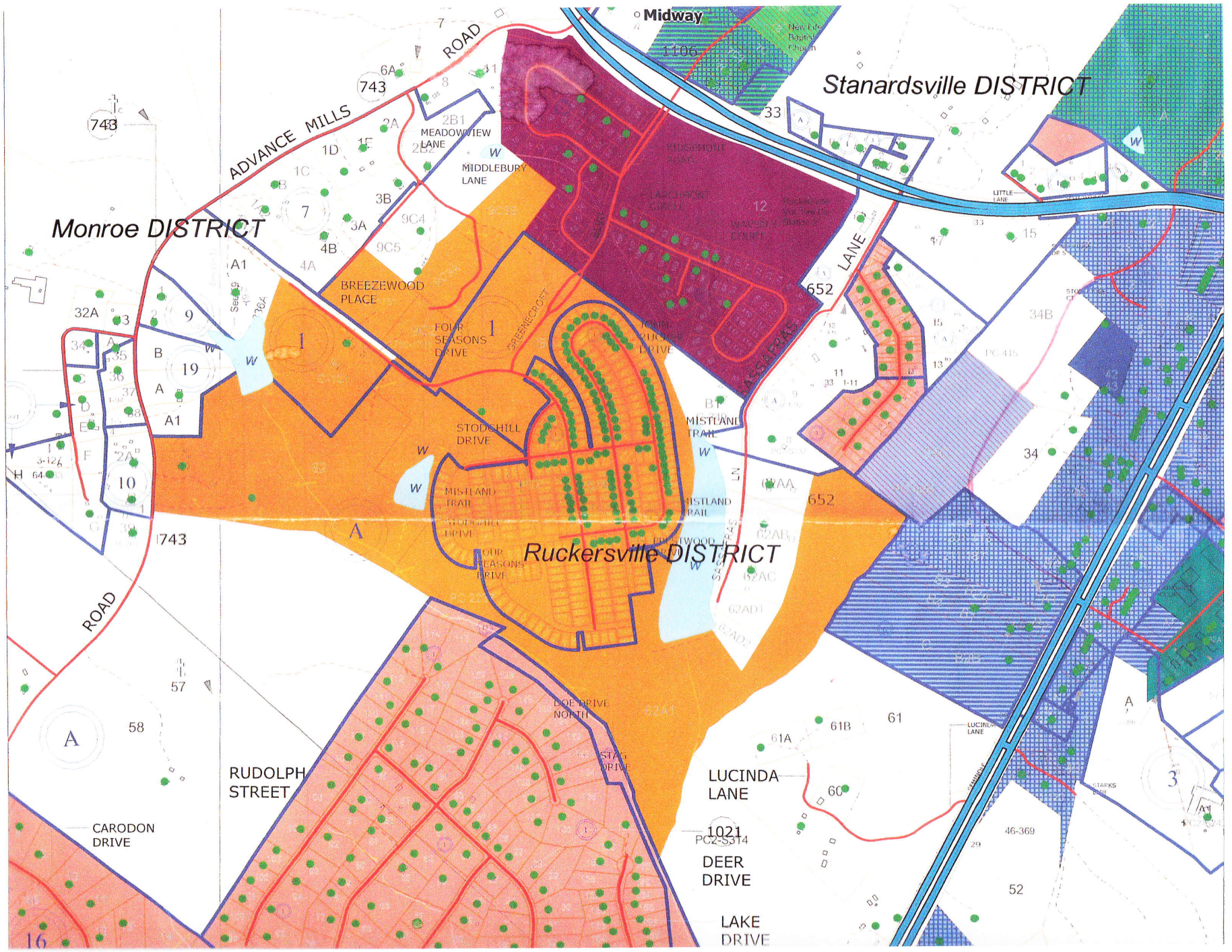


Four Seasons at Charlottesville



An Overview of the Property

- ❖ **A look at the past and current status of the Mountain Vu property**
- ❖ **The Four Seasons Association now and into the future**
- ❖ **Status of Phase One homeowners**



Monroe DISTRICT

Stanardsville DISTRICT

Ruckersville DISTRICT

743

Midway

32A

19

10

1743

A

58

RUDOLPH STREET

CARODON DRIVE

DOE DRIVE NORTH

STAG DRIVE

LUCINDA LANE

1021
PC2-3314
DEER DRIVE

LAKE DRIVE

1106

743

6A

2A

1D

1E

3A

3B

9C4

9C5

A1

32A

34

19

10

1743

57

58

16

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

62A1

61A

61B

61

60

46-369

52

3

ADVANCE MILLS ROAD

MIDDLEBURY LANE

BREEZEWOOD PLACE

FOUR SEASONS DRIVE

STODD HILL DRIVE

MISTLAND TRAIL

FOUR SEASONS DRIVE

Ruckersville DISTRICT

LANGLANDS GURGLE

JOHN WILCOX DRIVE

MISTLAND TRAIL

MISTLAND TRAIL

FOUR SEASONS DRIVE

DOE DRIVE NORTH

STAG DRIVE

LUCINDA LANE

DEER DRIVE

LAKE DRIVE

Stanardsville DISTRICT

LANE

652

652

LUCINDA LANE

DEER DRIVE

LAKE DRIVE

Midway

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

15

34B

34

11

13

11-11

33

652

62AD1

62AD2

1106

33

12

The Mountain Vu Property

Current Status of Rights, Responsibilities, and Requirements for the Phase One Home Owners

