

DECLARATION

THIS DECLARATION is executed this 18th day of August, 1999, by  
MEDICAL CENTER PROPERTIES, L.C., a Virginia Limited Liability Company,  
hereinafter referred to as "Declarant."

## WITNESSETH:

WHEREAS, Section 55-79.39, *et seq.*, of the 1950 Code of Virginia, as  
amended, hereinafter referred to as the "Condominium Act," provides for the creation of  
condominiums in the Commonwealth of Virginia; and,

WHEREAS, it is the desire and intent of the Declarant to submit the hereinafter  
described property for the purpose of establishing a condominium as provided by the  
Condominium Act;

NOW THEREFORE, the Declarant does hereby make, declare and publish its  
desire and intent to submit, and does hereby submit and establish, a condominium in  
accordance with the Condominium Act upon that certain tract of land located in the City  
of Staunton, Virginia, owned in fee by the Declarant, to be henceforth known and  
described as the Staunton Medical Center Condominium, (hereinafter sometimes  
referred to as the "Condominium"), as more particularly shown on the plat entitled Plat  
of Submitted Land Staunton Medical Center Condominium, dated June 3, 1999, made  
by R. E. Funk - Land Surveyor, recorded herewith and incorporated herein by reference,  
marked as Exhibit A-1, and a title survey of the same name dated July 12, 1999  
recorded herewith and incorporated herein as Exhibit A-2 and described by metes and  
bounds on Exhibit B, also recorded herewith and incorporated herein by reference. The

dimensions for the Units are set forth on Exhibit A-1 and accordingly serve as plans of the Condominium. The Declarant does further hereby submit the Staunton Medical Center Condominium to the covenants, conditions and restrictions herein provided, all of which are for the purpose of enhancing and protecting the utility and value of the property and which shall be binding on all parties having or acquiring any right, title or interest in the property or any part thereof and shall inure to the benefit of each owner thereof.

I. DESCRIPTION: The Property consists of five (5) two story buildings of commercial units and curtilage, which contains a total of five (5) units as that term is defined in the Condominium Act. A list of the units, their location, square footage and percentage interest in the Condominium is attached as Exhibit C. The Condominium and the Units are depicted in the plat and plans recorded herewith as Exhibits A-1 and A-2.

Each Unit shall have as an appurtenance thereto an undivided interest in the Common Elements, as defined in the Condominium Act, which appurtenance may not be separated from the Unit to which it appertains, and such appurtenance shall be deemed to be conveyed or encumbered or to otherwise pass with the Unit whether or not expressly mentioned or described in a conveyance or other instrument describing the Unit.

Each Unit owner, by acceptance of a deed therefor, agrees that it has had full opportunity to inspect and examine the Unit thus acquired by it and waives any claim or demand which it might otherwise have had against the Declarant or any other person whomsoever as a result of any discrepancy between the Unit as it is described in this

Declaration, the Exhibits attached hereto and as built.

II. LEGAL INTEREST: Staunton Medical Center Condominium consists of those Units designated on Exhibits A-1 and A-2 and Exhibit C hereto more particularly defined, together with Common Elements as defined herein and in the Condominium Act. Each Unit, together with its undivided interest in the Common Elements, shall constitute for all purposes real property which may be individually conveyed and encumbered.

III. LOCATION: The location, type and square footage of each unit is listed on Exhibit C.

IV. HORIZONTAL AND VERTICAL BOUNDARIES:

A. All Units of the Condominium shall have the following boundaries:

1. Horizontal Boundary: The foundation of each Unit constitutes the lower horizontal boundary of the Units. The Units have no upper horizontal boundary.

2. Vertical Boundary: The vertical boundaries shall extend and be measured from the plane corresponding with the boundary lines of each Unit as depicted on the Plat (Exhibits A-1 and A-2). No boundary line is located in any wall of any Unit of the condominium or on the exterior face of the brick and mortar facade of any Unit.

B. Boundaries of adjoining Units may be relocated in accordance with Section 55-79.69 of the Condominium Act;



V. COMMON ELEMENTS: The Common Elements of the

Condominium consist of a portion of the land described in Exhibit B and the land and areas of improvements as shown on Exhibit A-2 exclusive of those portions of the improvements contained within the boundaries of the Units. Any chute, flue, duct, pipe, drain, conduit, wire, master antenna, bearing walls or bearing column within, on or in any Unit which provides utility support or other service to other Units shall also be a Common Element.

VI. COMMON ELEMENTS OWNERSHIP AND MAINTENANCE:

A. Ownership of the Common Elements as described herein shall be by the Unit owners as tenants in common. An undivided interest in and to the Common Elements is and shall be allocated to each Unit based on the relative square footage of the Units. Each Unit owner, by acceptance of a deed therefore, consents and agrees to the correction of any such percentages based on actual areas; and, in furtherance thereof, each such Unit Owner irrevocably appoints the Declarant as its attorney-in-fact for the purpose of further evidencing such consent should the Declarant determine correction to be necessary. Each Unit owner and the Unit Owners' Association (hereinafter referred to as the "Association") may use the Common Elements for the purposes for which they are intended, but no such use shall enter or encroach upon the lawful rights of the other Unit Owners.

B. For the purposes of this Declaration, the percentage of individual interest in the Common Elements appurtenant to each Unit (herein sometimes referred to as the "Percentage Interest") is based on the square area of each Unit as set forth in Exhibit "C".



C. The use of the Common Elements shall be limited to Unit Owners, to their tenants, and to their guests, patients, clients, customers, and invitees. The use of the Common Elements shall be governed by the By-laws and shall also be governed by any rules and regulations adopted, from time to time, by an affirmative vote of members of the Association collectively owning at least seventy-five percent (75%) of the undivided interests in the Common Elements.

D. The Common Elements shall remain undivided and no Unit Owner may bring any action for partition or division of these Common Elements except as provided herein.

E. The Association shall maintain the Common Elements except as otherwise provided in Article V. Common Elements maintenance and common expenses of the Condominium shall be apportioned to the Units in the same proportion and Percentage Interest as their ownership of Common Elements.

F. All maintenance, repair or replacements of the Common Elements shall be consistent with the materials used and the colors selected by the Declarant.

VII. ADMINISTRATION: The administration of the Condominium shall be conducted by the Association in accordance with the provisions of this Declaration, the By-laws of the Association, and such rules and regulations as the Association shall adopt.

NOTWITHSTANDING THE FOREGOING OR ANYTHING IN THIS DECLARATION OR THE BY-LAWS OR OTHER DOCUMENTS TO THE CONTRARY, THE DECLARANT, ITS SUCCESSORS OR ASSIGNS, OR DULY AUTHORIZED AGENT OR REPRESENTATIVE SHALL HAVE THE POWER TO APPOINT AND REMOVE ALL OFFICERS OF THE ASSOCIATION, AND TO EXERCISE ALL POWERS AND RESPONSIBILITIES OTHERWISE ASSIGNED TO THE ASSOCIATION FOR TWO (2) YEARS FROM THE DATE HEREOF, OR UNTIL THE EARLIER CONVEYANCE OF UNITS TO WHICH SEVENTY-FIVE PERCENT (75%) OF THE UNDIVIDED INTERESTS IN THE COMMON ELEMENTS APPERTAIN TO UNIT OWNERS OTHER THAN THE DECLARANT.

VIII. GOVERNING DOCUMENTS: All Unit Owners and their employees, tenants, guests, patients, clients, customers, and invitees, shall comply with all of the provisions of this Declaration, the Bylaws, (recorded immediately after this Declaration) and the rules and regulations, decisions and resolutions of the Association, as each may be properly made and amended from time to time. Failure to comply with such provisions shall be grounds for an action to recover damages or for injunctive relief. All leases to Units in the Condominium must be in writing and shall expressly be subject to the provisions of this Declaration.

IX. EASEMENTS:

A. Enjoyment of Common Elements. Every Unit Owner shall have an easement and right of enjoyment in and to the Common Elements and such easement shall be appurtenant to and shall pass with the title to every Unit, subject to

the following provisions: (a) the right of the Association to limit the number of employees, patients, clients, guests, invitees or customers that may use the Common Elements, and (b) the right of the Association to deny the use of any facilities of the Condominium to a Unit Owner and such Unit Owners' employees, customers, patients, invitees or guests i) for a period during which any assessment against its Unit remains unpaid and ii) for a period not to exceed thirty (30) days for any infraction of its published rules and regulations or Bylaws. Any Unit Owner may delegate, in accordance with the Bylaws, its right of enjoyment to the Common Elements to its tenants.

B. Easement Over Adjoining Units. Every Unit Owner, its employees, tenants, agents and invitees shall also have an easement for ingress and egress to and from the Units over and through each and every other Unit in the Condominium, including without limitation all sidewalks, walkways, stairs, hallways, breezeways and the like which may be within the boundary of any of the Units in the Condominium. Declarant shall also grant such easements for any and all utility services over its adjacent property as may be necessary to serve the Condominium.

