. Box 221350
Chantilly, VA 20153-0821

From: _____

Lot: _____ ... Block: _____

Address: _____

Home phone: _____

Mailing Address: _____

Work phone: _____

Directions:

The Declaration of Covenants requires that you submit to the Architectural Review Board for approval all proposed exterior additions, changes or alterations to your house and lot. In order to be considered by the Architectural Review Board your application must include detailed information describing the proposed change (typically, plans and specifications including sketches, photos, catalog illustrations, etc. showing the nature, kind, shape, color, dimensions, and materials; and a copy of the survey with the location marked). Make sure your application is complete. An application submitted without all required submissions will be considered incomplete. In such case, the Architectural Review Board's review period will not commence until all required submissions have been provided. Other exhibits may be requested to permit adequate evaluation of the proposed change. If you have any questions regarding the required submissions or the application process, you are advised to seek guidance from CMC prior to submission of an application.

Description of Proposed Change: (Please print or type)

Describe all proposed improvements, alterations, or changes to your lot or home. Please provide required details by attaching sketches, drawings, clippings, pictures, catalog illustrations, and a copy of your house location survey (recorded plat) with the location of the modification marked, etc. to fully describe the proposed change.

Purpose of Improvement: _____

ESTIMATED STARTING DATE OF CONSTRUCTION: _____
(After approval by the Architectural Review Board)

ESTIMATED COMPLETION DATE: _____

Owners' Acknowledgments:

I/we understand and agree:

1. _____ that approval by the Board shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the proposed change being reviewed.
2. _____ that approval by the Board shall in no way be construed as to pass judgment on whether the proposed change being reviewed is in compliance with the applicable building and zoning codes of the county in which the property is located.
3. _____ that approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Board to disapprove such plans and specifications, or any elements or features thereof, in the event such plans are subsequently submitted for use in any other instance.
4. _____ that no work on the proposed change shall begin until written approval of the Board has been received by me; that, if work is begun prior to approval, I may be required to return the property to its former condition at my own expense if this application is disapproved wholly or in part; and I may be required to pay all legal expenses incurred.
5. _____ that there shall be no deviations from the plans, specifications, and location approved by the Board without prior written consent of the Board; any variation from the original application must be resubmitted for approval.
6. _____ that I authorize members of the Board or managing agent to enter upon my Property to make one or more routine inspection(s).
7. _____ that construction or alterations in accordance with the approved plans and specifications must commence within 6 months of the approved date of this application and be completed within 12 months of the approved date, otherwise the approval by the Board shall be deemed conclusively to have lapsed and to have been withdrawn.
8. _____ that it is my responsibility and obligation to obtain all required building permits, to contact *Miss Utility*, and to construct the improvements in a workmanlike manner in conformance with all applicable building and zoning codes.
9. _____ that I am responsible for any damage and all cost to repair greenspace or community property that results from the proposed modification.

