

COLLATERAL ASSIGNMENT OF RIGHTS

THIS COLLATERAL ASSIGNMENT OF RIGHTS (this "Assignment") is made this 5th day of June, 2011, from CHARLOTTESVILLE LAND DEVELOPMENT GROUP L.L.C., a Virginia limited liability company, and CHARLOTTESVILLE LAND INVESTMENT GROUP, L.L.C., a Virginia limited liability company, collectively, the "Grantor"; in favor of MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation, the "Grantee".

RECITALS:

- A. The Grantor is the grantor under that certain Deed of Trust, Assignment and Security Agreement (as the same may from time to time be extended, amended, restated, supplemented or otherwise modified, the "Deed of Trust"), which Deed of Trust is dated as of May 27, 2009, and recorded in Deed Book 1217, page 158, among the land records of Greene County, Virginia. The Deed of Trust was granted to secure certain "Obligations" as defined therein and creates a lien on certain real and personal property and other rights as more fully described therein (collectively, the "Property").
- B. The Grantor and the Grantee entered into that certain Settlement Agreement dated as of May 17, 2011, with K. Hovnanian's Four Seasons at Charlottesville, L.L.C., a Virginia limited liability company ("Hovnanian"), Four Seasons at Charlottesville Community Association, Inc., a Virginia non-stock corporation (the "HOA") and 4S Action Group, L.L.C., a Virginia limited liability company ("4S") (as the same may from time to time be amended, restated, supplemented or otherwise modified, with and including all exhibits thereto, the "Settlement Agreement"), which Settlement Agreement relates to the settlement of certain disputes and disagreements between and among Grantor, Grantee, Hovnanian, the HOA, and 4S.
- C. The Grantor has requested that the Grantee, as holder of the Deed of Trust: (i) release a portion of the Property from the lien, operation and effect of the Deed of Trust, and (ii) subordinate the lien, operation and effect of the Deed of Trust with respect to a certain "Clubhouse" and "Clubhouse Parcel", all as described in the Settlement Agreement.
- D. The Grantee is willing to do so provided that, among other things, the Grantor grant to the Grantee a lien upon certain rights of Grantor arising out of the Settlement Agreement and related documents, all as more fully set forth herein below.

AGREEMENTS:

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby covenants and agrees as follows:

1. Incorporation of Recitals. The above recitals are true and correct in all material respects and are incorporated into this Assignment as if fully set forth in this Paragraph 1.

2. Creation of Security Interest and Lien. The Grantor, as additional security for repayment of the Obligations, does hereby unconditionally and irrevocably grant to the Grantee a security interest in and a lien upon any and all rights, powers and benefits of the Grantor set forth in or arising under or out of: (i) the Settlement Agreement; (ii) the Covenant Regarding Property and Amendment to Declaration of Covenants, Conditions and Restrictions Four Seasons at Charlottesville dated May 17, 2011 by and among the Grantor, the Grantee, Hovnanian, HOA and others (as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Covenant"); (iii) the Assignment of Special Declarant Rights dated May 17, 2011, by and among Hovnanian and the Grantor (as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Assignment of Declarant Rights"); (iv) the Deed of Easement dated May 17, 2011 by and between the HOA and the Grantor (as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Easement"); (v) the Assignment of Plats and Plans dated May 17, 2011 from Hovnanian to the Grantor (as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Assignment of Plats and Plans"); and (vi) any now existing or hereafter created documents, which create or relate to any existing or to be created homeowner's association or unit owner's association, as described in or contemplated by the Covenant, including but not limited to the "Master Association" (as defined in the Covenant), including the right, at the Grantee's election to become or to exercise the powers of the "Declarant", "Developer" or similar party under any now existing or hereafter created declaration or similar document, which creates or governs any such association (each such declaration or similar document, being herein called, a "Declaration"). The Settlement Agreement, the Covenant, the Assignment of Declarant Rights, the Easement, the Assignment of Plats and Plans and any Declaration are herein sometimes called the "Settlement Documents".
3. Grantor's Agreement to Perform; Proof of Performance. The Grantor agrees that it shall fully perform all obligations, duties, agreements and conditions to be performed by the Grantor under the terms and provisions of the Settlement Documents and that the Grantor shall, upon the written request of the Grantee, provide the Grantee with such evidence of such performance as the Grantee may reasonably request from time to time.
4. No Present Transfer of Obligations. This Assignment does not and shall not be construed to impose any obligation or liability on the Grantee. The Grantee shall have no obligations or liabilities under any of the Settlement Documents (except for those expressly imposed upon the Grantee by the Settlement Agreement and the Covenant), until such time as the Grantee shall elect, in writing, to succeed to and to exercise the rights, powers and benefits of the Grantor with respect to any one or more of the Settlement Documents, and then the Grantee shall only be obligated to perform those obligations that the Grantor specifically elects to perform. In no event shall the Grantor be liable for any act or omission of the Grantee under any Settlement Document during the period before the Grantor elects to succeed to the rights of the Grantee under such Settlement Document.
5. Grantor Default; Exercise of Rights. Upon the occurrence of any Event of Default, as defined in the Deed of Trust, the Grantee: (i) shall have the right to exercise any and all remedies available to a secured creditor under the relevant Virginia law with respect to this Assignment and, (ii) shall have the right at any time and from time to time to exercise any one or more of the rights, powers and benefits of the Grantor, set forth in or arising under or out of any one or more of the Settlement Documents. The Grantee may at any time and from time to time, assign or reassign any one or more of such rights, powers and benefits of the Grantor to one or more third parties.