Every Unit Owner shall be granted a reasonable easement on the Common Elements for construction, repairs, modifications or rehabilitations of each Unit's improvements, interior or exterior. Such easement shall be for the parking, storing or delivering of vehicles, supplies, materials or personnel as is needed for such work. Notwithstanding the foregoing, every Unit Owner must obtain written approval from the Association at least thirty (30) days prior to the commencement of such



construction for the location of such construction easement. The Association shall assign such area for the construction easement as may reasonably be necessary for the extent and duration of such construction and which least interferes with the rights and enjoyment of the other Unit Owners.

C. Encroachments and Support. Each Unit and the Common Elements shall be subject to an easement for encroachments created by construction, settling and overhangs. A valid easement for any encroachments and for the maintenance of same, so long as they stand, shall and does exist. If a Unit of the Condominium is partially or totally destroyed and then rebuilt, the owners of the Unit so affected agree that minor encroachments of parts of the adjacent Units or Common Elements due to construction shall be permitted and that a valid easement for such encroachments and the maintenance thereof shall exist. Every Unit or portion of a Unit contributing to the support of another Unit shall be burdened with an easement of support for the benefit of such Unit.

D. Utilities, etc. There is hereby granted a blanket easement upon, across, over and under all of the Units and Common Elements for ingress, egress, installation, replacement, repair and maintenance of all utilities including, but not limited to, water, sewer, cable television, telephone, gas and electricity. By virtue of this easement, it shall be expressly permissible for the utility furnishing a service to install and maintain the lines and other necessary equipment on the property and to affix and maintain utility wires, circuits and conduits on, above, across, and under the roofs and exterior walls of improvements on the Units. Notwithstanding anything to the

contrary contained in this Article, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on or in the Condominium except as initially programmed and approved by the Declarant, or thereafter approved by the Declarant or the Association. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Declarant or Association shall have the right to grant such easement on the property without conflicting with the terms hereof. The easements provided for in this Article shall in no way affect any other recorded easement on the Condominium.

E. Repairs. The Association, or its designee, shall have the right to enter any Unit when necessary to carry out any repair, maintenance, or construction for which the Association is responsible or for which any Unit Owner is responsible, but has not completed, after appropriate notice from the Association. The entry by the Association shall be made with as little inconvenience to the Unit Owner as practicable and any damage caused by such entry shall be repaired at the expense of the Association.

F. Other.

1. There is hereby granted a blanket easement to the Association, its directors, officers, agents, and employees, and to all policemen, firemen, first aid or any other emergency personnel and all similar persons to enter upon the Condominium and into any Unit in the exercise of the functions provided by this Declaration, Bylaws, and Rules of the Association, for emergencies and in the performance of governmental functions.

2. Unless an emergency exists, the rights accompanying the easements provided by this Article shall be exercised only during reasonable daylight hours and when practicable, only after advance notice to the Unit Owner or tenant directly affected thereby.

3. The Declarant, its successors or assigns, and its duly authorized agents and employees, shall have a right of ingress and egress over the Common Elements as required for construction, development or expansion of the Condominium.

4. The Declarant reserves to itself and to and for the Association the absolute right to install individual utility meters for each Condominium Unit or sub-meters for each Condominium Unit. Additionally, any individual meters or submeters may be installed only on selected Units in the absolute discretion of either the Declarant or the Condominium Association. As a result of the readings on any such meters, the Declarant and/or Association shall have the right to assess additional utility charges to any Unit Owner who, in the opinion of the Association based upon such meters, is utilizing above average amounts of any of the utilities.

X. RESTRICTIVE COVENANTS:

A. Restrictions: The Declarant hereby imposes the restrictive covenants hereinafter set forth upon the Condominium. All restrictive covenants are agreed to be for the continuing benefit of the Unit Owners' Association, its successors and all Unit Owners. These covenants shall be deemed to be binding on all Unit Owners as well as binding upon all lessees, tenants, sublessees, users and occupants of



each Unit and the term Unit Owner as used in these restrictions shall be deemed to include all such parties.

The restrictive covenants applicable to the Condominium and each Unit are as follows:

(1) The use of the Condominium Units shall be restricted to offices of physicians, podiatrists, dentists, oral surgeons, optometrists and other independent or allied health professionals and for the expansion of services provided by such health professionals such as pharmacy, laboratory, x-ray and other medically related services or therapy services including, but not limited to, psychologists, therapists, occupational therapists and massage therapists.

(2) Notwithstanding the restrictions set forth in Item (1) above, the Association is granted the right to permit non-health care professionals or business offices to locate offices in or to purchase Units, provided the majority of Unit Owners vote affirmatively to allow such non-health care professionals or business offices to locate in or purchase a Condominium Unit.

(3) Unit Owners shall promptly comply or cause compliance with all laws and ordinances and the orders, rules, regulations and requirements of duly constituted public authorities, which may be applicable to a Unit Owner's use and occupancy of a Condominium Unit, whether or not the same shall be within the contemplation of any Unit Owner, and including, but not limited to, all matters involving repairs, alternations or additions to a Condominium Unit, irrespective of the cost thereof.

(4) (a) A Unit Owner who wishes to rent all or any portion of its Unit shall deliver to the Association a written statement designating the name or names of those persons it desires to have as tenants, together with a written covenant from that party or those parties in favor of the Association stating that there will be full compliance with all the terms and provisions of this Declaration, the Bylaws of the Association and all rules and regulations of the Association. If such covenants are violated, the Unit Owner shall cause such party or parties to vacate the Unit and, if such party or parties do not vacate the Unit, the Association shall take whatever measures are necessary to have the party or parties removed from the Unit and shall assess the Unit Owner for any and all costs, expenses, charges or attorneys' fees incurred by the Association caused by such measures.

(b) No Unit or any part thereof may be sublet by any tenant to a subtenant unless approved in writing by the Unit Owner. Any sublease shall expressly be subject to all provisions of paragraph 4 (a) above.

(5) No Unit Owner shall either obstruct any of the Common Elements, or store anything upon any of the Common Elements.

(6) Vehicular parking upon the Common Elements may be reasonably regulated or assigned by the Association, with any rules or regulations governing parking being subject to approval by an affirmative vote of members of the Association collectively owning at least sixty percent (60%) of the undivided interests in the Common Elements.

(7) Nothing shall be altered or constructed in or removed from the Common Elements except upon the prior written consent of the Association. Any alterations, improvements or modifications to the exterior of a Condominium Unit must be compatible with the then-existing architecture and decor of the Condominium and must be approved in writing by the Association thirty (30) days prior to the commencement of any work.

(8) No Unit may be utilized for residential purposes.

(9) The Common Elements shall be used only for such purposes for which the same are reasonably suited and which are incident to the use and occupancy of the Units.

(10) No noxious, noisy, offensive or unlawful activity shall be carried on in any Unit or appurtenance nor shall anything be done or be permitted to remain in any Unit or appurtenance which may reasonably be or become a danger, nuisance or annoyance to any occupant of the Condominium or which may increase the rate of, or cause the cancellation of, insurance on the Condominium. If any such cancellation activity occurs in any Unit, the Unit Owner must immediately take all action necessary, at its own expense, to correct such activity or cause such activity to cease.

(11) No Unit Owner shall install any electrical or telephone wire, transmission cable of any sort, television or communication dish or antenna, air conditioning unit, or other machine, device or permanent improvement upon any Unit or Common elements in such a fashion that it protrudes from or through any roof, wall, or window without the prior written consent of the Association.



(12) Except for such signs as may be approved or posted by the Association for marketing purposes and traffic control, no signs, posters or advertisements of any character shall be erected, posted or displayed upon, in, from or about any Unit or window or door thereof or Common Element.

(13) All non-medical garbage and trash must be deposited in any compactor or dumpster provided by the Association for the collection of trash and garbage. Each Unit is responsible for the payment of the cost of its trash removal and may be billed separately from any other Unit assessments.

(14) Any infectious, hazardous or medical waste or materials must be stored, transported or disposed of only in accordance with all applicable state and federal laws, rules and regulations. Each Unit Owner is separately responsible for the removal of such waste or material and the cost of such removal. The Association is not responsible for the removal of or the cost of removal of such waste or material.

(15) No flammable, combustible or explosive fluid or chemical substance shall be kept in any Unit, except as approved by the Association, or as reasonably required in the operation of the Unit Owner's medical practice or medically related activities. No Unit Owner shall permit or suffer anything to be done or kept in its Unit which will increase the rate of insurance as to other Unit Owners or to the Association. If any increase in the rate of insurance occurs as a result of any substance or practice of any particular Unit Owner, that Unit Owner shall pay the increased amount of the rate of insurance.

