

# Lake Holiday

June 22, 2007

Dear Lake Holiday Property Owner,

The Lake Holiday Board of Directors is sending you this letter to outline a program to extend utility services to Membership Lots and to ask your support for this ambitious program. You are receiving this since you own property in Section, 5A, 6A, 6B or 8A. These Sections contain almost all of the Lake Holiday Membership Lots (lots without utility service). There are a few scattered Membership Lots in Sections mostly owned by Lake Holiday, LLC which are not addressed by this proposed program.

The Association is very aware of the troublesome plight in which Membership Lot Owners find themselves. Many purchased a lot with the expectation that it would one day be suitable for building a home. Many wish to do so and have been prevented from reaching this goal due to the business failure of the original developer and the high costs of individually paying for the extension. The Association cannot assume the responsibilities of that failed developer to extend utilities to your lot. This is not the purpose of a Property Owners' Association. However, the Board of Directors fully realizes that it is in the best interests of all members of the Association to discover, develop and facilitate a solution.

The rules (Tariffs) that the State Corporation Commission has approved for Aqua Lake Holiday contain a mechanism, Rule 20, for extending utilities to a lot. Any Membership Lot Owner can use this method to have utilities extended to his or her lot. However, this rule requires that the lot owner requesting a utility extension pay nearly the entire cost of the project. There is no provision in Rule 20 for all lot owners that benefit from the extension to share the cost. Most single lot owners would face the prohibitive cost of hundreds of thousands of dollars to individually finance the extension of utilities to their lot.

While the Association cannot assume the role of developer, the Association with your support can coordinate the pooling of funds that would finance the extension of water/sewer and electric utilities to Membership Lots. This letter is the first communication with the objective of outlining a proposed program to accomplish this goal.

There are two enclosures:

(1) An overview of the proposed "Utility Extension Program." This program offers multiple benefits to Membership Lot Owners. We hope that you will take the time to study this information to understand how this program would work, what it will take to be successful, and the importance of your support. This program has the potential to profoundly change Lake Holiday for the better, and the Board of Directors would like to proceed with detailed business planning. However, before that can happen, the Deed of Dedication for each affected Section must be changed.

(2) Proposed changes (printed in boldface) to the Deed of Dedication with additional framed notes to indicate deletions. The program can only proceed with the support of 67% of the lot owners within each affected Section. All property owners within these Sections are eligible to vote including the Association for LHCC owned lots.

We sincerely hope that Membership Lot Owners will enthusiastically support this much needed program and look forward to the Town Hall Meeting on July 14<sup>th</sup> to answer your questions.

Sincerely,



Wayne Poyer

President, Lake Holiday Board of Directors, Representing consent of the Board

2 enclosures: UEP Overview; Amended Deed of Dedication (indicating changes)

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**Lake Holiday Country Club, Inc.**

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## **UTILITY EXTENSION PROGRAM**

### **EXECUTIVE SUMMARY:**

The Utility Extension Program (UEP) is a proposed program to benefit Membership Lot Owners by providing a means to extend water/sewer and electric service availability to lots within Sections 5A, 6A, 6B, and 8A. This would be accomplished by pooling funds from Membership Lot Owners via special assessments and working with Aqua Lake Holiday to undertake a series of well defined utility extension projects when funding permits. Association owned lots will be treated in the same way as Membership Lots. This will provide many benefits to include:

- Providing a way to pay for the extensions without individual lot owners having to bear extraordinary up front costs.
- Sharing the costs in a fair way for each lot owner within a project.
- Increasing Membership Lot value as soon as the program is established.
- Dramatically increasing Membership Lot value when utility service is delivered.
- Creating a way for Associate Memberships to become available for those wishing this option.

The Board of Directors would like to proceed with the detailed business planning of the program, but before that can happen the Deed of Dedication for each affected Section must be changed, and the program can only begin with the support of 67% of the Lot Owners within each Section voting for the program. There will be a Town Hall Meeting on July 14<sup>th</sup> to discuss the program and the need to revise the Deeds of Dedication by vote on August 18<sup>th</sup>.