Owner/Applicant Signature _____ Date _____

Co-Owner/Applicant Signature _____ Date _____

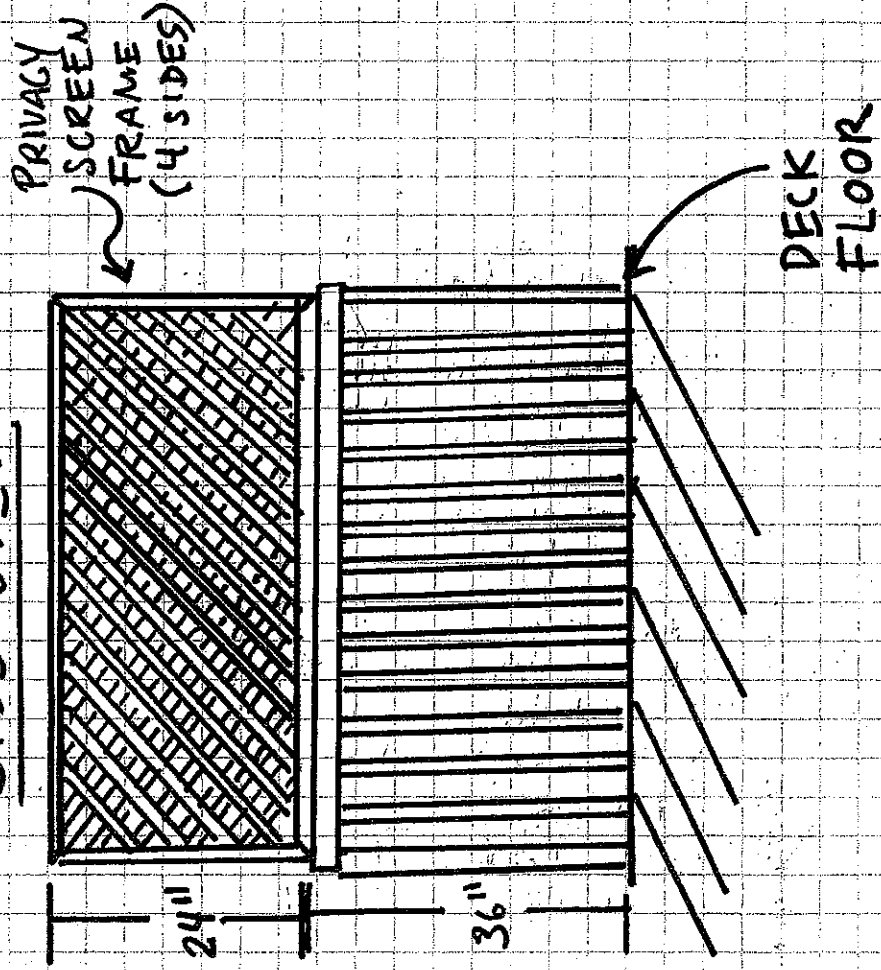
Required Attachments: Descriptive information (typically plans and specifications, including sketches, photos, catalog illustrations, etc. showing the nature, kind, shape, color, dimensions, materials, and a copy of the survey with the location marked) .