B. Signs: Notwithstanding anything to the contrary contained hereinabove, each Unit Owner shall have the right to install one sign on the exterior wall of the Building of each Owner's respective Unit. Such sign may advertise the trade name of the Unit Owner or the occupant(s) of the Unit. However, any such sign must be approved in advance, in writing, by the Association. It shall be the obligation of the Association to authorize only such signs as are uniform in color, square footage, architectural style, and that do not adversely affect the architectural harmony of the Condominium project. The Association shall insure that the placement of such signs does not interfere with the rights of other Unit Owners or occupants. The Association may authorize the placement of a sign at any location on the exterior wall of such Condominium Unit for the benefit of some or all Unit Owners, their respective tenants or the Association itself.

The care, maintenance and repair of any sign shall be the sole responsibility of the Unit Owner or occupant who erects the sign and all such signs shall be kept in good order, repair and appearance. Any Unit Owner or occupant erecting any such sign shall solely be responsible to the Association for any damage or waste to the Common Elements upon which such signs are attached.

C. Use by Declarant: Notwithstanding any provisions contained herein to the contrary, it shall be expressly permissible for the Declarant, its agents or employees, to maintain, during the period of sale of the Units upon such portion of the Condominium as the Declarant may deem necessary, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the

sale of the Units, including, but without limitation, storage areas, construction yards, signs, parking spaces, and construction or business offices.

D. Entry to Units: Upon five (5) days' notice, any Managing Agent or other agent of the Association may enter any Unit to remove any items which are infractions of these restrictions. Any expense incurred by such removal, including costs and reasonable attorneys' fees, shall be the expense of such Unit Owner. Declarant reserves, in favor of Declarant and the Association, and the authorized agents of each, the right of access to any Unit. In case of emergency, such entry shall be immediate, whether the Unit Owner is present at the time or not. The Association's agent shall have a key to all Units, and if any Unit locks are changed, the Unit Owner must provide the Association with a key thereto. Should any Unit Owner dispute a notice of an infraction, such Unit Owner may petition the Association in writing within ten (10) days of receipt of a Notice. The Association shall review the matters and issue a decision not more than thirty (30) days after receipt of the notice. All decisions of the Association shall be final and binding upon the Unit Owner unless a majority of the members of the Association (including the Unit Owner whose Unit is under review) affirmatively vote to submit such issue to arbitration before the American Arbitration Association.

E. Enforcement: The Association, or any Unit Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges imposed by this Declaration or the Exhibits hereto, or hereafter imposed by an amendment thereto. Failure by the Association or by any Unit Owner to enforce any covenant or restriction herein contained shall in no event



be deemed a waiver of the right to do so thereafter, and the invalidation of one or more of the restrictions, conditions, covenants or reservations herein shall not affect the right to enforce the remaining restrictions.

XI. MANAGEMENT:

A. Establishment of Assessments: The Association shall establish and collect from the Unit Owners monthly assessments to provide for the maintenance of Common Elements and payment of other common expenses based on a charge corresponding with and applied equally with the square footage of each Unit, including, without limitation, the cost of sewer and water service, gas service, lighting of the Common Elements, garbage collection, snow removal, and insurance.

Monthly assessment charged to Unit Owners during the initial occupancy period shall be made by the Association in accordance with a schedule of charges established by Declarant. Any Unit Owner who does not pay its assessments or fees upon the date set by the Association shall be subject to a late charge of not more than five percent (5%) on the total amount of the assessment or fee then due. The initial assessment shall be in an amount sufficient to meet the estimate of management, operating and maintenance expenses, reserves of at least two (2) months and all other expenses of the Association. Subsequent to the initial assessment, assessments made by the Association shall be in amounts sufficient to meet the Association's estimate of expenses set forth in an operating budget. If the initial assessment or any subsequent assessments shall prove to be insufficient to meet the actual operating expenses and the reserve fund established pursuant to paragraph C hereunder, the Association shall have

the right and obligation to enact a new schedule of assessments to eliminate such insufficiency. If at any time a Unit Owner fails to pay its monthly assessment, as provided herein and in the Bylaws, the Association will initiate appropriate action to collect the assessment. The Association shall have the power to increase the assessment of any Unit Owner which uses a service which is a common expense in excess of other Unit Owners. Such increase in assessment shall be in an amount proportionate to the additional use of such service.

B. Liability for Assessments. The assessments and other charges imposed by the Association, in accordance with the provisions of this Declaration and the Bylaws, shall constitute a lien upon each Unit which, once perfected, shall be prior to all other liens and encumbrances except (i) real estate tax liens on that Unit, (ii) liens and encumbrances recorded prior to the recordation of the Declaration, and (iii) sums unpaid on any first mortgage or first deed of trust recorded prior to the perfection of the lien for assessments and securing institutional lenders. In addition, each Unit Owner shall be personally liable for all such assessments and other charges imposed by the Association which may be due but unpaid at the time it acquires a Unit or which may become due and payable during any time it owns a Unit. The Association may impose a penalty or other charge, which may include all costs of collection (including legal fees) upon any assessment not paid when due.

No Unit Owner may exempt itself from liability for assessments to its Unit for the cost of the maintenance and operation of the Common Elements by the abandonment of its Unit.

All Units shall be exempt from assessments until the first Unit is conveyed by the Declarant to a Unit Owner.

C. Reserve Fund. The Association shall establish and maintain a reserve fund in amounts, and upon a payment schedule, as determined by the Association for the purpose of effecting replacement of Common elements and mechanical equipment of the Condominium.

D. Books and Documents. All of the books and documents of the Association and all of its property shall be subject to inspection and examination by the Unit Owners and Secured Parties (as hereinafter defined) or their duly authorized agents, at all reasonable times. The Association shall maintain operating reports, financial reports and copies of minutes of all meetings of the Association and its committees.

E. Secured Parties. The Association shall maintain a file of parties secured by first deeds of trust or first mortgages on Units and/or upon all or part of the Common Elements within the Condominium (hereinafter referred to a "Secured Parties"). This file shall include the name of the borrower, name and address of the Secured Party, legal description of the Unit securing the obligation and recording information concerning the instrument of encumbrance. Each Unit Owner shall be required to furnish such information in writing to the Association at the time any first deed of trust or first mortgage is placed upon such Owner's Unit.



The Association shall provide to all Secured Parties as to which it has been provided the information as required by this paragraph E:

1. Written notification thirty (30) days prior to the effective date of any change in the Declaration and Bylaws.

2. If requested, written notification of any default in payment of assessments, fees or charges due by the Unit Owner of a Unit which is the security for the debt due the Secured Party, which is not cured within thirty (30) days from its due date.

XII. MAINTENANCE, REPAIR OF AND INTERNAL CHANGES TO UNITS:

A. Every Unit Owner must promptly perform all maintenance and repair work within its Unit, which, if omitted, would affect the Condominium in its entirety or other Unit Owners.

B. All the repairs of internal installations within or on a Unit is improvements serving such Unit, such as roofs, exterior walls, brick, mortar, water, light, gas, power, sewage, telephones, air conditioners, compressors, heat pumps, sanitary installations, doors, windows, light fixtures, and all other accessories belonging to a Unit, shall be at the Unit Owner's individual expense.

C. All maintenance or repairs to the exterior of a Unit shall be consistent with the materials used and the colors selected by the Declarant or as otherwise approved by the Association.

D. A Unit Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Element damaged through

its negligence or failure to promptly perform all maintenance and repair work within its Unit, which is its responsibility. Any such expenses not reimbursed shall constitute a lien on the property.

E. A Unit Owner shall not make structural modifications or alterations to its Unit without obtaining the Association's written consent pursuant to the procedure set forth in the Bylaws of the Association. However, no alteration or modification shall be made which shall adversely affect the structural integrity of the Condominium.

F. No Unit Owner shall permit a floor load within its Condominium Unit in excess of eighty pounds per square foot distributed over the entire floor area of the Unit or in excess of two thousand pounds distributed over an area of two and a half square feet, including an allowance for partition loads. No Unit Owner shall permit floor loads in excess of the stated design loads for the Condominium, nor shall any Unit Owner permit concentrated loads, in excess of two and a half square feet, of any sort (e.g., for safes, library stacks, filing systems or other heavy equipment) unless and until the adequacy of the structure to support such floor loads is verified by a structural engineer to the satisfaction of the Association and under such reasonable conditions and circumstances as it may require.

G. All structural repairs, modifications or alterations relating to medical and related equipment, including radiation-emitting devices, shall be done in accordance with all state, federal and local laws, regulations and ordinances.