### **PROGRAM DESCRIPTION**

- The Utility Extension Program (UEP) has the goal of providing a workable plan for extending water and sewer services as well as electric service to all lots in Sections 5A, 6A, 6B and 8A.
- It must first be understood that this program would exist outside of the normal financial and operational functions of the Association. The day-to-day activities and responsibilities of the Association continue, and funding for operations and capital expenses continues to rely upon the assessment structure with which you are familiar. No part of the established annual assessments can or would be used for the proposed utility extension program. It is a fundamental principle that the UEP must be exclusively funded by the owners of Membership Lots within the above listed Sections. A key objective of this program is to establish pools of funds that can be used to pay for utility extensions and to do so in a way that would be the least burdensome on the Membership Lot Owners.
- Here is how the UEP would work if approved by at least 67% of the lot owners (by Section).

- In addition to the usual annual assessments paid by all lot owners at Lake Holiday, a Utility Development Special Assessment (UDSA) would be levied only on Membership Lot Owners within Sections 5A, 6A, 6B and 8A. The money collected from the UDSA would go into a special fund, named the Lake Holiday Utility Extension Fund, which would be independent of all Association funds and would be separately pooled and audited by Section.
  - When the Utility Extension Fund accumulates enough money for a Section project, utility extension projects would start. These projects would be defined by the Utility Master Plan and each successive project size would be defined by the amount of available pooled funds for a Section.
  - Ultimately Aqua Lake Holiday would own the water/sewer utility system, and the financial relationship between the Association Membership and Aqua would be based on the State Corporation Commission approved Tariff.
  - Extension projects would be started in a logical and efficient fashion, based upon the Aqua Lake Holiday Master Plan, working from places where utilities currently exist toward more remote areas of each Section.
  - The laying of conduit to enable electric service would also be undertaken as part of each project.
  - The entire program would be rolled out in manageable projects with a defined cost. Each owner that received utility services availability as a part of a project would be required to pay an equal pro-rated share of that project's total defined cost.
  - Initially, each Lot Owner would pay the special assessment (the UDSA). When utility services become available to a given lot, that Lot Owner would be required to pay the prorated cost of the extension less the amount already paid by that owner into the Fund. At that point the owner could build on the lot and connect to the utility systems.
  - Lot Owners, individuals or companies, who want to accelerate the timing for extension of the utilities to their Lot(s) can continue to exercise Rule 20 of the Utility Tariff. All funds paid into the Utility Extension Fund for those Lots affected in the Rule 20 extension would be refunded to the Lot Owners.
  - The lot owner would pay normal connection costs and rates per the approved Tariff. When utilities become available to a lot, it would also be designated a "Utilities Available" lot for purposes of Association annual assessments.
  - An Oversight Group will be formed to oversee Fund status, activities, and auditing. The Oversight Group will be comprised of two Membership Lot Owners from each of the affected Sections and one Lake Holiday Board Director (The President or designated Director). The Membership Lot Owners serving on this Group will be elected by the Membership Lot Owners and will serve a term of two years. The Oversight Group will meet Quarterly and will make recommendations annually to the LHCC Board regarding the amount of individual yearly assessments (UDSAs) for this Program.
- Extending the roads would continue to be the responsibility of the Association.

- Membership Lots owned by the Association would also participate in the program. The Association would pay the UDSA for these lots and would pay the prorated cost of the extension just like other Membership Lot Owners when the lots receive utility service availability.

#### **AN EXAMPLE OF A PROJECT DEVELOPMENT:**

- Let's look at an example to help understand the funding process. Let's assume the program has been underway for a while (a year or longer). Membership Lot Owners have been paying into the fund by special assessments (UDSA), and the fund has accumulated enough money to finance a project. It is time for a street, Broadview Lane, to receive utilities. Broadview Lane has ten lots. The engineer has determined that making utilities available to all ten lots will cost \$200,000. Upon completion and availability of utility services for these ten lots, each Lot Owner is responsible for one tenth of the actual total cost which in this example is \$20,000. These Members may have already paid \$2,000 each through their UDSA payments. The \$2,000 would be deducted from the actual prorated costs of the extension, in this example leaving \$18,000 due. Once utilities are available to the lot and the Lot Owner has paid his or her share of the costs of the extension, that Lot Owner is no longer part of the Utility Extension Program, ceases paying the UDSA, and can build on the lot.