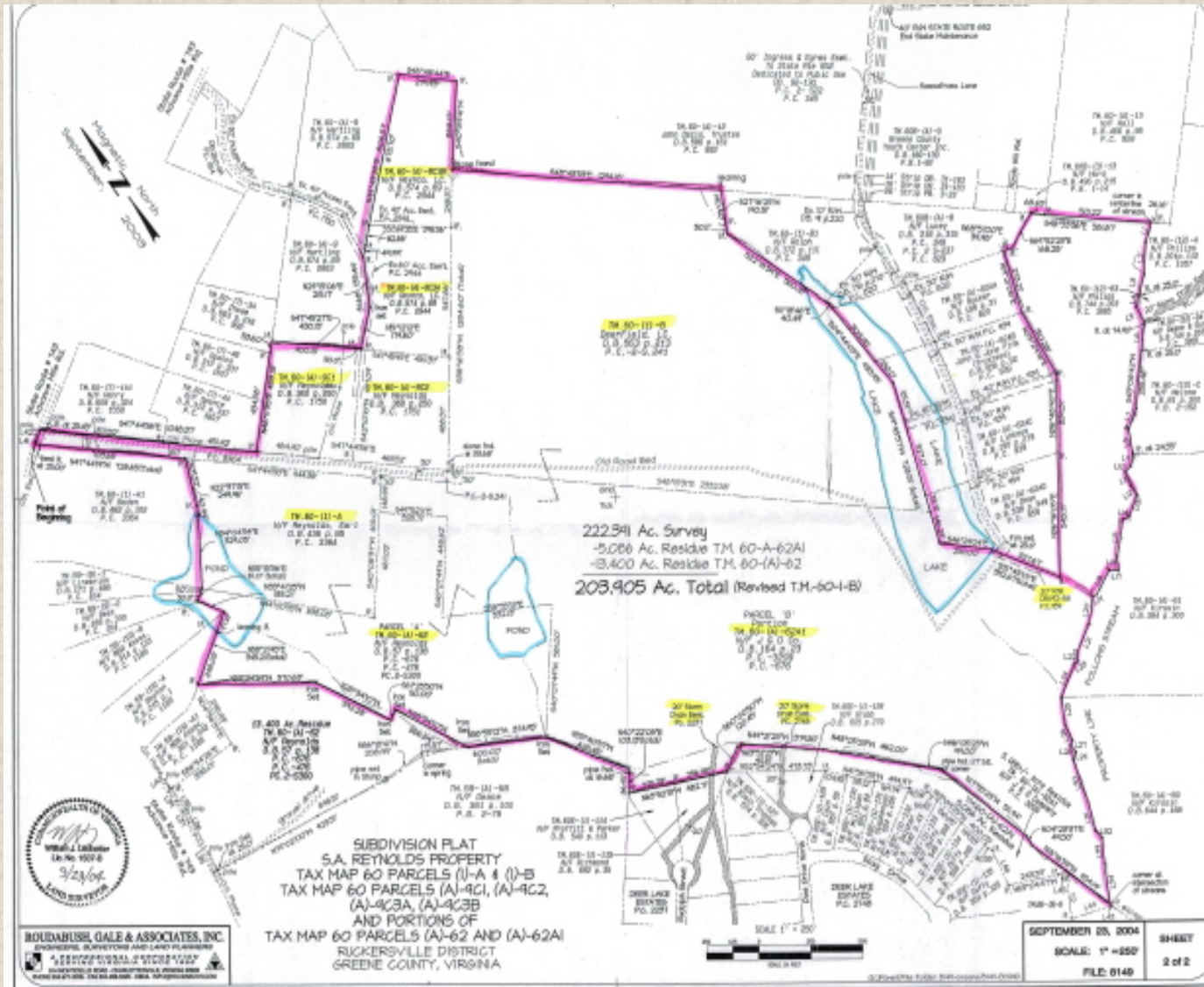
❖ **Four Seasons at Charlottesville**

(Phase One)

◆ **Additional Land (approx. 160 acres)**

□ **Clubhouse and Clubhouse Parcel**

Reynolds/Deerfield Properties



Mountain Vu Subdivision Proffered as Senior Residential

The nearly 204 acres known as Mountain Vu was proffered to be Senior Residential. The proffers offered were:

- ✓ All homes would have an occupant 55+ and no children**
- ✓ Development would follow a proposed subdivision plan for active adults with a clubhouse and recreational facilities**
- ✓ Property limited to 650 family dwelling units**
- ✓ A DCCR would be placed on the property and a non-stock HOA would be incorporated to manage the common area**
- ✓ Design and architectural guidelines would be imposed**

Mountain Vu Subdivision Greene County SR Zoning

The SR zoning of the 204 acres requires that:

- ✓ **All homes would have an adult 55+ and no children under 20 (19 in the Four Seasons DCCR) would be occupants.**
- ✓ **At least 41 acres would be open or common area. (20%)**
- ✓ **At least 8 acres would be developed as a community clubhouse and recreation center for the use of all homeowners. (4%)**

Preliminary Subdivision Plat 2005



Mountain Vu Subdivision Approved Subdivision Plan

- ✓ The Preliminary Subdivision Plan was dated March 15, 2005, and was approved April 20, 2005, by Greene County.
- ✓ The plan was for 535 single-family dwellings, and showed 2.63 lots per acre, one clubhouse facility, and 17 open space lots.
- ✓ The total area of the lots would be 93 acres with 73.4 acres of open space, a 9.2-acre recreation area, and 28.3 acres of roadway.