APPENDIX II

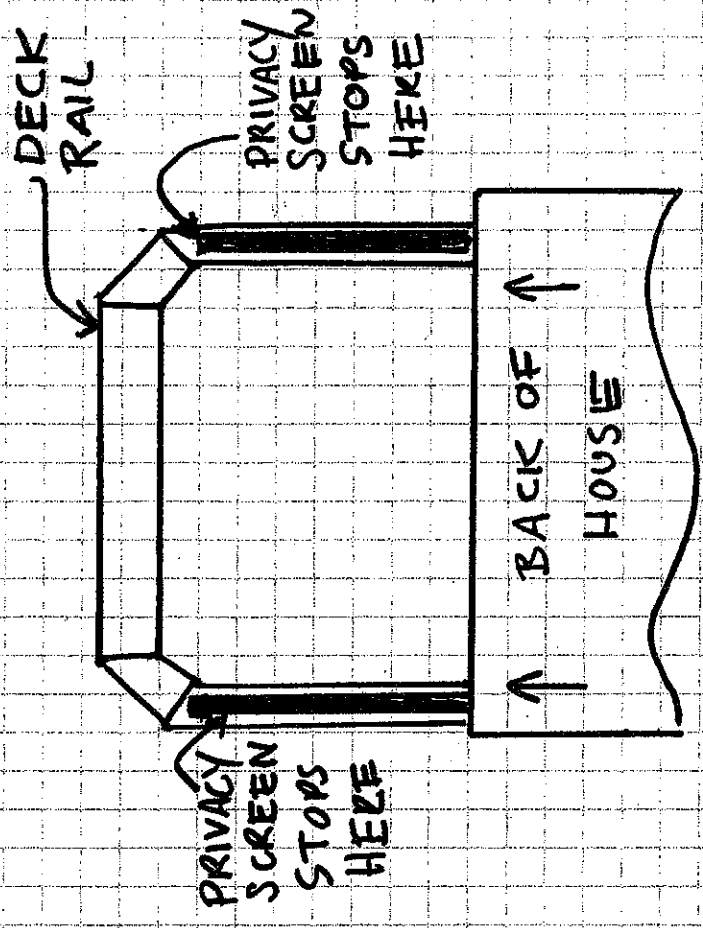
PRIVACY SCREEN ILLUSTRATION

UPPER LEVEL PRIVACY SCREEN

SIDE VIEW



TOP VIEW



FAIR LAKES COURT HOMEOWNERS ASSOCIATION
ANIMAL ENFORCEMENT RESOLUTION PERTAINING TO
FAIRFAX COUNTY

Date: 8/03/00

WHEREAS, Article VIII, Section VIII.1 (c) of the Bylaws states that "The Board of Directors shall have power to exercise for the Corporation all powers, duties, and authority vested in or delegated to this Corporation, not reserved to the membership, or other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;" and

WHEREAS, Article VI, Section (i) of the Declarations states that "Pets shall be attended at all times and shall be registered, licensed, and inoculated as may from time to time be required by law"; and

WHEREAS, the Board deems it necessary to allow Fairfax County animal control authorities the ability to enter the Community to enforce county ordinances pertaining to pets.

NOW, THEREFORE BE IT RESOLVED THAT THE FOLLOWING BE ADOPTED:

The Fair Lakes Court Homeowners Association gives its approval to the Animal Warden of Fairfax County, Virginia to enforce the Fairfax County leash law and other related animal control laws on the private property of the Association.

The Association shall install a sign at the community entrance, which will conform to the signage requirement of Fairfax County Animal Control.

FAIR LAKES COURT HOMEOWNERS ASSOCIATION USE OF LOTS, LIVING UNITS, AND COMMON AREAS

relating to general rules of conduct and use

WHEREAS, Article VIII, Section 8.1(c), of the Bylaws states that "The Board of Directors shall have power to exercise for the Corporation all powers, duties, and authority vested in or delegated to this Corporation, not reserved to the membership, or other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;" and

WHEREAS, the Board deems it necessary and desirable to establish certain general Rules and Regulations for the use of the Lots, Living Units, and Common Areas;

NOW, THEREFORE, BE IT RESOLVED THAT the following be adopted:

I. USE OF LOTS AND LIVING UNITS

- A. All Living Units are to be used for residential purposes only. Home professional offices may be maintained only in accordance with the provisions of The Declaration, any requirements of applicable Fairfax County law and any rules and regulations enacted by the Board of Directors with respect to the use of Lots for home professions.
- B. No Lots or Living Units shall be further subdivided, conveyed, transferred, or separated into smaller lots by any owner.
- C. All trash receptacles shall be removed from the streets, walkways, or exterior portions of the lots following pickup on the day of the scheduled trash removal. Trash receptacles may be put out for pick-up only on the day of the scheduled removal.
- D. Trash, leaves, and other articles may not be burned on the lots or common areas.
- E. Accumulation or storage of building materials, litter, refuse, bulk materials, or trash of any kind may not be placed upon any lot. Owners who are doing alterations or work to their property as approved by the Architectural Review Board, may store a limited amount of materials in the rear portion of their lot providing that these materials remain on the lot only for the duration of the approved construction period.

II. TRANSFERS AND LEASES

Owners may transfer or lease their homes subject to the following requirements:

- A. No Living Unit shall be rented for any period of less than six (6) months.
- B. Owners may use any lease form as long as the lease shall provide the right of the lessee to use and occupy the Lot and Living Unit subject and subordinate in all respects to the provisions of the rules and regulations of the Association and the lease shall state such acknowledgement.
- C. An Owner who leases his Lot or Living Unit shall, promptly following the execution of any lease, forward a conformed copy thereof to the Management Agent or Board of Directors at least ten (10) days prior to occupancy by the Lessee. The Management Agent or Board of Directors must be notified of any continuation, extension, renewal or termination of the lease at least fifteen (15) days prior thereto.
- D. Any sale or lease of any Lot and Living Unit must conform fully to applicable local laws and ordinances.