#### **ASSOCIATE MEMBER CONSIDERATION:**

- This program is expected to satisfy a large percentage of Membership Lot Owners. The dream many have had of building a home on their lot can now be finally fulfilled by this cooperative program. To address ALL of the Membership Lot Owners, the Association is aware that there are some Membership Lot Owners who own their lot simply to obtain access to the Lake Holiday amenities—primarily the lake. These Owners have no interest in building a home, and it is important that these Members are accommodated as well. This can be achieved through the concept of an "Associate Membership" which already exists at Lake Holiday as included in Article XV of the Bylaws. A Membership Lot Owner who just wishes to have access to the amenities would have the right to sell the lot and become an Associate Member immediately following the sale. This right would have to be exercised within 90 days following settlement. An Associate Member would have access to all Lake Holiday amenities, would pay an annual assessment (an amount not greater than the then current Membership Lot Owner assessments) but would not be eligible to vote in Lake Holiday elections or referendums. Associate Memberships rights would continue as long as assessments were paid by the owner of record and would be transferable, but only to family members (spouse, children, and grandchildren).

#### **WHAT HAS TO HAPPEN NEXT?**

- What is required to make this program a reality? A modification to the Declaration (Deed of Dedication) for each Section participating in the program is required. This is a difficult hurdle requiring 67% of the owners by Section to vote

for the change. If an owner chooses not to vote, that will count as a "no" vote in the calculation and risk the failure of this Program, designed to deliver utilities to these lot owners. The Association will ask owners in these four Sections to vote to change the Declaration for their Section. The changes are limited to:

- Establishing Lake Holiday Association's authority for special assessments to extend the utilities and making payments mandatory as with other assessments.
  - Establishing the Oversight Group.
  - Changing the restrictions on signs and model homes to make it easier for lot owners in these Sections to market and sell their lots.
  - Allowing use of Associate Memberships as an option for some.
  - Making a few changes required by law and to update the name of the Association.
- Voting will be Section-by-Section, and only the Sections with 67% approving the new Declaration will be able to participate in the program.
  - All property owners are eligible to vote including the Association for LHCC owned lots.
  - Key upcoming events:
    - Town Hall Meeting: A meeting will be held on July 14<sup>th</sup>, 2007 at 10AM at the Reynold's Store Firehouse on US Route 522 to describe this program, the specific changes proposed to the Deeds of Dedication, and to listen to feedback and answer questions from Lake Holiday Lot Owners.
    - Record Date (lot ownership) for voting purposes: August 4<sup>th</sup>, 2007
    - Deed of Dedication Vote: August 18<sup>th</sup> at the Lake Holiday Clubhouse. Owners will have the option of absentee voting, and we encourage that choice since there will be no other business to be presented or discussed at this meeting. Also, you are not bound by any previous proxy you may have signed as you may override that proxy by voting either by absentee or in person on August 18<sup>th</sup>.
    - Should Sections vote to change the Deeds of Dedication, candidates to serve on the Oversight Group will then be sought and validated with a vote on those volunteering for this important role to be conducted separately during the Association's annual meeting on October 20<sup>th</sup> 2007.
    - If approved, the UEP will start during 2008 with special assessments beginning in January.

#### **SUMMARY:**

The Utility Extension Program has the potential to profoundly change Lake Holiday for the better. Membership Lot Owners, by pooling their resources, would finally have a chance to realize their dreams of decades. This program offers many benefits:

- The extraordinary costs of extending the utilities will be financed by pooling the resources of all of the Membership Lot Owners so that individual lot owners will not have to bear the up front costs alone.

- **The costs of extending utilities per project are shared fairly by all Lot Owners in that project to include Association owned lots.**
- **Membership Lots will increase in value as soon as the program is established.**
- **Lots will dramatically increase in value when utility service is delivered.**
- **Associate Memberships become available for those wishing this option.**

**The Board of Directors would like to proceed with the detailed business planning of the program, but before that can happen, the Deed of Dedication for each affected Section must be changed. You will have plenty of opportunity to ask questions and decide if this program is in your best interest and we look forward to those discussions. A positive outcome on a vote for such a change will communicate your desire for the program and allow this program to proceed. The program can only succeed with the support of 67% of the Lot Owners within each Section voting for the program.**

AMENDED AND RESTATED DEED OF DEDICATION  
(changes printed in boldface)  
LAKE HOLIDAY, SECTION 8A

THIS DEED OF DEDICATION is made this \_\_\_ day of \_\_\_\_\_, 200\_, approved by a vote of at least 67% the Lot Owners in Section 8A of Lake Holiday Country Club, aka Lake Holiday.