Property Development Plan 2005



Plan for 203.91 acre Property

Phase 1 (144 Lots)	23.5387 acres
Common Parcel A	19.4380 acres
Total Phase 1	42.9767 acres

Clubhouse on Common Parcel B	7.8883 acres
---------------------------------	---------------------

Phase 2 (129 lots)	20.2234 acres
Common Parcel C	27.1594 acres
Total Phase 2	47.3828 acres

Phase 1, 2, and Clubhouse	98.2478 acres
Common Parcels A, B, C	54.4857 acres
Phases 3, 4, and 5	105.6577 acres

Greenecroft Blvd Plans 2005

(Roads were labeled as Greene Croft Lane and Thomas Davis Drive on the plans)



Mountain Vu Subdivision

Subdivision Plans and Agreements

- A purchase agreement was signed between Reynolds S. Corp and K. Hovnanian Homes of Virginia, Inc. on June 13, 2005.
- A Preliminary Phase One site plan was submitted to Greene County in August 2005.
- An Option and Development Agreement between CN Terra Nova Holdings LLC (DE) and K. Hovnanian's Four Seasons at Charlottesville, LLC (VA) and K. Hovnanian Holdings NJ, LLC (NJ) was signed on April 11, 2006.

Mountain Vu Subdivision

Option and Development Agreement

- Section 7(a): "Upon each Closing, **fee simple title to each Lot purchased together with an undivided percentage interest in the common areas of the Project** equal to that percentage interest allocated to each Lot in the Preliminary Plan and Final Plat..."
- Section 25.1 states that **all of the terms, conditions, provisions, obligations and indemnities** contained in the agreement **would survive the sale of any lot and the recordation of any deed**. All obligations and indemnities in the O&D Agreement **would survive the expiration, cancellation or termination of the agreement** so that all such obligations and indemnities would continue to be binding upon the parties and their respective successors and assigns.

Mountain Vu Subdivision

NCD/M&T Purchase of Property

- ✓ On April 12, 2006, the Property was transferred with a deed of sale to North Charlottesville Development, LLC (NCD was a wholly owned subsidiary of CN Terra Nova Holdings) with a Purchase Money Line of Credit from M&T Mortgage Corp (part of M&T Bank).
- ✓ The 2005 Phase One Site Plan was approved as final by Greene County on May 11, 2006. The final plan was for 144 lots and a common area (Parcel A) comprising a total of 42.977 acres.
- ✓ Water tap connection fees were prepaid to Greene County for the 535 lots in the preliminary subdivision site plan.

Phase One Development 2006



Mountain Vu Subdivision Property Addition/Deletion

- ✓ **The 535 dwellings called for in the Preliminary Subdivision Plan could be expanded up to 650 dwellings per the SR zoning.**
- ✓ **Any annexation of additional properties beyond the 204 acres could further expand both the number of dwellings and the size of the common areas.**

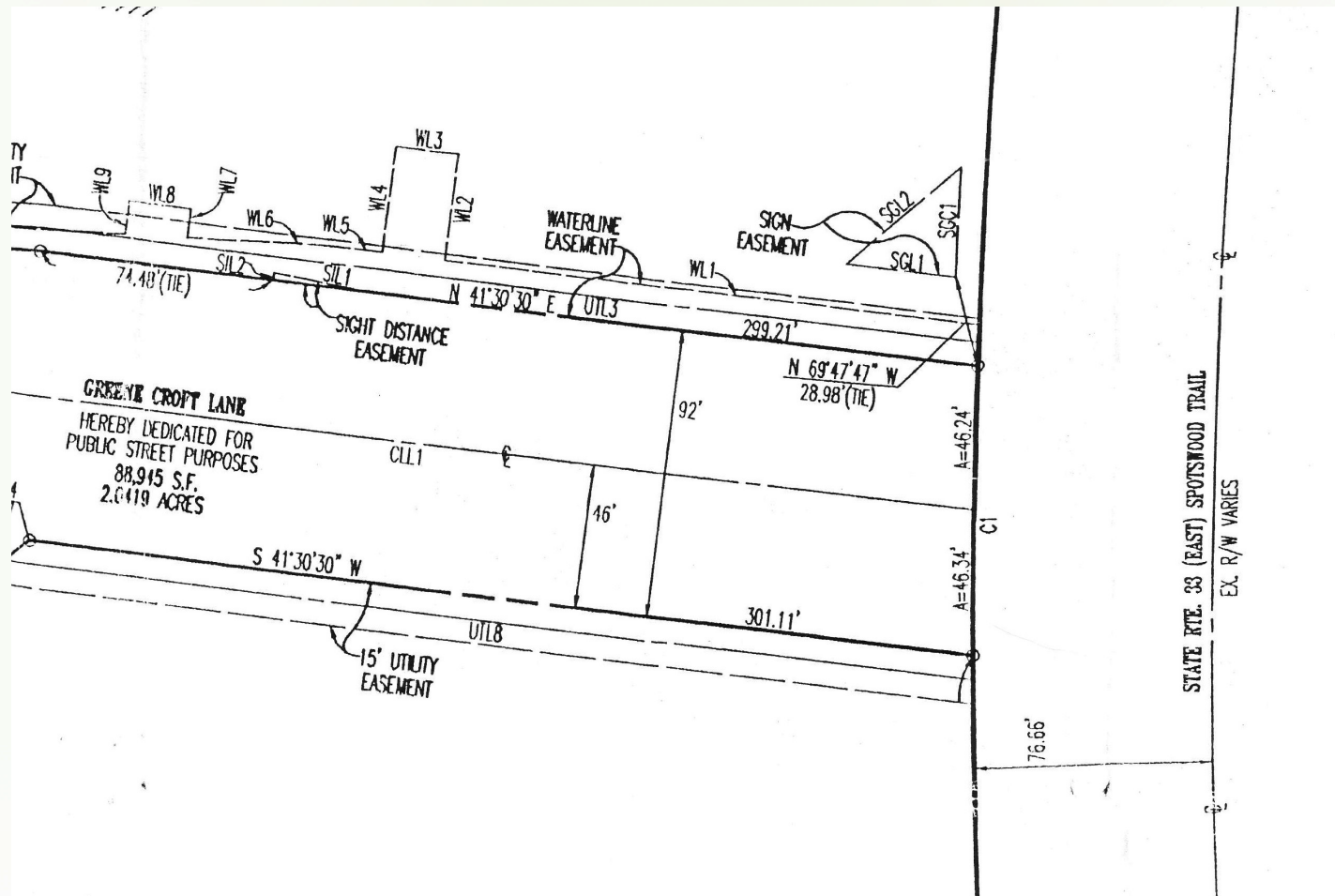
Relationship with the Ruckersville Village Subdivision