III. USE OF COMMON AREAS

- A. The Common Areas shall be used only for the purposes intended. Storage of anything is prohibited on the Common Areas. Pedestrian and vehicular ways shall not be obstructed.
- B. No motorized vehicles shall be operated on any of the Common Area open spaces except for those vehicles used by the Association for maintenance purposes.
- C. Owners shall not place litter or debris on any Common Areas.

**FAIR LAKES COURT HOMEOWNERS ASSOCIATION
POLICY RESOLUTION**

ENFORCEMENT PROCEDURES

REVISED: AUGUST 14, 2001

Relating to Enforcement of the Rules and Regulations and Legal Documents

WHEREAS, Article VIII, Section 1 (c) of the By-Laws states that the Board of Directors shall have power "To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests, thereon, and to establish penalties for the infraction thereof," and

WHEREAS, the Board deems it necessary and desirable to establish and follow procedures to assure reasonable and timely enforcement of the legal documents and rules and regulations of the Association:

NOW, THEREFORE, BE IT RESOLVED THAT the procedures detailed below be adopted by the Board.

I. ENFORCEMENT OF LEGAL DOCUMENTS

- A. Written Complaint. Any member or resident may initiate the enforcement process by filing a written complaint with the Association's Managing Agent or the Board of Directors.

The complaint must include a concise statement of charges setting forth in clear language the specific act(s) or omission(s) with which the offending party is to be charged. The complaint should be as specific as possible with respect to times, dates, places and persons involved. All complaints must be signed by the Complainant.

- B. Preliminary Investigation. Upon receipt and consideration of the complaint, the Managing Agent or a member of the Board may make a preliminary investigation as to the validity of the complaint. If the condition has been corrected, or the complaint is invalid for any reason, the Managing Agent shall respond in writing to the Complainant in writing. If the preliminary investigation indicates the need for further action, the Managing Agent may proceed as appropriate. If it is questionable as to whether a violation exists, the Managing Agent or member of the Board shall ask the Board to investigate and provide direction.

- C. Notice. If preliminary investigation indicates further action is necessary, the Managing Agent shall mail a written notice by certified mail, return receipt requested, to the alleged offender at the alleged offender's address listed on the records of the Association and to the property address, if the record address is different. In instances when certified mail is refused or not picked up, notification shall be deemed effective two days after mailing.

If the violation is not of an urgent nature, as determined by the Managing Agent or the Board, an informal notice may be sent prior to the certified notice.

Written notice to an alleged offender shall advise the alleged offender of the nature of the offense, the identity of the specific provision within the legal documents which has allegedly been offended, the specific remedy required, and the number of days by which corrective action must be begun or completed in order to preclude the possible imposition of a penalty or remedy.

II. ENFORCEMENT REMEDY

If written notice to the alleged offender does not result in an abatement of the alleged offense, the Board may levy a monetary charge in the amount of \$50.00 for a single offense or \$10.00 per day for any continuing offense, such monetary charge to be treated as an assessment against the offending member's lot. Charges shall not exceed a total of \$900.00 for each offense.

III. HEARING GUIDELINES

The enforcement remedy cited above may not be pursued by the Board until an opportunity for a hearing has been provided to the alleged offender. The following guidelines apply to the hearing procedure:

- A. The Managing Agent shall send a written notice, mailed by registered or certified mail, return receipt requested, to the member, advising the member of his or her right to contest the complaint at the hearing before the Board of Directors.
- B. Such notice shall advise the member of the date, time and location of the hearing, of the member's right to be represented by counsel, and of an earlier date, at least fourteen (14) days following the date of the receipt of the notice, by which the alleged offender must, by written notification to the Association's Managing Agent, confirm the intention to attend the hearing or make a request for the hearing to be conducted on a date other than as specified in the notice. A request to reschedule a hearing must be submitted in writing within ten (10) days from the date of receipt of the notice from the Association.

This request may be granted if reasonable and satisfactory justification for rescheduling the hearing is presented. The Board shall set all hearing dates at its discretion.