6. No Limitation on Grantee's Prior Rights. The forgoing grants are in addition to and not in substitution for any rights of the Grantee which presently exist or may hereafter be acquired. Nothing in this Assignment shall be construed or applied to lessen or diminish any right, remedy or power previously granted to the Grantee by the Deed of Trust or otherwise.
7. Grantor's Representations and Warranties. The Grantor represents and warrants to the Grantee that (i) the Grantor has not previously assigned any of the Grantor's rights, powers or benefits under any of the Settlement Documents; (ii) this Assignment is effective without the consent of any third party and the execution and delivery of this Assignment by the Grantor does not violate, conflict with or create a default under any of the Settlement Documents or any other document or instrument binding on the Grantor; and (iii) this Assignment is the valid and binding act of the Grantor, enforceable against the Grantor in accordance with its terms. This Assignment shall be effective even if one or more of the Settlement Documents are executed after the date of this Assignment.
8. Further Assurances. The Grantor shall, within five (5) days of request by the Grantee, execute and deliver such other and further documents and instruments as may be necessary or desirable in order to effectuate this Assignment. Upon the occurrence of an Event of Default under the Deed of Trust, the Grantee shall have and the Grantor hereby grants to the Grantee a power of attorney to execute any documents or instrument reasonably required in connection with the exercise of the Grantee's rights under this Assignment. The Grantee agrees that it shall not utilize such power of attorney without at least five (5) days prior written notice to the Grantor. The forgoing power of attorney is coupled with an interest and is irrevocable.
9. Severance. If any term, covenant, or condition of this Assignment or the application thereof to any circumstance or person, firm or corporation shall be invalid or unenforceable to any extent, the remaining terms, covenants, conditions and provisions of this Assignment or the application thereof to any circumstance or to any person, firm or corporation other than those as to which any term, covenant, condition or provision is held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant, condition and provision of this Assignment shall be valid and shall be enforceable to the fullest extent permitted by law.
10. Interpretation. The Paragraph headings used herein are for reference and convenience only and shall not enter into the interpretation hereof. Whenever herein the singular number is in use, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require.
11. Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Virginia, without regard to Virginia's conflict or choice of law rules, provisions or principles.
12. Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and shall run with the ownership of the Property.
13. Joint and Several Liability. The liability of the two entities that comprise the Grantor shall in all cases be joint and several.

IN WITNESS WHEREOF, the Grantor has caused this Assignment to be executed under seal on the day and year first written above.

CHARLOTTESVILLE LAND DEVELOPMENTGROUP, L.L.C
CHARLOTTESVILLE LAND INVESTMENT GROUP, L.L.C.