- ✓ A memorandum of agreement between Ruckersville Village and Mountain Vu in May 2004 provided for sharing costs for engineering and construction of what would become Greenecroft Blvd, along with utility easements for both communities, and the provision for a sign easement at Route 33 to benefit both subdivisions.
- ✓ No homes or businesses in Ruckersville Village would front on the road and Mountain Vu would provide and maintain landscaping.

Greenecroft Blvd

- ✓ In August 2005, Ruckersville Village dedicated the 2.0289 acres of what would become Greenecroft Blvd from Route 33 to the Mountain Vu property line as a public street including the sign easement and the fifty-foot ingress/egress easement for Mountain Vu.
- ✓ Road was constructed in the summer of 2006.
- ✓ Later on, VDOT adopted it as a state road.

Mountain Vu Sign Easement on VDOT Right of Way



Mountain Vu Subdivision

The Takedown of Lots

- ✓ Eight lots in the proposed Model Park were sold to GMAC Model Home Finance, LLC. on July 12, 2006.
- ✓ K. Hovnanian Four Seasons at Charlottesville, LLC., took down the first six residential lots from NCD on September 8, 2006.
- ✓ Construction began on seven of the model homes and five of the six residential homes.
- ✓ By early January 2007, no DCCR had been placed on the property and there was no homeowner association.

Mountain Vu Subdivision

→ Four Seasons at Charlottesville

- ✓ **The DCCR for the Property was signed as the first Dwelling Units were being sold to homeowners on Jan 11, 2007.**
- ✓ **The DCCR was recorded Jan 17, 2007.**
- ✓ **The Four Seasons at Charlottesville Community Association, Inc. per the DCCR was incorporated on Jan 29, 2007 to manage the Common Area.**