**XIII. INSURANCE:**

A. The Association shall obtain, and maintain at all times, Special Form coverage insurance against "risk of direct physical loss", for the full insurable replacement cost of the Condominium which shall include the Common Elements and the Condominium Units owned by the Declarant, but shall NOT include any of the Condominium Units owned by any other Unit Owner. Such insurance coverage shall be in an amount sufficient to cover the replacement cost of the Condominium and/or the individual Units up to the standard upfit as allowed at the time of initial coverage. Other than the Declarant, each Unit Owner shall be individually responsible for obtaining and maintaining hazard and liability insurance coverage and paying premiums for such insurance coverage on the Unit owned by the Unit Owner. Each Unit Owner shall also be responsible for obtaining insurance in the Unit Owner's name on all equipment and fixtures contained therein. The policy or policies of insurance shall contain a "Condominium Property Endorsement," subject to any usual and customary exclusions or limitations on the FIRAA Form of March, 1966, or such amended, substitute or replacement form of such endorsement as may be approved for use in Virginia, for each Unit owner and for any Secured Party.

B. The Association shall also obtain and maintain a public liability insurance policy covering all Common Elements and all damage or injury caused by the negligence of the Association or any of its directors, officers, agents or employees, which policy limit shall be at least One Million Dollars (\$1,000,000.00) single limit as respects bodily injury and property damage. The Association may also obtain and



maintain Directors' and Officers' Liability Insurance. The Association may also obtain and maintain fidelity bonds on all officers of the Unit Owner's Association or employees of the Association having fiscal responsibility. The Association shall be empowered to obtain and maintain such additional insurance and in such amounts as it deems prudent, and shall maintain workmen's compensation insurance as required by law for employees of the Condominium, if any.

Each Unit Owner shall obtain and maintain at all times a public liability insurance policy covering the Unit and all damage or injury caused by the negligence of the Unit Owner or any of its directors, which policy shall be for limits of at least One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) annual aggregate.

C. The insurance shall meet the following criteria:

1. All policies shall be written with a company licensed to transact business in the Commonwealth of Virginia and holding a rating of "A+", or better, by Bests Insurance Reports and a policyholder's rating of "A" or better;

2. The Association or its designee shall have the exclusive authority to adjust losses affecting the Common Areas or Units in which it has an insured interest, with the consent and approval of the Secured Party, if any, having a security interest in any damaged Unit. Each Unit Owner shall have the exclusive authority to adjust losses affecting the damaged Unit owned by the Unit Owner, with the consent and approval of the Secured Party, if any, having a security interest in any damaged Unit;

3. In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Unit Owners or Secured Parties;

4. No Unit Owner may obtain any additional insurance coverage upon its Unit, which will decrease the amount which the Association will realize under any insurance policy which it may have in force on the Condominium at any particular time, unless the Association shall consent in writing to such decrease;

5. The insurance carrier must waive any defense based upon co-insurance.

6. Each of the policies of insurance obtained by the Association or a Unit Owner shall contain provisions (i) that they must not be canceled, invalidated or suspended on account of the conduct of one or more of the individual Unit Owners, or on account of the conduct of any officer or employee of the Association, without prior demand in writing that the Association or Unit Owner cure the conduct of such officer or employee with appropriate time to effect such cure, and (ii) that if the Association or Unit Owner fails to cure the conduct of the officer or employee within the allotted time, the policies may still not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all Secured Parties and Unit Owners; and

7. Provisions shall be made for the issuance of a certificate of insurance to the Association (with respect to policies held by a Unit Owner) and each Unit Owner (for policies held by the Association), if requested, which shall specify the

proportionate amount of fire and extended coverage insurance attributable to the Common Area or Unit in question.

D. The Association, in its sole discretion, may (from time to time) designate not less than two Unit Owners or an attorney licensed to practice in the Commonwealth of Virginia, or a bank or trust company authorized to do business in the Commonwealth of Virginia, as an Insurance Trustee. The Association shall be responsible for fees and expenses of the Insurance Trustee which shall constitute a common expense of the Condominium. The Insurance Trustee shall be empowered to employ the services of an architect, appraiser and building estimator in carrying out its responsibilities.

E. Except as herein provided, an Insurance Trustee named in the Condominium property endorsement shall receive and hold the amount payable under any of the policies of insurance and apply the same to the cost of reconstruction or repair of the Common Elements or a Unit. The Unit Owner of a damaged or destroyed Unit shall be obligated to commence the work of repairing or reconstructing the Unit within sixty (60) days from the date of the damage or destruction. The work shall be accomplished in accord with the same plans and specifications by which the Unit was originally submitted by the Declarant. The Insurance Trustee shall make available and pay to the Unit Owner the amount of insurance proceeds received by the Insurance Trustee for the reconstruction and repair of the Unit. The payment of the proceeds of insurance shall be made as the work progresses at such times and upon compliance by the Unit Owner with such conditions as the Insurance Trustee shall impose, in order to



assure full restoration or repair of the damaged portions of the Unit in a workmanlike manner, free and clear of any mechanics' and materialmen's liens and any encumbrances, liens, claims or charges. If the cost of the reconstruction or repair exceeds the amount paid to the Insurance Trustee, the excess shall be paid by the Unit Owner. If the insurance proceeds exceed the amount necessary to reconstruct or repair a damaged or destroyed Unit, the excess shall be paid to the Unit Owner, subject to the rights of any Secured Party.

F. The premiums for insurance coverage carried by the Association shall be a common expense of the Condominium.

G. In the event two-thirds (2/3) or more of the total number of Units in the Condominium are destroyed or substantially damaged, the Association shall, within sixty (60) days, call a special meeting of the Association for the purpose of determining whether to reconstruct or repair the damaged or destroyed Units and Common Elements, or, in the alternative, to terminate the Condominium and remove the property from the provisions of the Condominium Act. An affirmative vote of members of the Association collectively owning at least sixty percent (60%) of the undivided interests in the Common Elements not to reconstruct or repair the damaged or destroyed Units and Common Elements shall have the effect of termination of the Condominium upon the recordation of an instrument evidencing this determination as provided in Article XIV, paragraph B, herein. Thereafter, the Unit Owners shall return the ground under the damaged or destroyed Units to its normal topography. If a determination is not made within sixty (60) days of the date of the damage or

destruction of two-thirds (2/3) or more of the Units to reconstruct or terminate, all damaged or destroyed Units and Common Elements must be repaired or restored according to the plans and specifications available to the Declarant at the time the real property herein was submitted.

XIV. TERMINATION: The Condominium shall be terminated and the property removed from the provisions of the Condominium Act in any of the following manners:

A. Agreement. Upon recordation among the land records of the City of Staunton, Virginia, of an instrument duly executed and acknowledged, evidencing the affirmative vote of members of the Association collectively owning at least seventy-five percent (75%) of the undivided interests in the Common Elements.

B. Destruction. In the event it is determined, in the manner provided in Article XIII hereof, that the property shall not be repaired or reconstructed after casualty, upon the recordation of an instrument duly executed and acknowledged among the aforesaid land records evidencing the affirmative vote of members of the Association owning at least seventy-five percent (75%) of the undivided interests in the Common Elements not to repair or reconstruct.

C. Condemnation. If two or more Units, or any parts thereof, shall be taken by any authority having the power of eminent domain, the Condominium shall be terminated and an instrument duly executed and acknowledged by the appropriate officers of the Association among the aforesaid land records evidencing such fact shall be recorded.

D. Ownership after Termination. In the event of the termination of the Condominium established hereby, (1) the property shall be deemed to be owned in common by the Unit Owners, but so long as such tenancy in common lasts, each Unit Owner or its heirs, successors or assigns shall have an exclusive right of occupancy to that portion of its property which formerly constituted its Unit; (2) the undivided interest in the property owned in common which shall appertain to each Unit Owner shall be the percentage of undivided interest previously owned by such Unit Owner in the Common Elements; (3) any liens affecting any Unit shall be deemed to be transferred in accordance with the existing priorities to the percentage of undivided interest of the Unit Owner in the property; and (4) the property shall be subject to an action for partition at the suit of any Unit Owner. Should partition in kind be determined impractical, the property shall be sold and the net proceeds of sale, together with the net proceeds of the insurance on the property, if any, which shall be considered as one fund, shall be paid to the Insurance Trustee. After payment of all expenses of the Insurance Trustee, the fund shall be divided among all of the Unit Owners in a percentage equal to the percentage of undivided interest owned by each owner in the property, after first paying out of the respective shares of the Unit Owners, to the extent sufficient, all liens on the undivided interest in the property owned by each Unit Owner.

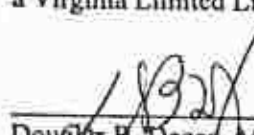
XV. AMENDMENT OF DECLARATION: If the only Unit Owner is the Declarant, the Declarant may unilaterally amend the Condominium Instruments. Subject to the provisions of Article XI, paragraph E, if there is a Unit Owner other than the Declarant, the Declaration shall be amended only by an affirmative vote of the Unit



Owners collectively owning at least sixty percent (60%) of the undivided interests in the Common Elements.