*Deleted initial paragraphs that referenced previous ownership and Deeds of Trusts. Note: "Lake Holiday" replaces reference to "Lake Holiday Estates", "Lake Holiday Associates" and "The Subdivision" throughout document. "Lake Holiday Country Club" is interchangeable with "Lake Holiday"*

**WHEREAS:**

- a. **The Deed of Dedication (the "Dedication") for Section 8-A, Mosswood Hills, Lake Holiday is recorded in Deed Book 414 at page 112 among the land records for Frederick County, Virginia**
- b. **The Deed of Dedication is a "declaration" as that term is defined in the Virginia Property Owners' Association Act**
- c. **Section 55-515.1(D) of the Virginia Property Owners' Association Act, provides a declaration that is silent on how it may be amended by a two-thirds vote of the owners;**
- d. **Section 55-515.1(F) of the Virginia Property Owners' Association Act provides that agreement of the required majority of lot owners to any amendment shall be evidenced by their execution of the amendment or ratifications thereof, and the amendment shall be effective when a copy of the amendment is recorded together with a certification that the required majority of lot owners signed the amendment or ratifications thereof;**
- e. **More than two thirds of the lot owners of Section 8-A, Mosswood Hills, Lake Holiday have agreed to amend and restate the Deed of Dedication in the manner set forth below.**

NOW, THEREFORE,

(A) That the platting and subdivision of the land in Section 8A of Lake Holiday is with the free consent and in accordance with the desire of the property owners.

*Attached plats not included.*

(B) Each lot in Section 8A of Lake Holiday is subject to all of the following restrictive covenants which shall be deemed covenants real running with the land for the mutual benefit and protection of all lot owners in Section 8A and Lake Holiday Country Club, Inc. ("Lake Holiday").

*Attached plats not included.*

1. No structure or building of any kind or construction of any sort shall be placed or constructed upon this property unless and until plans and description of the same shall have been submitted in duplicate to and approved in writing by the Architectural Committee appointed by the Board of Directors of Lake Holiday.

2. Except with the written consent of the Architectural Committee, no structure, tent, outside toilet, or other living quarters, temporary or permanent, shall be placed upon any part of the property. The use of house trailers is not permitted in Lake Holiday.

3. Buildings may be of a contemporary period or modern design, and may be constructed of wood, logs, stone, masonry or composition, but must be finished or painted in such a manner as not to detract from or mar the natural beauty of the surroundings.

4. All sewer and water lines on said lots must be connected to Lake Holiday's central sewerage system and central water distribution system. **The terms of connection and service are defined by the then current Utility Tariff approved by the State Corporation Commission.**

*Deleted previous text that was not in accordance with the State Corporation Commission or Virginia Law concerning water and sewer fees and connection charges.*

5. No outhouse shall be permitted on any part of the property. All toilet facilities must be in the main dwelling.

6. No structure may be placed nearer than thirty-five feet from any front or ten foot from any side or rear line of any abutting property line.



7. No dwelling shall be built unless it contains a minimum ground floor area of 800 square feet (plus a minimum of 200 square feet on a second floor) for a two story building exclusive of porches and patios, garages, and the side nearest the road is at least 20 feet wide, and a minimum of 1000 square feet for single story or split-level dwelling, and no construction or improvements by lot owners shall be made upon the areas reserved for easements.

8. No more than one dwelling (single family use) may be built on any one lot except on lots designated for multiple units.

9. Garages, porches, and patios, carport or car shelters, if built, shall be attached to and a part of the main dwelling, unless approved in writing by the Architectural Committee for the use of a separate garage or storage facility.

10. No lot may be subdivided or easements granted, without written approval by Lake Holiday.

11. No open fires shall be permitted on any part of the property. Outdoor fireplaces, if built, and all chimneys shall be provided with fire screens.

12. No building shall be used for any other than single family residential purposes (except on lots otherwise designated by Lake Holiday) and no offensive trade or other offensive activity shall be carried on, on said lots, nor shall anything be done thereon which may constitute or become an annoyance or a nuisance.