Mountain Vu Subdivision

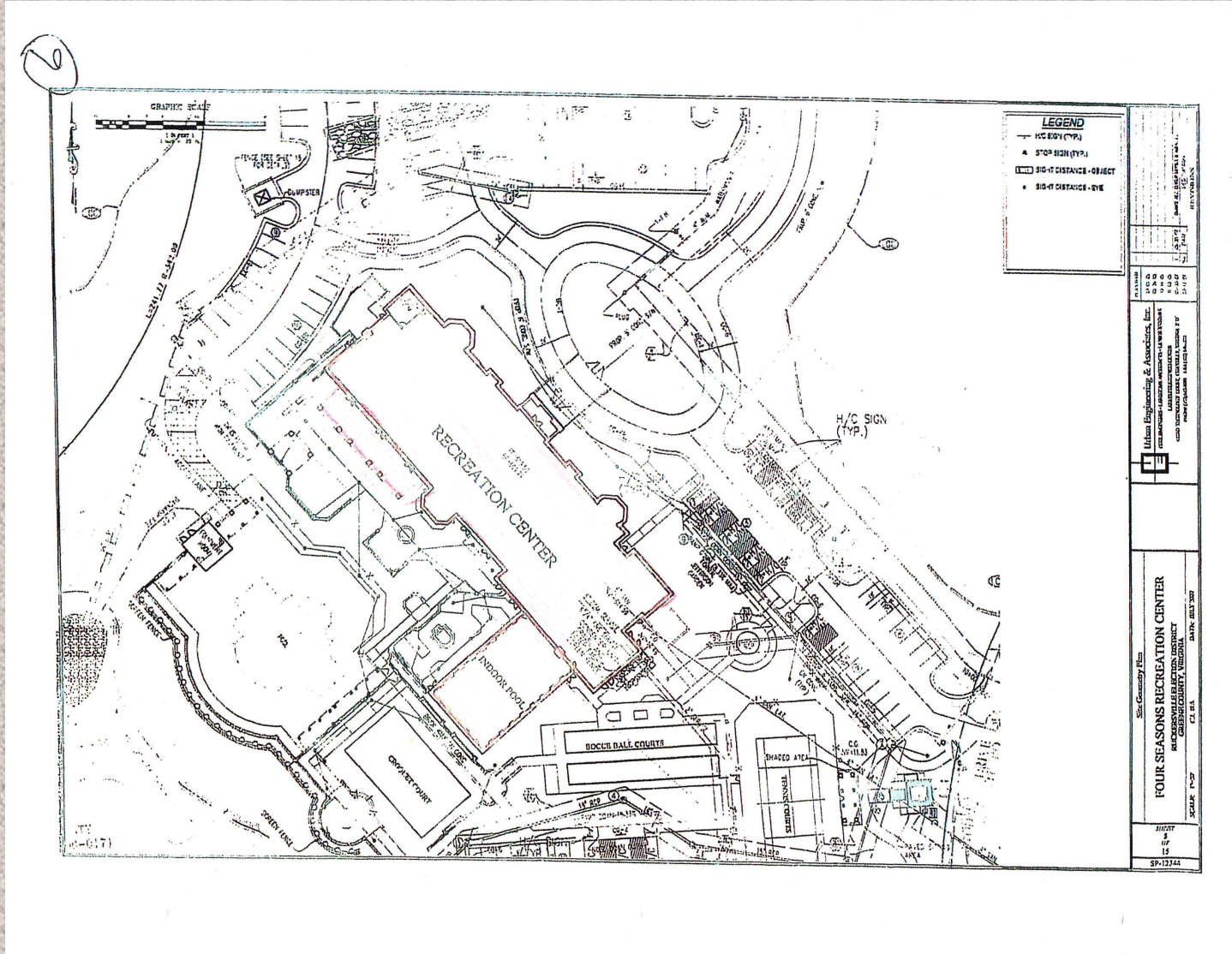
→ Four Seasons at Charlottesville

- ✓ **In 2007, all of the Phase One common area and 136 of the lots in the Phase One Plan were included in Exhibit A of the DCCR. The 8 model lots were not included.**
- ✓ **Therefore, the Association consisted of 136 Members and had the Parcel A common area to manage.**
- ✓ **The intent was to add the Clubhouse and additional lots to Exhibit A as the Project was built.**
- ✓ **The model lots would have been added to Exhibit A whenever K.Hovnanian so decided.**

Four Seasons at Charlottesville Clubhouse and Clubhouse Parcel

- ✓ **Groundbreaking was held Feb 22, 2007. Grand opening was held on May 2, 2008.**
- ✓ **The Clubhouse site plan was not signed as complete by K. Hovnanian before the end of 2008 and therefore expired. Hence, the Clubhouse parcel was not added to Exhibit A of the DCCR and was not common area for the Four Seasons at Charlottesville Community Association.**

Clubhouse Plan 2007



Mountain Vu / FS at Charlottesville at Foreclosure Jan 1, 2009

With the 2009 foreclosure on NCD, M&T Mortgage declared that the DCCR was terminated and therefore the Association had no reason to continue in existence.

This legal challenge of the DCCR was contested in court until it was dismissed July 11, 2011.

This presentation will skip past the claims or hypothetical posturing that occurred during that contested period.

At Foreclosure on Jan 1, 2009

- ✓ **35 lots had been sold by NCD before the DCCR was signed on Jan 11, 2007. (Those contracts were signed with no recorded DCCR.)**
- ✓ **120 lots (112 Owners plus 8 models) had been purchased under the Option and Development Agreement before the foreclosure auction on Jan 22, 2009.**
- ✓ **The 120 Owners at foreclosure held title to 22.2% pro rata ownership of all existing and proposed common areas within the Property.**

Four Seasons at Charlottesville Community Association 2009 - 2011

- ✓ **The eight model homes were annexed on Feb 22, 2010, thus making 144 Phase One lots in Exhibit A of the DCCR and Members of the Association.**
- ✓ **Had the legal challenge to the Four Seasons DCCR prevailed, the existing DCCR would have been replaced, a new homeowner's association would have been established, and the current Association would have had no basis to exist.**
- ✓ **However, each Owner of one of the 120 lots still held pro rata title to all common areas of the Property and would still have been subject to the new DCCR placed on the Property.**

HC Land Purchase

Two limited liability corporations formed by HC Land Company purchased the foreclosed property in May 2009 using a Deed of Trust to M&T Mortgage:

- ✓ **CLIG purchased the 24 unsold lots in Phase One.**
- ✓ **CLDG purchased the undeveloped portions of the subdivision (the Additional Land) and any developed but not yet conveyed common area (Parcel A and the Clubhouse parcel).**

2011 Settlement of the Dispute Over the Declarations

- ✓ **All parties agreed to settle the dispute by amending the existing DCCR along with some monetary concessions.**
- ✓ **K. Hovnanian transitioned the Association to Home Owner control.**
- ✓ **The amended DCCR allows for new separate homeowner associations to form in the Additional Land with a Master Association for the Mountain Vu Project.**