WITNESS THE FOLLOWING SIGNATURE:


Declarant:  
MEDICAL CENTER PROPERTIES, L.C.  
a Virginia Limited Liability Company

  
\_\_\_\_\_  
Douglas B. Degan, Manager

COMMONWEALTH OF VIRGINIA

CITY OF STAUNTON, to-wit:

The foregoing Declaration was acknowledged before me this 23<sup>rd</sup> day of August, 1999 by Douglas B. Degan, Manager, Medical Center Properties, L.C., a Virginia Limited Liability Company, on behalf of the Company.

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

My commission expires: 7-31-2001



CITY OF STAUNTON  
D.B. 167 - P. 403  
COUNTY OF AUGUSTA  
D.B. 176 - P. 590

MEDICAL CENTER  
PROPERTIES, L.C.  
D.B. 406 - P. 413

KING'S DAUGHTERS HEALTH INVESTORS, LLC  
DB 394 - P. 383

D.B. 394 - P, 383

### COMMON ELEMENTS

### COMMON ELEMENTS

FOUND  
FILE

LYNNHAVEN SUBDIVISION  
D.B. 75 - P. 449

MERIDIAN FROM  
 PLAT OF A PORTION OF THE  
 KING'S DAUGHTER'S HOSPITAL PROPERTY,  
 BY R. E. FUNK, DATED MARCH 24, 1997.  
 REVISED MAY 7, OCT. 14, & NOV. 26, 1997

CORNER IDENTIFICATION ON LOTS 1 THRU 5

LOT 1 - ALL CORNERS ARE IRON PINS.  
LOT 2 - ALL CORNERS ARE IRON PINS.  
LOT 3 - IRON PIN UNLESS OTHERWISE NOTED.  
LOT 4 - ALL CORNERS ARE IRON PINS  
UNLESS OTHERWISE NOTED.  
LOT 5 - ALL CORNERS ARE RAILROAD SPIKES

#### REFERENCE LINES

| NUMBER | DIRECTION     | DISTANCE |
|--------|---------------|----------|
| L26    | S 04°39'28" E | 14.32'   |
| L27    | S 79°31'04" W | 17.00'   |
| L28    | N 30°06'59" W | 22.91'   |
| L29    | N 26°39'41" W | 24.55'   |
| L30    | S 20°09'01" W | 136.60'  |

OWNER  
MEDICAL CENTER PROPERTIES, L.C.

LAMBERT STREET

CURVE TABLE FOR LOT 4

| NUMBER | DELTA ANGLE | RADIUS | ARC LENGTH | TANGENT | CHORD | DIRECTION | CHORD LENGTH |
|--------|-------------|--------|------------|---------|-------|-----------|--------------|
| C1     | 44°54'12"   | 28.90  | 23.43      | 12.35   | 5.52  | 27°21" E  | 22.84        |

STAUNTON MEDICAL CENTER CONDOMINIUM

STALWORTH, VA.

SCALE: 1" = 50'

JUNE 3, 1999

R.E. FUNK - LAND SURVEYOR  
15 TERRY ST., STAUNTON, VA.

PLAT OF  
SUBMITTED LAND

| NUMBER | DIRECTION     | OSTAR  |
|--------|---------------|--------|
| L1     | S 05°48'51" W | 42.05  |
| L2     | N 84°07'07" W | 43.85  |
| L3     | N 24°17'55" E | 42.50  |
| L4     | S 83°57'46" E | 418.00 |

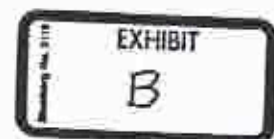
| NUMBER | DIRECTION       | DISTANCE |
|--------|-----------------|----------|
| 13     | S 24° 22' 21" W | 22.60    |
| 15     | N 84° 07' 07" W | 2.43     |
| 16     | N 55° 51' 59" W | 22.95    |
| 17     | N 33° 59' 37" E | 41.60    |
| 18     | N 61° 55' 54" E | 25.58    |
| 19     | S 56° 56' 27" E | 65.78    |

| NUMBER | DIRECTION     | DISTANCE |
|--------|---------------|----------|
| L10    | N 30°06'58" W | 120.62'  |
| L11    | N 60°06'10" E | 59.60'   |
| L12    | S 30°00'15" E | 120.49'  |
| L13    | S 59°58'50" W | 59.35'   |

| NUMBER | DIRECTION     | DISTANCE |
|--------|---------------|----------|
| L11    | S 60°06'10" W | 58.60'   |
| L14    | N 50°06'59" W | 72.50'   |
| L15    | N 47°28'18" E | 29.17'   |
| L16    | N 60°08'53" E | 22.94'   |
| L17    | S 30°09'15" E | 57.27'   |

| NUMBER | DIRECTION     | DISTANCE |
|--------|---------------|----------|
| L18    | S 05:48:50" W | 21.79'   |
| L19    | N 83:50:55" W | 118.56'  |
| L20    | N 60:59:47" W | 18.51'   |
| L21    | N 07:03:41" W | 50.16'   |
| L22    | N 05:48:50" E | 9.50'    |
| L23    | S 84:11:10" E | 25.70'   |
| L24    | N 05:48:50" E | 17.08'   |
| L25    | S 84:11:10" E | 49.22'   |

The accompanying plat represents the submitted land of Medical Center Properties, L.C. situated in Staunton, Virginia adjoining the United States Post Office, a lot jointly owned by the City of Staunton and the County of Augusta, other property of Medical Center Properties, L.C., King's Daughters Health Investors, L.L.C., Lynnhaven Subdivision and others and is bounded as follows: Beginning at a found iron pin on the south side of Lambert St., a corner to said Post Office, thence leaving Lambert St. and by two lines with said Post Office S 3° 36' 37" W 203.24 ft. to a found iron pin, thence S 86° 23' 23" E 6.13 ft. to a set iron pin on the Post Office line and corner to the City of Staunton and County of Augusta lot, thence leaving the former and by two lines with the latter by a curve to the left having a central angle of 8° 24' 36", a radius of 160.00 ft. for an arc length of 23.49 ft. to a set iron pin, thence S 14° 46' 36" E 146.74 ft. to a set iron pin, corner to same on a line of another lot owned by Medical Center Properties, L.C., thence with the latter and King's Daughters Health Investors, L.L.C. N 84° 21' 40" W 480.00 ft. to a found axle, a corner to King's Daughters Health Investors, L.L.C. on a line of Lynnhaven Subdivision, thence with said subdivision N 3° 40' 48" E 343.16 ft. to a set iron pin at the southeast corner of Lynnhaven Drive and Lambert Street, thence along the southern right of way of Lambert Street S 87° 05' 20" E 421.42 ft. to the beginning containing 3.533 acres.





## EXHIBIT C

**LIST OF UNITS, SQUARE FOOTAGE AND PERCENTAGE OF OWNERSHIP  
IN STAUNTON MEDICAL CENTER CONDOMINIUM**

| UNIT # | SQUARE FOOTAGE | % OF OWNERSHIP |
|--------|----------------|----------------|
| Lot 1  | 7,579          | 22%            |
| Lot 2  | 5,332          | 15%            |
| Lot 3  | 7,171          | 21%            |
| Lot 4  | 4,559          | 13%            |
| Lot 5  | 9,826          | 29%            |
| Total  | 34,467         | 100%           |

|              |     |    |       |
|--------------|-----|----|-------|
| State Tax    | 039 | \$ |       |
| Tech. Fee    | 106 |    | 6.00  |
| City Tax     | 214 |    |       |
| Transfer Fee | 212 |    |       |
| Clerk's Fee  | 301 |    | 52.00 |
| St. Library  | 145 |    | 1.00  |
| State Tax    | 038 |    |       |
| Local Tax    | 220 |    |       |
| Total        | \$  |    | 59.00 |

CLR # 990003654

VIRGINIA: In the Clerks' Office of the Circuit Court of the City of Staunton, Virginia 8/30, 19 99 this writing was admitted to record at 5:14 o'clock P. M. and the Tax imposed by Section 58.1-802 of the Code of Virginia in the amount of \$ 59.00 has been paid.  
 Tester: Thomas E. Roberts, Clerk  
 By: Jeannette S. Key, Deputy Clerk

BYLAWS OF STAUNTON MEDICAL CENTER CONDOMINIUM  
OWNERS' ASSOCIATION

ARTICLE I

PLAN OF CONDOMINIUM UNIT OWNERSHIP

SECTION 1. CONDOMINIUM UNIT OWNERSHIP. On August 18, 1999, MEDICAL CENTER PROPERTIES, L.C., a Virginia Limited Liability Company, executed a Declaration (to which these Bylaws are attached and recorded preceding this document), in accordance with the Condominium Act of the Commonwealth of Virginia, creating a Condominium known as the Staunton Medical Center Condominium (hereinafter sometimes referred to as the "Condominium").