13. No trees over two inches in diameter shall be cut down without permission of the Architectural Committee.

14. No signs of any nature whatsoever shall be permitted to be placed on the property by the purchaser except one name sign not exceeding 6 inches in height and 36 inches in length, **except:**

**(a) During the "Development Period" real estate "For Sale" signs and signs marking a model home may be posted on the specific affected lot, provided such signs comply with the Lake Holiday signage standards as approved by the Board of Directors. The "Development Period" as used herein, shall mean the period beginning when the construction begins in the first home to be connected to the new utility infrastructure and ending when 80% of the lots in Section 8A have residences constructed upon them for which occupancy permits have been issued.**

15. Garbage must be kept in covered metal or plastic containers, and trash such as tin cans, bottles, paper, etc. shall be kept in garbage or wire containers, and all of it disposed of according to the law of Virginia and

the ordinances of Frederick County, Virginia, and the rules and regulations of Lake Holiday.

16. No rifles, shotguns or small arms shooting shall be permitted anywhere in Lake Holiday except in areas reserved and designated for such use by Lake Holiday.

17. All roadways, streets, and rights of way set forth on said plats are for the right of ingress and egress to lots from the public highway for lot owners and the guests, agents and invitees of lot owners who are members in good standing with Lake Holiday.

18. Lake Holiday reserves a right of way with right of entry upon, over, across and through said lots for the purpose of constructing, operating, maintaining and repairing, pole lines for electrical and telephone service, and other utilities, reserving to Lake Holiday the sole right to convey the rights hereby reserved.

19. Membership in the Lake Holiday Country Club, Inc. is mandatory for all persons owning property in Lake Holiday.

***Deleted the stipulation that all sales/resales are subject to approval of Lake Holiday Country Club.***

20. In order to preserve the natural quality and aesthetic appearance of the existing geographic areas within Lake Holiday, all property lines shall be kept free and open one to another and no fences shall be permitted on any lot or lot lines except where, in the opinion of the Architectural Committee, a fence or other enclosure, as a structure or aesthetic feature of a design concept, will contribute to and be in keeping with the character of the area.

21. No residence shall be occupied until the same has been substantially completed in accordance with its plans and specifications.

22. All structures constructed or placed on any lot shall be constructed with a substantial quantity of new material and no used structures shall be relocated or placed on any such lot.

23. All outdoor clothes poles, clothes lines and similar equipment shall be so placed or screened by shrubbery as not to be visible from any street, lake or golf course within Lake Holiday.

24. No owner of any lot shall build or permit the building thereon of any dwelling house that is to be used as a model house or exhibit unless prior

written permission to do so shall have been obtained from the **Architectural Committee**.

- (a) Upon approval by the Architectural Committee, the use of a model home shall be limited to sales promotion of lots at Lake Holiday and for no other commercial use. No domestic occupancy will be permitted in model homes. Models will be located so that parking will not impede traffic flow, and so that the presence of the model will not negatively impact existing homes.**

25. No oil or natural gas drilling, refining, quarrying, or mining operation of any kind shall be permitted upon or in any lot and no derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any lot.

26. No vehicle shall be parked on any street in Lake Holiday. No truck shall be parked for storage overnight or longer on any lot in Section 8A or Lake Holiday in such a manner as to be visible to the occupants of other lots in Section 8A or Lake Holiday or the users of any street, lake, or golf course within Lake Holiday.

27. Any dwelling or outbuilding on any lot in the Section 8A or Lake Holiday which may be destroyed in whole or in part by fire, windstorm or for any other cause or act of God must be rebuilt or all debris removed and the lot restored to a slightly condition with reasonable promptness, provided, however, that in no event shall such debris remain longer than six (6) months.

28. In the event an owner of any lot in Lake Holiday shall fail to maintain the premises or the improvements situated thereon in a manner satisfactory to Lake Holiday, Lake Holiday shall have the right, through its agents and employees, to enter upon said lot and repair, maintain, and restore the lot and the exterior of the building, and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the annual charge to which such lot is subject.

29. No bulkheading, barge, pier, docks, piling, float or other marine structure not shown on the plat shall be erected, without the written approval of the Architectural Committee.

30. No diving platforms shall be constructed or permitted on any lot or in the lake without the written approval of the Architectural Committee.