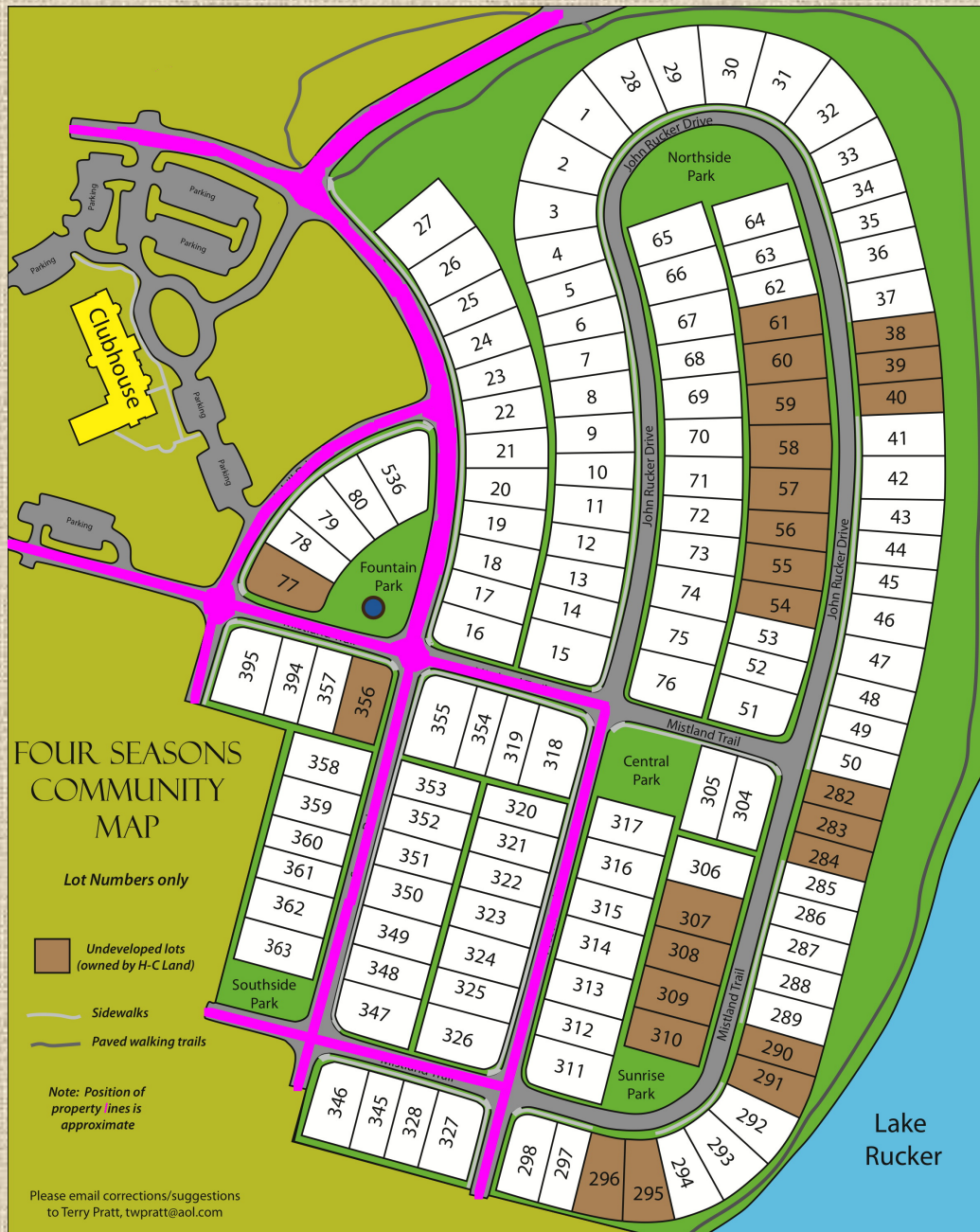
2011 Settlement of the Dispute Over the Declarations

- ✓ **The Association along other associations will be members of the Master Association (MA).**
- ✓ **The Association will manage the Clubhouse as long as it wants until the Master Association chooses to become manager.**
- ✓ **Much of the Phase One Common Area will convey to the Master Association when the MA assumes management responsibility.**