SECTION 2. BYLAWS APPLICABILITY. These Bylaws are adopted by the Declarant, who is the owner of the submitted land and the sole Unit Owner of the Staunton Medical Center Condominium, as the governing Bylaws of the Staunton Medical Center Condominium Owners' Association (hereinafter the "Association").

SECTION 3. PERSONAL APPLICATION. All present or future Unit Owners, and their tenants, agents or employees, or any other person using the facilities of the Condominium in any manner, are subject to the provisions of the Declaration and these Bylaws.

ARTICLE II

MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM

SECTION 1. MEMBERSHIP. Every person or entity who is the record owner of a fee interest in any Unit which is a part of the Condominium and which is, or may become, subject to the Declaration or any amendments thereto, shall be a member of the Association and the terms "Unit Owner" and "Member" as used throughout the Condominium Declaration, these Bylaws and any related document shall be synonymous. The foregoing is not intended to include

persons who hold an interest merely as security for the performance of an obligation. No Unit Owner, whether one or more person or entity, shall have more than one membership per Unit. Membership shall be appurtenant to and may not be separated from ownership of a Unit. Ownership of a Unit shall be the sole qualification for membership.

SECTION 2. VOTING RIGHTS. The Association shall have one class of voting membership which shall consist of all Unit owners, including the Declarant. Votes are hereby allocated to Units on the basis of one vote per Unit regardless of proportionate interest in the Common Elements appertaining to each Unit. Where more than one person holds a membership interest in any Unit, the vote for such Unit shall be exercised as they among themselves determine. No more than the allotted votes shall be cast with respect to any Unit. If more than one person owning such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to the Condominium Act.

Notwithstanding anything to the contrary contained in these Bylaws, for so long as Declarant owns at least twenty-five (25%) percent of the assigned undivided interest in the Condominium (but in no event for a period of time exceeding two (2) years from the date the first Unit in the Condominium is conveyed to a purchaser other than the Declarant), the Declarant may appoint and may remove, at its sole discretion, all of the members of the Executive Committee and Officers of the Condominium. Additionally, during such period of Declarant control, the Declarant shall also have the authority to cause amendments to be made to these Bylaws as contemplated in the Condominium Act.

SECTION 3. SUSPENSION OF MEMBERSHIP AND VOTING RIGHTS. During any period in which a Unit Owner shall be in default in the payment of any regular or special assessment levied by the Association, the voting rights of such Unit Owner may be suspended by



the Executive Committee until such assessment has been paid. Such rights of a Unit Owner may also be suspended for a period not to exceed thirty (30) days for violation of any rules and regulations established by the Executive Committee governing the use of the Common Elements.

SECTION 4. MAJORITY OF UNIT OWNERS. As used in these Bylaws, the term "majority of Unit Owners" shall mean those Unit Owners having more than fifty percent (50%) of the votes in the Condominium.

SECTION 5. QUORUM. Except as otherwise provided in these Bylaws, the presence in person of a "majority of Unit Owners" at any meeting of the Association shall constitute a quorum. However, if a quorum is not present, the meeting may be adjourned and a subsequent meeting called not less than two (2) nor more than thirty (30) days after the time of the originally scheduled meeting. At such subsequent meeting a quorum shall consist of the presence in person of Unit Owners having more than twenty-five percent (25%) of the votes, as determined herein, in the Condominium.

SECTION 6. PROXIES. Votes may be cast in person only. No voting by proxy will be allowed.

SECTION 7. CONDUCT OF MEETING. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring there at.

ARTICLE III

ADMINISTRATION

SECTION 1. ASSOCIATION RESPONSIBILITIES. The Unit Owners will constitute the Association which shall have the responsibility of administering the Condominium, approving the annual budget, establishing the collecting of monthly assessments and arranging for the management of the Condominium. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of Unit Owners.

SECTION 2. ANNUAL MEETINGS. The Association shall meet once each year. The Executive Committee shall establish the date, place and time of all annual meetings. At such meeting, there shall be elected by ballot of the Unit Owners a slate of Officers in accordance with the requirements of these Bylaws. The Unit Owners may also transact such other business of the Association as may properly come before them.

SECTION 3. PLACE OF MEETINGS. Meetings of the Unit Owners Association shall be held at such place as the Executive Committee shall designate.

SECTION 4. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Unit Owners as directed by the Executive Committee or upon a petition signed by a "majority of the Unit Owners." The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

No later than the earlier of (i) the day deeds of conveyance of Units representing seventy-five percent (75%) or more of the aggregate Percentage Interests assigned shall have been delivered to Unit Owners by the Declarant or (ii) the expiration of the maximum time permitted by Section 55-79.74 (a) of the Condominium Act, notice shall be given of a special meeting of

the Unit Owners Association at which all of the members of the Executive Committee designated by the Declarant shall resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect successor Officers of the Association to act in the place and stead of those resigning.

SECTION 5. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail or deliver a notice of each annual or special meeting of the Association stating the purpose thereof, as well as the time and place where it is to be held, to each Unit Owner of record, at least twenty-one (21), but not more than fifty (50), days prior to the annual meeting, and at least ten (10), but not more than fifty (50), days prior to a special meeting. Such notice shall be sent by United States mail, return receipt requested, to all Unit Owners of record at the address of their respective Units and to such other addresses as any of them may have designated; or such notice may be hand delivered, sent by facsimile or electronic mail, provided that the Secretary certifies in writing that such notice was delivered to the person of the Unit Owner.

SECTION 6. ADJOURNED MEETINGS. If any meeting of the Association cannot be organized because a quorum is not in attendance, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than two (2) days nor more than thirty (30) days after the time the original meeting was called.

SECTION 7. ORDER OF BUSINESS. The order of business at all annual meetings of the Association shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.



- (e) Report of committees.
- (f) Unfinished business.
- (g) New business.

#### ARTICLE IV

##### OFFICERS

SECTION 1. DESIGNATION. The principal Officers of the Association shall be a President and a Secretary-Treasurer, both of whom shall be elected by the Association.

SECTION 2. ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association, the Unit Owners shall elect the Officers of the Association, who shall serve as members of the Executive Committee, each of whom shall serve for a term of two (2) years. At the expiration of the initial term of office, a successor shall be elected to serve for a subsequent term of two years. There shall be no limit on the number of terms that an Officer may serve. A simple majority vote of the Unit Owners shall be required to elect each officer.

SECTION 3. VACANCIES. Vacancies in the Executive Committee caused by any reason other than removal by a vote of the Association shall be filled by appointment of the President until a successor shall be elected at the next annual meeting of the Association. A vacancy in the office of the President shall be filled by the Association at a special meeting called for that purpose.

SECTION 4. REMOVAL OF OFFICER. Any officer may be removed, either with or without cause, upon an affirmative vote by members of the Association collectively owning at least seventy-five percent of the Units of the Condominium, and his successor elected at any regular meeting of the Association, or at any special meeting of the Association.

SECTION 5. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Executive Committee. He shall have the responsibility of carrying out the directives of, and administering the affairs of, the Association, including, but not limited to, the power to appoint committees from among the Unit Owners from time to time as he, in his discretion, may decide is appropriate to assist in the conduct of the affairs of the Association.

SECTION 6. SECRETARY-TREASURER. The Secretary-Treasurer shall keep the minutes of all meetings of the Executive Committee and the minutes of all meetings of the Association. The Secretary-Treasurer shall have charge of such books and papers as the Association may direct. The Secretary-Treasurer shall be responsible for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Secretary-Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Association. The Secretary-Treasurer shall, in general, perform all the duties incident to the office of Secretary-Treasurer.

## ARTICLE V

### EXECUTIVE COMMITTEE

SECTION 1. OFFICERS. The affairs of the Association shall be governed by an Executive Committee, composed of the President and Secretary-Treasurer of the Association and; at the discretion of sixty percent (60%) of the Unit Owners, one additional individual.

SECTION 2. POWERS AND DUTIES. A.) The Executive Committee shall exercise such powers necessary for the administration of the affairs of the Association as may be assigned

by the Association, consistent with the Declaration and Bylaws of the Association and such rules and regulations as may be adopted by the Association. Powers which may be assigned to the Executive Committee by the Association may include, but are not limited to, the following powers:

(1) To adopt and publish rules and regulations governing the use of the Common elements and the personal conduct of the Unit Owners, and their employees, licensees, guests and patients thereon, and to establish penalties for the infraction thereof;

(2) To enter into agreements with third parties to provide for (i) the administration of the Condominium, (ii) the maintenance, repair, replacement and operation of the Common Elements, the roof surfaces and exterior building surfaces of the Units, and (iii) the receipt and disbursement of funds as may be authorized by the Association; provided terms of such agreements shall be determined to be in the best interests of the Association. Such agreements shall be subject in all respects to the Bylaws and the Declaration, and must permit cancellation by the Association upon ninety (90) days notice.