When no response is received by the Association from the alleged offender by the hearing confirmation date, or the member confirms attendance but fails to attend the hearing without providing reasonable and satisfactory explanation, the alleged offender shall be deemed to have waived the right to attend the hearing. In such a case, the Board may impose a monetary charge or suspension of recreational use facility use privileges in the absence of the alleged offender. No such monetary charge or suspension shall be effective until a motion of the Board is duly passed. The minutes of the hearing at which the motion is passed must contain a written statement of the results of the motion, the imposed sanction, if any, and proof that the notice and invitation to be heard was mailed.

When the member exercises his or her right to a hearing, the member has a right to present evidence, present and cross-examine witnesses, and a general right to be heard.

Following the evidentiary portion of the hearing, the Board may conduct its deliberations in Executive Session to determine whether satisfactory proof of the alleged offense exists and, if so, whether monetary charges or suspension of recreational or facility use privileges should be imposed.

Notice of the decision of the Board shall be mailed to the alleged offender by certified mail within ten (10) calendar days of the hearing.

When the judgment is unfavorable to the member, the Board shall instruct the Managing Agent to undertake the administrative actions required to effect the charge as an assessment against the member's lot and/or suspend the use of recreational facility privileges. When judgment is favorable to the member, the records of the Association shall be revised to so indicate, and the occurrence in question shall be disregarded for purposes of determining whether any alleged allegation of subsequent offenses are regarded as continuing offenses.

If the Board, after providing an opportunity for a hearing to the alleged offender, determines there is satisfactory proof that a member has committed or is committing a continuing offense, and that monetary charges should be assessed, the calendar days for which daily charges may accrue will be those beginning after the date the member is in receipt of the notice of the decision made at the hearing and ending with the date on which the Association's Board or Managing Agent observes that correction has occurred, or is notified by the member that such correction has occurred, subject to later confirmation by the Association; however, in no case may the daily charge for a continuing violation exceed a total of thirty (30) days.

IV. APPLICABILITY

The procedures delineated herein may be applied to offenses of the rules and regulations and legal documents of the Association, but do not preclude the additional independent application of any other specialized and more expeditious enforcement procedures and remedies, as authorized in the Association's Policy Resolutions and state law, including, but not limited to:

- A. Tagging and towing of prohibited or unauthorized vehicles as authorized under by the Vehicle Policies approved by the Board of Directors.
- B. Initiation of legal action as authorized by the Declaration.

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

RESOLUTIONS ACTION RECORD

Resolution Type _____ Policy _____ No. _____

Pertaining to: Enforcement Procedures

Duly adopted at a meeting of the Board of Directors of the FAIR LAKES COURT Homeowners Association, held.

Motion by: _____ Seconded by: _____

OFFICER	TITLE	YES	NO	ABSTAIN	ABSENT
	President				
	Vice President				
	Secretary/Treasurer				

ATTEST:

Secretary

Date

Resolution Effective: _____

FAIR LAKES COURT HOMEOWNERS ASSOCIATION

ENFORCEMENT RESOLUTION

relating to due process procedures

WHEREAS, Article VIII, Section VIII.1 (c) of the By-Laws states that "The Board of Directors shall have power to exercise for the Corporation all powers, duties, and authority vested in or delegated to this Corporation, not reserved to the membership, or other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;" and

WHEREAS, Article VIII, Section VIII.1 (a) of the By-Laws states that "The Board of Directors shall have the power to adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;" and

WHEREAS, Article III, Section III.3 (c) (2) of the Declaration states that "The Board of Directors shall have the power and obligation to establish rules and regulations for the use of the Property;" and

WHEREAS, Article III, Section III.3.(c) (7) of the Declaration states that "The Board of Directors shall have the power and obligation to perform acts, as may be reasonably necessary or appropriate, including bringing suit, causing a lien to be foreclosed or suspending membership rights, to enforce or effectuate any of the provisions of the Governing Documents;" and

WHEREAS, Article X, Section X. 3 of the Declaration states that "The Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration and any Supplementary Declarations;" and

WHEREAS, for the benefit and protection of the Association and of the individual Members, the Board deems it necessary and desirable to establish and operate by a procedure to assure due process in cases where there is a question of compliance by a Member with provisions of the Code

of Virginia or the Governing Documents, thereby attempting to minimize the necessity of seeking action in or through a court of law;