Phase One Common Area



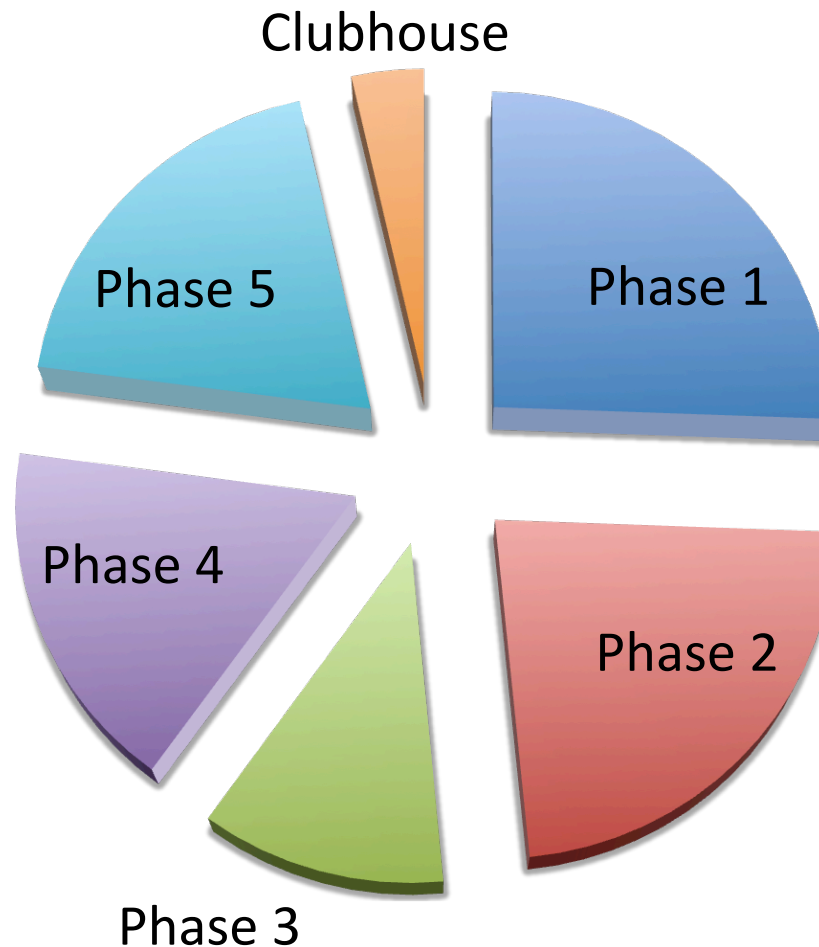
Joint Phase One Common Area



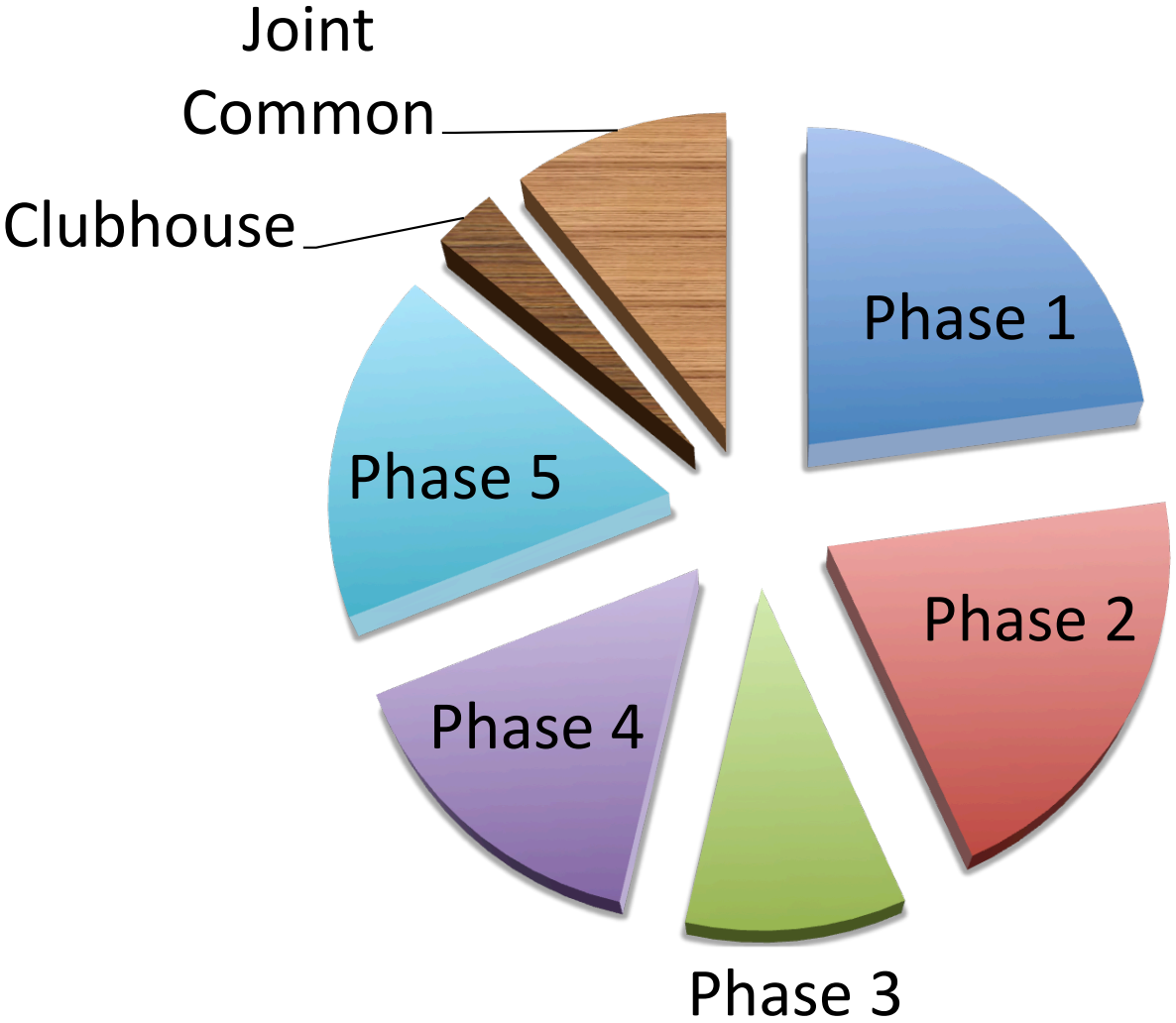
2011 Settlement of the Dispute Over the Declarations

- ✓ Special Declarant Rights were assigned to CLDG and CLIG.
- ✓ The Association granted CLDG a Deed of Easement for temporary and permanent access through Phase One streets.
- ✓ The Clubhouse and Clubhouse Parcel, as common area for the Project, were released from the M&T Deed of Trust.

For the original 2007 DCCR, all Property would have been annexed to Exhibit A of the DCCR and the Association would manage all of the Common Area



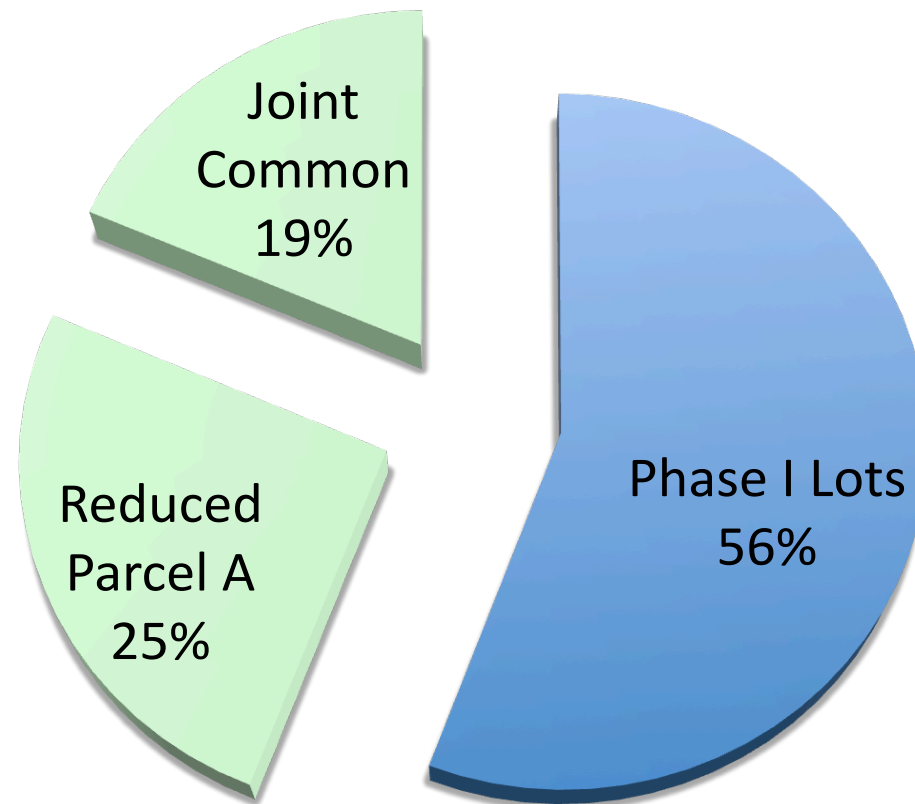
Master Association will eventually manage the Clubhouse and all joint common areas