(B) It shall be the duty of the Executive Committee:

(1) To cause to be kept a complete record of all its acts and 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 at least a simple majority of the Unit Owners;

(2) To supervise all agents and employees of the Association (if any), and to see that their duties are properly performed;



(3) As more fully provided in the Declaration:

(a) to submit for approval by the Association the amount of the annual assessments against each Unit at least thirty (30) days in advance of each annual assessment period, based upon an annual budget prepared and adopted by the Association; and

(b) to deliver written notice of each assessment to each Unit Owner or send written notice of each assessment to every Unit subject thereto at least thirty (30) days in advance of each annual assessment period;

(4) To issue, or to cause its duly authorized agent or an appropriate officer to issue, upon demand by a Unit Owner, at any time, a certificate setting forth whether the assessments on such Unit Owner's Unit have been paid and/or addressing other matters as required by the Condominium Act, which certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A reasonable charge may be made by the Executive Committee for the issuance of these certificates.

(5) To procure and maintain insurance and to perform all functions related thereto as provided for and in accordance with the terms of the Declaration.

(6) To cause the Common Elements to be maintained and kept accessible for use by Owners, their agents and invitees.

(7) To establish and enforce rules and regulations concerning parking and operation of motor vehicles on the Common Elements.

(8) To do such other things and acts not inconsistent with the Condominium Act, the Declaration or these Bylaws which may be authorized by a resolution of the Association.

SECTION 3. ORGANIZATIONAL MEETING. The first meeting of a newly elected Executive Committee shall be held within thirty (30) days of its appointment at such place as

shall be fixed by the President.

SECTION 4. REGULAR MEETINGS. Regular meetings of the Executive Committee may be held at such time and place as shall be determined, from time to time, by the President, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Executive Committee shall be given to each member of the Committee, personally, by mail, telephone or by electronic mail at least fifteen (15) days, but not more than fifty (50) days, prior to the date named for such meeting.

SECTION 5. SPECIAL MEETINGS. Special meetings of the Executive Committee may be called by the President on two (2) days written notice to each member of the Committee, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Committee may be called in like manner and on like notice at the written request of any officer.

SECTION 6. WAIVER OF NOTICE. Before or at any meeting of the Executive Committee, any officer may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by any officer at any meeting of the Executive Committee shall be a waiver of notice by him of the time and place of the meeting.

SECTION 7. QUORUM. At all meetings of the Executive Committee, a majority of the members of the Executive Committee shall constitute a quorum for the transaction of business, and the acts of the majority of the members of the Executive Committee present at a meeting at which a quorum is present shall be the acts of the Executive Committee. If any meeting of the Executive Committee cannot be organized because a quorum is not in attendance, the Executive Committee members who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. At any such adjourned meeting, any

business which might have been transacted at the meeting as originally called may be transacted without further notice.

#### SECTION 8. COMPENSATION OF MEMBERS OF THE EXECUTIVE

COMMITTEE. No member of the Executive Committee shall receive any compensation from the Association for acting as such. However, all reasonable expenses incurred by any officer in performance of his duties shall be reimbursed by the Association and shall be a common expense.

SECTION 9. CONDUCT OF MEETINGS. The President shall preside over all meetings of the Executive Committee and the Secretary-Treasurer shall keep a minute book of the Executive Committee regarding therein all resolutions adopted by the Association and a record of all transactions and proceedings occurring at such meetings.

SECTION 10. ACTION WITHOUT MEETINGS. Any action by the Executive Committee required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Committee shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Committee.

#### SECTION 11. LIABILITY OF THE EXECUTIVE COMMITTEE, OFFICERS, UNIT OWNERS AND UNIT OWNERS' ASSOCIATION.

(a) The Officers shall not be liable to the Association or any Unit Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the Officers from and against all contractual liability to others arising out of contracts made by the Officers on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the



provisions of the Condominium Act, the Declaration or these Bylaws, except to the extent that such liability is satisfied by Directors liability insurance. Officers shall have no personal liability with respect to any contract approved by the Executive Committee on behalf of the Association. The liability of any Unit Owner arising out of any contract made by the Officers, or out of the aforesaid indemnity in favor of the Officers, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by his Percentage Interest. Every agreement made by the Officers, or the Managing Agent on behalf of the Association shall, if obtainable, provide that the Officers, or the Managing Agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Percentage Interest. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, by reason of the fact that he is or was an Officer of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association.

(b) The Association shall not be liable for any failure of any service to be obtained by the Association or paid for as a common expense, or for injury or damage to person or property caused by the elements or by a Unit Owner, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any

Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

SECTION 12. MANAGING AGENT. Unless otherwise provided in the Declaration, the Executive Committee may employ for the Condominium a "Managing Agent" or any other agent or employee which the Executive Committee deems necessary to the efficient operation of the Condominium at a compensation to be established by the executive Committee. If a Managing Agent is employed, the following shall apply:

- (a) Duties: The Managing Agent shall perform such duties and services as the Executive Committee or the Association shall authorize.
- (b) Standards: The Association shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Association:
  1. two or more persons shall be responsible for handling cash;
  2. cash accounts of the Association shall not be commingled with any other accounts;
  3. no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;
  4. any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Executive Committee; and

5. a monthly financial report shall be prepared for the Association.

(c) Limitations. Subject to the provisions of the Condominium Act, during the period when persons designated by the Declarant constitute the Executive Committee, the Executive Committee may employ a Managing Agent for a term not to exceed two years. Any contract with the Managing Agent must provide that it may be terminated by the Association with cause on no more than thirty days' written notice and without cause on no more than ninety days' written notice.

#### ARTICLE VI

##### AMENDMENT OF BYLAWS

These Bylaws may be amended by the affirmative vote of members of the Association collectively owning at least sixty percent (60%) of the Units in the Condominium at a meeting of the Association called for that purpose. No amendments to the Bylaws shall become effective until recorded among the land records of the City of Staunton, Virginia.

#### ARTICLE VII

##### NOTICE OF CONVEYANCE OR ENCUMBRANCE

SECTION 1. NOTICE TO ASSOCIATION. A Unit Owner who conveys a Unit in fee or as security by placing a first mortgage or first deed of trust upon a Unit shall, within thirty (30) days of such conveyance, given written notice to the Association through the Management Agent, if any, or the President of the Association in the event there is no Management Agent, giving the name and mailing address of the new Unit Owner or party secured, and the Association shall maintain such information in books entitled "Unit Owners" and "Secured Parties."



SECTION 2. NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a party secured by a first mortgage or first deed of trust on a Unit, report any unpaid assessments due from the Unit Owner of that Unit.

ARTICLE VIII

COMPLIANCE

The Bylaws are set forth to comply with the requirements of the Condominium Act. In case any of these Bylaws conflict with the provisions of the Condominium Act, it is hereby agreed and accepted that the Condominium Act will control.

ARTICLE IX

BOOKS AND RECORDS

The Declaration, Bylaws, books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Unit Owner.

ARTICLE X

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December every year, except that the first fiscal year shall begin on the date on which the Declaration is filed for record among the land records of the City of Staunton, Virginia.

IN WITNESS WHEREOF, MEDICAL CENTER PROPERTIES, L.C., a Virginia Limited Liability Company, has caused these Bylaws to be executed by an officer duly authorized.

BK 429 PG 768

DECLARANT:

MEDICAL CENTER PROPERTIES, L.C., a Virginia  
Limited Liability Company

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

Douglas B. Degen

Its: Manager

COMMONWEALTH OF VIRGINIA, AT LARGE

IN THE CITY OF STAUNTON, TO-WIT:

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of August,  
1999, by Douglas B. Degen, Manager and authorized agent for Medical Center Properties, L.C.,  
a Virginia Limited Liability Company.

My commission expires: 7-31-2001.