NOW, THEREFORE, BE IT RESOLVED THAT: Enforcement of provisions of the Code of Virginia and the Governing Documents shall be accomplished in accordance with the following procedures:

I. VIOLATIONS OF THE GOVERNING DOCUMENTS

- A. Actions Prior to Initiation of Formal Special Resolutions Process. Any Member, tenant, officer, or management agent of the Association has the authority to request that a Member or tenant cease or correct any act or omission which appears to be in violation of the aforementioned documents. Such informal requests should be made before the formal process is initiated.

Other than alleged covenant violations or alleged violations of the Design Guidelines, disputes between owners regarding activities within the private lots or living units or the appurtenant common areas, the Association will generally not become involved in the disputes or act on a complaint unless two or more persons have complained in writing.

The Managing Agent may suspend the right of a Member to use any facility which is part of the Common Areas if such Member's use of the facility is in violation of the rules and may endanger life, limb or property or equity of the Association, and a verbal request to cease or correct the violation has not been heeded.

The Association may make initial attempts to secure compliance through correspondence to the offending parties which states the time, date, place and nature of the violation and which sets forth the time period in which the violation must be corrected. If the offending party is a tenant, the record owner of the Unit shall also be notified at this time. Copies of such correspondence shall be maintained in the Association files, and a copy shall be sent to counsel for the Association.

- B. Written Complaint. If the actions described in Section A prove unsuccessful, the Enforcement Procedures shall be initiated upon the filing of a written complaint by any Member, tenant, officer, director or management agent of the Association ("Complainant") with the Managing Agent who shall forward the Complaint to the Board. The complaint shall include a written statement of charges which shall set forth in clear and concise language the acts or omissions with which the offending party ("Respondent") is charged, to the end that the Respondent will be able to prepare a defense. The complaint shall specify the specific provisions of the Governing Documents which the Respondent is alleged to have violated and shall contain supporting facts. The complaint must be as specific as possible as to times, dates, places and persons involved.

- C. Preliminary Investigation. Upon receipt and consideration of the written complaint, the Board may request the Managing Agent or a member of the Board to make a preliminary investigation as to the validity of the complaint and promptly report the findings to the Board. If the condition has been corrected or the complaint is invalid for any reason, the Board shall determine the appropriate disposition of the matter and respond in writing to the Complainant. If preliminary investigation indicates the need for further action, the Board may proceed as appropriate with the steps set forth below .
- D. Service of Complaint. If preliminary investigation indicates further action is necessary, the Board shall serve a copy of the complaint on the Respondent by either of the following means: (1) personal services, or (2) by certified mail, return receipt requested, and addressed to the Respondent at the address appearing on the books of the Association. Service by mailing shall be deemed effective two days after such mailing in a regular depository of the United States mail. The complaint shall be accompanied with a postcard or other written form as described in Section F below entitled "Notice of Defense" which constitutes a notice of defense hereunder. No order adversely affecting the rights of the Respondent may be made in any case, unless the Respondent has been served as provided herein. If the Respondent is a tenant, a copy of the complaint and accompanying notices provided for below, shall also be sent to the record owner of the Unit.
- E. Notice of Hearing. Along with service of the complaint, the Board shall serve a Notice of Hearing on all parties at least fifteen days prior to the hearing. The Notice of Hearing sent to the parties shall be substantially in the following form but may include other information.

"You are hereby notified that a hearing will be held before the Board of Directors at _____ on _____, 19____, at the hour of _____, upon the charges made in the complaint served upon you. You may be present at the hearing and may, but need not be, represented by counsel, may present any relevant evidence, and will be given full opportunity to examine and cross-examine all witnesses. You are entitled to request the attendance of witnesses and the production of books, documents, or other items by applying to the Board of Directors of the Association."

If any parties can promptly show good cause as to why they cannot attend the hearing on the scheduled date and indicate times and dates on which they would be available, the Board may reschedule the hearing and promptly deliver notice of the new hearing date.