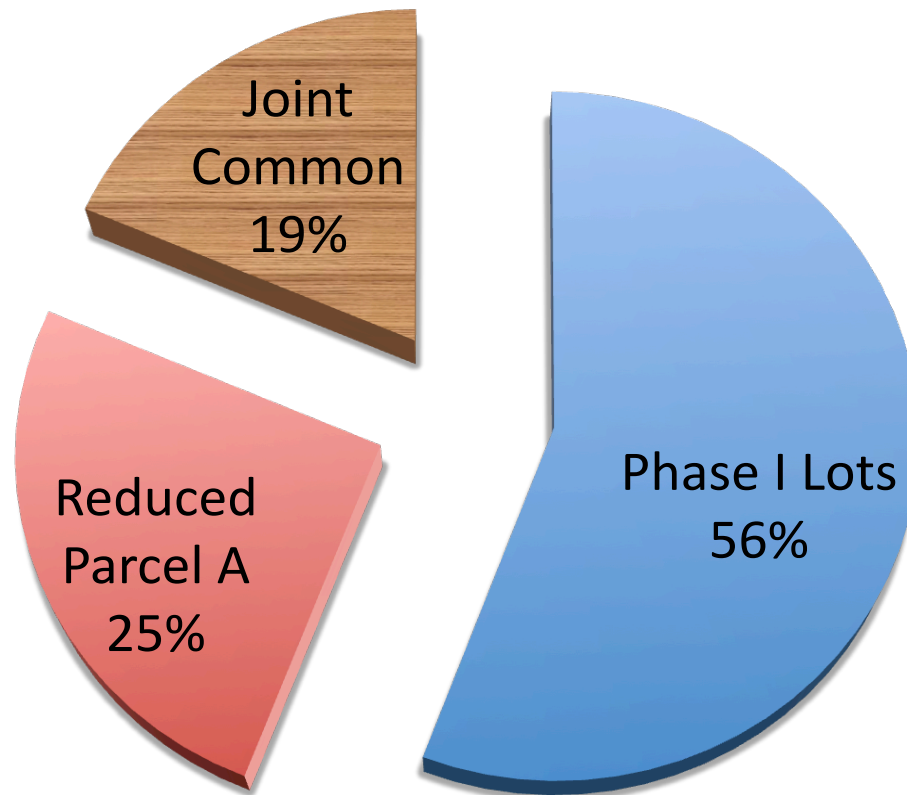
Until the Clubhouse and Joint Common Area is Conveyed to the Master Association

- ✓ **The Association can continue to manage the Clubhouse.**
- ✓ **Association can collect pro rata assessments from all Dwelling Units in any other homeowner association created in the Additional Land.**
- ✓ **These pro rata assessments would contribute to the expenses needed to manage the Clubhouse and the Phase One Joint Area.**

The Association will manage all of Parcel A until the Clubhouse is conveyed to the Master Association



Association will manage the reduced Parcel A after the Clubhouse is conveyed to the Master Association



Two More Points to Note

2007 DCCR and the Additional Land

Per Section 7.1 of the DCCR, **any portion of the real estate described in Exhibit B** that is not made a part of the Properties as herein set forth **may be developed and used for any purposes not prohibited by law, including** without limitation, a **commercial development or a residential development which is not part of the Four Seasons Community.**

Nothing in this DCCR shall be construed to require the Declarant or any successor to annex or **develop any of the real estate described in Exhibit B** or any other real estate in the vicinity of the Properties owned by Declarant or an affiliate of Declarant **in any manner whatsoever.**

Amended DCCR and Additional Land

However, in Section 2 of the 2011 Amendment to the DCCR, it is stated that

“The Additional Land will be developed in a manner consistent with the approvals from Greene County as an active adult community.”

Mountain Vu Subdivision

Common Area Tax Assessments

- ✓ HC Land successfully argued in the Oct 28, 2011, court case that they did adhere to the original preliminary subdivision plan and the language in the amended DCCR.
- ✓ The argument made was that the value of the Clubhouse and Clubhouse Parcel, like all common areas, was prorated in the value for each subdivided lot and should not have a separate assessed value.
- ✓ Greene County has yet to distribute any tax assessed value of the common areas (including Parcel A) to lot values.

Topics for the Next Couple of Meetings of the Group

A section by section review of the DCCR and the amendments to it.

Review of other legal documents pertaining to the property and especially those pertaining to the homeowners and the Association.

Documents of Applicability

- ✓ Association Governing Documents
- ✓ Legal Documents such as the Option and Purchase Agreement, Settlement Agreement, deeds of all kinds, proffers, zoning, assignments, memorandums, plans, plats, etc.

Association Governing Documents

- ✓ DCCR as Amended
- ✓ Articles of Incorporation
- ✓ Bylaws
- ✓ Design Guidelines
- ✓ Rules and Regulations
- ✓ Additional Board Resolutions

Additional Recorded Documents

- ✓ Option & Purchase Agreement and the DCCR Settlement Agreement
- ✓ Deed of Easement granted to CLDG
- ✓ Special Declarant Rights to CLIG/CLDG
- ✓ Collateral Release of Clubhouse Lien
- ✓ Conveyance of Parcel A to Association
- ✓ Plats and Plans for Project

After the Document Review

The Long Range Planning Group can collectively decide on which topics to concentrate their effort.