Janet L. Hatclaw  
Notary Public



RCPT : 99000006798  
CASE : 790CLR990003655

INSTRUMENT #990003655  
RECORDED IN THE CLERK'S OFFICE OF  
STAUNTON ON  
AUGUST 30, 1999 AT 02:33PM  
THOMAS E. ROBERTS, CLERK

16

BY: Diane D. McRae (DC)

THIS DEED, Made and entered into this 19th day of August, 1999, by and between MEDICAL CENTER PROPERTIES, L.C., a Virginia Limited Liability Company, (Grantor), STAUNTON MEDICAL CENTER CONDOMINIUM OWNERS' ASSOCIATION, an unincorporated Association, (Grantee), whose address is: Suite 511, 42 Lambert Street, Staunton, Virginia 24401; and Planters Bank & Trust Company Of Virginia, (Third Party Grantor);

RECITAL:

A. Medical Center Properties, L.C. is the owner of a certain tract or parcel of land consisting of 3.533 acres situate in the City of Staunton, Virginia, fronting on Lambert Street known locally as the Staunton Medical Center (the "Property") acquired by the Grantor by Deed of Augusta Health Care, Inc., dated July 15, 1998 of record in the Staunton Circuit Court Clerk's office in Deed Book 406, Page 413;

B. Grantor submitted the Property to the Virginia Condominium Act (§55-79.39 *et seq.* of the Code of Virginia (1950, as amended)) by Declarations dated August 18, 1999, of record in the Clerk's office in Deed Book 429, Page 721 and to which is appended a Plat and plan for the Condominium;

C. Bylaws for the Staunton Medical Center Condominium Owner's Association are recorded immediately following the Declaration of Condominium in the Clerk's office in Deed Book 429, Page 753;



D. Grantor desires to convey to the Association all of the area set forth and described as Common Element as more particularly described below.

WITNESSETH:

NOW FOR AND IN CONSIDERATION the foregoing premises and other valuable consideration not herein set forth, receipt whereof is hereby acknowledged, the MEDICAL CENTER PROPERTIES, L.C., does hereby grant, convey, transfer and set over, with GENERAL WARRANTY AND ENGLISH COVENANTS OF TITLE, but SUBJECT TO the existing LIEN OR ENCUMBRANCE OF A DEED OF TRUST more specifically set forth below, (the "Deed of Trust") unto the STAUNTON MEDICAL CENTER CONDOMINIUM OWNER'S ASSOCIATION, an unincorporated association, all that certain area of real estate situate in the City of Staunton, Virginia, consisting of 2.741 acres being more specifically designated and described as "Common Element" on a Map entitled, "Plat of Submitted Land Staunton Medical Center Condominium", dated July 12, 1999, made by R. E. Funk, L. S., of record in the Clerk's Office in the Clerk's plat drawer.

The above described real property was acquired by the Grantor by the Deed first referenced above.

The Unit herein conveyed is a portion of a Condominium Unit which is subject to a Declaration of Condominium dated August 18, 1999 of record in the Clerk's office in Deed Book 429, Page 721 and is also subject to certain rights, obligations and restrictions as set forth in Bylaws for the Staunton Medical Center Condominium Owner's Association of even

date, recorded in the Clerk's office in Deed Book 429, Page 753.

Reference to said deeds, plat, Declarations and Bylaws are hereby expressly made for a more particular description and for further derivation of title.

This conveyance is made expressly subject to all easements, conditions, restrictions and reservations contained in duly recorded deeds, plats and other instruments constituting constructive notice in the chain of title to the property hereby conveyed which have not expired by limitation of time contained therein or otherwise become ineffective.

The Property, including the real estate transferred herein, is SUBJECT TO a Deed of Trust dated July 24, 1998, given by Grantor to Behnam M. Black and N. Douglas Noland, Jr., Trustees, for the benefit of Planters Bank & Trust Company of Virginia securing an original principal amount of Nine Hundred Thousand Dollars (\$900,000.00), of record in the Clerk's office in Deed Book 406, Page 416.

That for and in consideration of One Dollar (\$1.00), Planters Bank & Trust Company of Virginia, (the "Bank") by its duly authorized agent, Carl H. Craig, Jr., does hereby consent to the Grantor's Declaration of Condominium and to the conveyance of the Common Element to the Staunton Medical Center Condominium Owner's Association. Further, the Bank does hereby expressly waive any rights, solely for the purposes of this conveyance and none other, it may have subject to the "Due on Sale" Clause of its Deed of Trust to exercise its rights as to this transfer. However, the Bank does not waive any future rights and expressly reserves the right to exercise the "Due on Sale" Clause of the Deed of Trust for any future conveyances or transfers.

LAW OFFICES  
TIMBERLAKE, SMITH,  
THOMAS & MOSES, P.C.  
STAUNTON, VIRGINIA  
840/885-1517  
FAX: 840/885-4537

as more specifically set forth and described in the Deed of Trust.

WITNESS the following signature and seal the day, month and year first above written.

MEDICAL CENTER PROPERTIES, L.C.  
A Virginia Limited Liability Company

By: [Signature]  
Douglas B. Degen, Manager

PLANTERS BANK & TRUST COMPANY  
OF VIRGINIA

By: [Signature]  
Carl H. Craig, Jr.  
Title: Vice President

STATE OF VIRGINIA AT LARGE

CITY OF STAUNTON, to-wit:

The foregoing instrument was acknowledged before me this 23 day of August, 1999 by Douglas B. Degen, Manager, Medical Center Properties, L.C., a Virginia Limited Liability Company, on behalf of the Company.

My commission expires: 7-31-2001

[Signature]  
Notary Public



STATE OF VIRGINIA AT LARGE

CITY OF STAUNTON, to-wit:

The foregoing instrument was acknowledged before me this 23 day of August, 1999 by Carl H. Craig, Jr., Vice President on behalf of Planters Bank & Trust Company of Virginia.

My commission expires: 5-31-2002

Rebecca C. Dobbin  
Notary Public



INSTRUMENT #990003656  
RECORDED IN THE CLERK'S OFFICE OF  
STAUNTON ON  
AUGUST 30, 1999 AT 02:47PM  
THOMAS E. ROBERTS, CLERK

BY: Diane D. Minarcik (DC)

LAW OFFICES  
TIMBER LAKE, SOUTH  
THOMAS & MOER, P.C.  
STAUNTON, VIRGINIA  
840855 1817  
Fax: 840825-4837

THIS DEED, Made and entered into this 19th day of August, 1999, by and between MEDICAL CENTER PROPERTIES, L.C., a Virginia Limited Liability Company, (Grantor); and MSL, L.C., a Virginia Limited Liability Company, (Grantee), whose address is: Suite 511, 42 Lambert Street, Staunton, Virginia 24401;

WITNESSETH:

That for and in consideration of the sum of Ten Dollars (\$10.00) cash in hand paid by the Grantee to the Grantor, and other valuable consideration not herein specifically set forth, receipt whereof is hereby acknowledged, the Grantor does hereby grant, bargain, sell and convey, with GENERAL WARRANTY AND ENGLISH COVENANTS OF TITLE, unto MSL, L.C., a Virginia Limited Liability Company, all that certain Unit or Lot situate in the City of Staunton, Virginia, consisting of 9,826 square feet (0.226 acres) being more particularly designated and described as Lot 5 of the Staunton Medical Center Condominium as depicted on a Map entitled, "Plat of Submitted Land Staunton Medical Center Condominium", dated July 12, 1999 made by R.E. Funk - Land Surveyor of record in the Circuit Court Clerk's Office for the City of Staunton in Deed Book 429, Page 721 & 359.

The above described real property is a portion of that which was acquired by Grantor by Deed of Augusta Health Care, Inc., dated July 15, 1998 of record in the Clerk's office in Deed Book 406, Page 413.

The Unit herein conveyed is a portion of a Condominium Unit which is subject to a Declaration of Condominium dated August 18, 1999 of record in the Clerk's office in Deed Book 429, Page 721 and is also subject to certain obligations and restrictions as set forth in Bylaws for the Staunton Medical Center Condominium Owners' Association of even date, recorded in the Clerk's office in Deed Book 429, Page 753.

The Property of the common area within the Condominium was conveyed to the Staunton Medical Center Condominium Owner's Association by Deed dated August 18, 1999, of record in the Clerk's office in Deed Book 429, Page 769.

Reference to said deeds, plat and other instruments are hereby expressly made for a more particular description and for further derivation of title.

This conveyance is made expressly subject to all easements, conditions, restrictions and reservations contained in duly recorded deeds, plats and other instruments constituting constructive notice in the chain of title to the property hereby conveyed which have not expired by limitation of time contained therein or otherwise become ineffective.

WITNESS the following signature and seal the day, month and year first above written.

MEDICAL CENTER PROPERTIES, L.C.,  
A Virginia Limited Liability Company

 (SEAL)  
Douglas B. Degen, Manager



STATE OF VIRGINIA AT LARGE

CITY OF STAUNTON, to-wit:

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of August, 1999 by Douglas B. Degen, Manager, Medical Center Properties, L.C., a Virginia Limited Liability Company, on behalf of the company.

My commission expires: 7-31-2001

Janet L. Hatcher  
Notary Public



INSTRUMENT #990003657  
RECORDED IN THE CLERK'S OFFICE OF  
STAUNTON ON  
AUGUST 30, 1999 AT 03:01PM  
\$263.50 GRANTOR TAX WAS PAID AS  
REQUIRED BY SEC 58.1-802 OF THE VA. CODE  
STATE: \$131.75 LOCAL: \$131.75  
THOMAS E. ROBERTS, CLERK  
BY: Diana D. Maracite (DC)