- F. Notice of Defense. Service of the Notice of Hearing and complaint shall be accompanied by a Notice of Defense.

The Notice of Defense shall state that the Respondent may:

1. Attend the hearing before the Board of Directors;
2. Object to the complaint on the grounds that it does not state the acts or omissions upon which the Board may proceed;

3. Object to the form of the complaint on the grounds that it is so indefinite or uncertain that the Respondent cannot identify the violating behavior or prepare proper defense; or
4. Admit to the complaint in whole or in part. In such event, the Board shall meet to determine appropriate action or penalty, if any.

Any objections to the complaint based on paragraphs 2 or 3 above shall be provided in writing to a member of the Board of Directors or the Managing Agent within five days of service of the complaint. The Board shall consider the objection and make its determination within ten days of its receipt of the objection. The Board shall make its determination and notify all parties within such ten-day period. If the complaint is found insufficient, the Complainant shall have ten days within which to amend the complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any amended or supplemental complaint. If it is determined by the Board that the complaint is still insufficient, then the matter shall be dismissed by the Board.

- G. Cease and Desist Request. The Board may, at its own discretion, issue a cease and desist request along with the complaint, Notice of Hearing and Notice of Defense. Such cease and desist request shall be subsequently in the following form:

The Board of Directors has received the attached complaint.

The Board hereby requests that you CEASE AND DESIST such acts or actions until such time as this order is abrogated by a ruling of the Board of Directors or a court of law.

Failure to comply with this request may result in penalty greater than that which would be imposed for a single violation.

- H. Amended or Supplemental Complaints. At any time prior to the hearing date, the Board may file or permit the filing of an amended or supplemental complaint. All parties shall be notified thereof in the manner provided herein. If the amended or supplemental complaint presents new charges, the Board shall afford the respondent a reasonable opportunity to prepare proper defense thereto.
- I. Discovery. Upon written request to the other party, made prior to the hearing and within fifteen days after service of the complaint by the Board of Directors or ten days after service of any amended or supplemental complaint, either party is entitled to: (1) obtain the names and addresses of witnesses to the extent known to the other party and (2) inspect and make a copy of any statements, writings and investigative reports relevant to the subject matter of the hearing. Nothing in this Section, however, shall authorize the inspection or copying of any writing or thing which is privileged from disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming a request for discovery has not been complied with shall submit a petition to request discovery to the Board. The Board shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discover.

J. Statements. Sworn statements may be introduced into evidence by a party if a copy of the statement is mailed or delivered to the opposing party at least seven days prior to the introduction of the statement. The sworn statement, if introduced in evidence, shall be given the same effect as if the author had testified orally unless the opposing party, within five days after receipt of the statement, mails or delivers to the party seeking to introduce the statement a request to cross-examine the statement's author. If an opportunity to cross-examine the statement's author is not afforded after request is made as herein provided, the statement may be introduced in evidence, but shall be given only the same effect as hearsay evidence.

K. Constraints on the Board of Directors. It shall be incumbent upon each member of the Board of Directors to make a determination as to whether that member is able to function in a disinterested and objective manner in consideration of the case before it. Any member incapable of objective consideration of the case shall disclose this fact to the Board and shall not participate in the proceedings. Any member of the Board has the right to challenge any other member such member believes is unable to function in a disinterested and objective manner.

Prior to the hearing, the Complainant and the Respondent may challenge any member of the Board of Directors for cause. In the event of such a challenge, the Board shall meet within ten days to determine the sufficiency of the challenge. If the Board sustains the challenge, the President shall, at that time, require the challenged Board member to refrain from participation. All decisions of the Board in this regard shall be final.

L. Hearing. Hearings optimally should be held before all members of the Board of Directors, but, at a minimum, may be held before a quorum of the members.

1. The President of the Association shall serve as hearing officer, unless he or she has determined that he or she is not able to consider the case or unless he or she has been disqualified through a challenge. In such case, the Board shall select one of its members to serve as hearing officer and preside over the hearing. At the beginning of the hearing, the hearing officer shall explain the rules and procedures by which the hearing is to be conducted. The Board may determine the manner in which the hearing will be conducted, so long as the rights set forth in this Resolution are protected. The hearing need not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make the admission of such evidence improper. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding.