31. Each lot owner is obligated to become a member of the Lake Holiday Country Club and to pay when due the annual assessment to be levied upon each lot owner to defray the cost of maintenance of roads and the other amenities maintained by Lake Holiday.

32. Should any lot owner become delinquent in the payment of dues to Lake Holiday for the maintenance of roads and common facilities, he shall be denied the use of all amenities furnished and maintained by Lake Holiday until such time as the delinquency has been eliminated; provided, however, that said owner shall, at all times, have the right to access over the private roads in the Subdivision to and from his lot. Such charge shall bear interest from the date of delinquency at the rate of 6% per annum and shall, upon the date of delinquency, constitute a lien on each lot to which the delinquency pertains, the said lien to cover the principal amount of the delinquent charge, interest and reasonable attorney's fees incurred in the collection thereof. Every such lien may be enforced by equitable foreclosure suit filed in the Circuit Court of Frederick County, Virginia, anytime within three (3) years after the date of delinquency. The remedy of foreclosure is non-exclusive and Lake Holiday reserves all other remedies provided by law for the collection of such delinquencies. Lake Holiday has the right to publish the names of delinquent lot owners in such manner as it may deem appropriate. The written dated statement of Lake Holiday that no delinquency exists hereunder as of said date shall be conclusive evidence thereof.

33. Whenever the owner of any lot in the Section shall receive a bona fide offer to purchase said lot, which offer is acceptable to said owner, or shall independently decide to put said lot on the market, said owner shall offer to sell said lot, at the price and on the same terms contained in said bona fide offer or (if said owner shall independently have decided to put said lot on the market) at the price and on the terms acceptable to said owner, first to the owner of the lot on the right of the prospective seller's lot, next to the owner of the lot on the left of the prospective seller's lot, said offers to be in writing and sent to the last known addresses of said owners as indicated on the tax records of Frederick County, and finally to Lake Holiday. Said offerings shall be made successively, and each of said offerees shall have ten (10) days from the date of the mailing of the offer within which to accept or refuse such offer. If all said offerees refuse to purchase said lot at the price and on the terms proposed by said owner, said owners shall be free to sell said lot to the party who shall have made said bona fide offer or (if said owner shall independently have decided to put said offer on the market) to any third party, in either case at a price and on terms not substantially more favorable to the purchaser than those offered, as aforesaid, to said owner's neighbors. The "lot on the right", for the purposes of this paragraph shall be the next lot on one's right hand as one faces the rear of one's own lot. It is further provided that if the owner or owners of any lot being sold or conveyed shall incorporate in the deed of conveyance, or attached to the deed of conveyance, to be recorded therewith, an affidavit under oath that the provisions of this paragraph have been complied with by said owner or owners making the conveyance, and that none of the parties having a right of first refusal have exercised their right to purchase the property, such affidavit shall create a conclusive presumption that the paragraph has been complied with and

any purchaser or purchasers, or their successors in title, may rely upon said affidavit, and shall be fully protected in relying upon said affidavit, as to compliance with this paragraph, and the title to any lot so conveyed shall be valid in perpetuity and immune from the objection or attack by any person or party whatsoever as to compliance with this paragraph of these Restrictions and Covenants.

***Deleted requirement to have purchaser be approved by Lake Holiday.***

34. The Architectural Committee shall have the authority to set up regulations as to the height and size requirements for all other types of buildings and structures, including fences, walls, copings, etc.

35. Every lot in Section 8A or Lake Holiday that is contiguous to a lake shall be subject to a flowage easement to an elevation on the lot equal to the high water elevation of such lake as stated on the recorded plats.

36. Each property owner erecting a dwelling on his lot shall have six (6) months from the beginning of construction to complete the exterior construction including grading, seeding, landscaping, etc.

37. The Architecture Committee may allow reasonable variances and adjustments of these Restrictions in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however, that such is done in conformity with the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to either property or improvements in the neighborhood, the Section or Lake Holiday.

38. Lake Holiday reserves the right to add to, subtract from and change these restrictions in the other subdividing of its remaining lands or other acquired lands.

39. Lake Holiday does further dedicate those certain designated areas carrying the term of green area for the use and benefit of the lot owners in Lake Holiday presently recorded and to be recorded for the use by said lot owners, their guests and invitees, as recreation areas and not to be developed as residential lot areas or commercial areas. Further, the Grantors dedicate the dark strips 20 feet in width as drainage easements of surface waters and for utility easements.