2. It is not required that a Complainant or Respondent be in attendance at the hearing. At the request of either the Complainant or the Respondent, the Board may agree to conduct the hearing in private session.

3. Each party shall have the right to do the following, but may waive any or all of these rights:
 - (a) make an opening statement;
 - (b) introduce evidence, testimony and witnesses;
 - (c) cross-examine opposing witnesses;
 - (d) rebut evidence and testimony;
 - (e) make a closing statement.

Even if a Complainant and/or the Respondent does not testify in his own behalf, each may still be called and questioned; however, if a party wishes to take advantage of this provision, the opposing party to be called must be notified at least five days in advance.

4. Whenever the Board has commenced to hear the matter and a member of the Board withdraws prior to a final determination, the remaining members shall continue to hear the case.
5. The Board may rule upon the complaint at the time of the hearing, including actions authorized in Articles III and X of the Declarations and Article IV of the By-Laws. In any event, the Board shall prepare a written decision disposing of the matters raised in the complaint, and shall serve a copy of the decision upon the Complainant and Respondent within ten days of the hearing, by either of the following means: (1) personal service, or (2) certified mail, return receipt requested.

- M. Suspension of Privileges and Other Actions. Disciplinary action imposed by the Board of Directors may include suspending or conditioning the respondent's right to vote or to use any recreational facilities. Such suspension shall be for a period of not more than sixty (60) days.

II. INTERPRETATIVE RULINGS

- A. Purpose of Rulings. Rulings of the Board of Directors may serve to: (1) clarify the intent of provisions of the Governing Documents, (2) decide on the consistency of any such provisions with the other provisions of the Governing Documents, or (3) decide whether or not Resolutions and Rules and Regulations were duly adopted. The purpose is not to amend, expand or limit the provisions of the Governing Documents, although the Board may propose such amendments, expansions or limits in the statements accompanying a ruling.

B. Petitions.

1. Any Member, tenant, officer, director or agent of the Association may petition the Board for an interpretative ruling by filing a petition directed to the Board.

2. The petition must be legibly written in substantially the following form:

The undersigned requests the Board of Directors to issue an interpretative ruling on the following provisions of the [indicate document] _____

The issue in questions is: _____

Response should be sent to: _____

- C. Decisions. To be effective, a decision of the Board of Directors shall be by majority vote. The Board shall have forty-five days from receipt of such petition to issue an interpretative ruling. This time period may be extended by the Board at its discretion, by providing notice of the extension and the reasons to the party submitting the petition. Copies of the ruling shall be distributed to the parties and shall be included in the Book of Resolutions. A summary of the ruling will be placed in the Association newsletter. All rulings shall state the authority for such ruling and the basis of the decision.

III. FURTHER ACTION OF THE BOARD OF DIRECTORS

An individual must exhaust all available remedies of the Association prescribed by this resolution before resorting to a court of law for relief with respect to an alleged violation by another Member or tenant of any provision of the Governing Documents. The foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board.

IV. INTERPRETATION

This resolution is intended to ensure that due process is provided to Members and tenants in proceedings before the Board of Directors.

The Board of Directors, as appropriate, may determine the specific manner in which the provisions of this resolution are to be implemented, provided that due process is protected.

Any inadvertent omission or failure to conduct proceedings in exact conformity with the resolutions shall not invalidate the results of such proceedings, so long as a prudent and reasonable attempt has been made to ensure due process according to the general steps set forth in this resolution.

"Due process," as used in this resolution, refers to the following basic rights:

- (a) The charges shall be provided to the Respondents.
- (b) A hearing shall be held at which witnesses may appear and be cross-examined and at which evidence may be introduced.
- (c) Basic principles of fairness shall be applied.

V. MISCELLANEOUS

The use of the masculine gender includes the feminine and neuter genders and the use of the singular includes the plural and vice versa, whenever the context so requires.