40. Lake Holiday and the purchasers of the lots delineated hereon shall not request the Board of Supervisors of Frederick County, Virginia, or the Virginia Department of Highways to incorporate the streets shown hereon into the highway system until Lake Holiday and/or lot owners have installed street improvements **in compliance with Virginia Code.**

***Bold faced text replaces "specifications of the Virginia Department of Highways".***

**(C) Special Assessments for Completion of Utility Infrastructure Extensions to Undeveloped Lots:**

**1. The Board of Directors of Lake Holiday shall have the authority to additionally assess a lot which does not have water and sewer service available to it (such lots hereinafter referred to as "Membership Lots") for the purpose of establishing a fund to be used for the extension of the utility infrastructure to Membership Lots. An account shall be established for Section 8A with funds from the Utility Fund Special Assessments, and this account shall be used for improvements within this Section and audited annually to assure the appropriate use of the funds. Membership Lots at the initiation of this program are subject to these special assessments until such time as water/sewer and electric utilities are available to the lot, at which time the entire remaining prorated, per-lot cost of the utility extension becomes due.**

**2. The Board of Directors of Lake Holiday may assess the amount of the Utility Fund Special Assessment in two stages.**

**a. First, the Board of Directors may assess Lots on an equal basis to create a fund to begin construction of the utility infrastructure. Payment of this amount shall be under such terms as the Board of Directors may authorize.**

**b. Second, the Board of Directors shall assess to each Lot at the time that water/sewer and electric service becomes available to a Lot, the final cost to provide those utilities to the Lot, less the amounts that have been paid by the Lot toward completion of utilities for the Lot. No Lot shall be finally connected to the utilities until the Utility Fund Special Assessment for that Lot, as determined by the Board of Directors, is fully paid.**

**3. Once completed and properly executed, Lake Holiday shall have a lien on every lot for unpaid Utility Fund Special Assessment including interest and reasonable attorney's fees. Lake Holiday shall complete, execute and enforce said lien in accordance with the provisions of the Virginia Property Owners' Association Act as amended. Lake Holiday may, additionally or alternatively, collect the assessment by pursuing personal judgments against the owners of lots.**

**4. Water and sewer availability fees are based upon the then current and approved Utility Tariff. Upon completion of the extension of the system to a Lot, water and sewer availability fees apply and Lake Holiday assessments for a utilities-available lot apply.**

**5. Lots owned by Lake Holiday Country Club shall be subject to the Utility Fund Special Assessments to the same extent as other Lots.**

**6. A utility extension Oversight Group shall provide review and oversight of the utility extension fund and shall make recommendations to the Lake Holiday Board regarding the amount of the Utility Fund Special Assessment. This Group shall be comprised of the Lake Holiday Country Club Board President or a designated Board member, and two Membership Lot owners from each participating Section. The Membership Lot owners shall be elected by the owners of lots within their respective Section for a term of two years and may be re-elected for a maximum of four continuous years of such service. Vacancies shall be handled in a similar manner as Lake Holiday Country Club Board vacancies.**

**(D) Associate Memberships. Membership Lot owners who own their Lot with the sole objective of enjoying the amenities of Lake Holiday may opt for an Associate Membership status and sell their Lot. This option must be exercised within 90 days following the sale. The Associate Membership status may be transferred only to family members (spouses, children, and grandchildren) and otherwise is not transferable. Associate Members shall be required to pay an annual assessment as determined by the Board which shall be no greater than the amount of the then current Membership Lot assessments. Associate Members have full access to all Lake Holiday amenities but are not Eligible Members with regard to voting in Lake Holiday elections and referendums. Failure to pay the annual assessment will result in denial of access to Lake Holiday and a permanent revocation of Associate Membership status.**

**(E) IN WITNESS WHEREOF, the undersigned have caused this Declaration to be signed pursuant to due and proper authority as of the date first set forth above.**

**LAKE HOLIDAY COUNTRY CLUB aka Lake Holiday**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: President, Board of Directors

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that \_\_\_\_\_,  
\_\_\_\_\_ of Lake Holiday Country Club, whose name is

signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as a duly authorized officer of the corporation.

GIVEN under my hand and seal on \_\_\_\_\_, 20\_\_\_\_.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_