

EXHIBIT A

BOOK 848 PAGE 807

**FOREST LAKES PROPERTY OWNERS
ASSOCIATION, INC.**

BYLAWS

ARTICLE 1

General Provisions

Section 1.1. Applicability. These Bylaws provide for the governance of Forest Lakes Property Owners Association, Inc. (the "Association") which has the overall duty to control and monitor certain aspects of Forest Lakes, a planned unit development in Bedford County, Virginia (the "Development").

Section 1.2. Office. The office of the Association and the Board of Directors shall be located at the Development or at such other place as may be designated from time to time by the Board of Directors.

Section 1.3. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Declaration. The following terms have the following meanings in these Bylaws:

"Articles of Incorporation" means the articles of incorporation of the Association, and any amendments to them.

"Assessment" means a Member's share of the Common Expenses from time to time assessed against a Member by the Association in the manner herein provided.

"Association" means Forest Lakes Property Owners Association, Inc., its successors and assigns.

"Association Property" means the real property in the Development owned by the Association in accordance with these Bylaws.

"Board" or "Board of Directors" means the board of directors of the Association.

"Bylaws" means these bylaws of the Association, as the same exist now or may be amended later.

"Class A" means those Members as described in Section 2.9(e) (1) of these Bylaws.

"Class B" means the Developer as the Class B Member as provided in Section 2.9(e) (2) of these Bylaws.

"Common Elements" means all portions of the Development designed for the use, enjoyment and access of more than one or of all of the Members and shall include areas designated as "common areas," "recreational areas," "open space areas," or "private open space areas" pursuant to the Declaration.

"Common Expenses" means all expenditures lawfully made or incurred by or on behalf of the Association, together with all amounts lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of the Declaration or these Bylaws.

"Common Maintenance Areas" means the areas to be maintained by the Association pursuant to the Declaration or these Bylaws.

"Declaration" means the declaration of rights, covenants, restrictions, conditions and obligations, dated March 1, 1992, and made by the Developer, as the same exists now or may be amended later.

"Developer" means Lake Vista Real Estate Corp., a Virginia corporation, its successors or assigns.

"Developer Control Period" means the period prior to the earlier of (i) the date when the total votes outstanding in Class A equal the total votes outstanding in Class B, or (ii) the date specified in a notice from the Developer to the Owners upon which the Developer terminates such period.

"Development" means that real estate and all interests in real estate now or hereafter subject to the Declaration.

"Limited Common Elements" means Common Elements which have been designated by the Board of Directors for the exclusive use of less than all of the Owners on a temporary or permanent basis.

"Limited Common Expenses" means expenses separately assessed against more than one, but less than all, of the Owners generally in accordance with the use or benefit of the pertinent areas or services.

"Lot" or "Lots" means any or all of the individual lots, parcels, townhouse units, condominium units, patio home units or other tracts whether residential, recreational or commercial, and all improvements thereon, within the Development.

"Majority of the Owners" means those owners owning Lots to which appertains more than fifty percent of the aggregate Percentage Interests actually voted in person or by proxy at a duly convened meeting at which a quorum is present. Any specified percentage of the Owners shall mean the owners owning

Lots to which such percentage of Percentage Interests appertains with respect to the total Percentage Interest voting at such a meeting.

"Managing Agent" means any person or entity employed by the Board of Directors pursuant to Section 3.2 of the Bylaws.

"Member" means any Owner as a member of the Association as provided in Section 2.1 of these Bylaws.

"Mortgage" means any mortgage, deed of trust or similar instrument encumbering a Lot as security for the performance of any obligation.

"Mortgagee" means a Lender holding a first mortgage or first deed of trust ("Mortgage") encumbering a Lot.

"Occupant" means any person, including without limitation, any guest, invitee, tenant, lessee or family member of a Member, occupying or otherwise using or visiting a Lot.

"Owner" or "Lot Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure.

"Percentage Interest" means the number of votes assigned to each Lot. Unless otherwise specified, each Lot shall have one vote.

ARTICLE 2

Association

Section 2.1. Composition. The Association shall consist of all of the Owners, and each owner shall be a member of the Association. For all purposes the Association shall act merely as an agent for the Owners as a group. The Association shall have the responsibility of administering the Development, establishing the means and methods of collecting assessments and charges, arranging for the management of the Development and performing all of the other acts that may be required or permitted to be performed by the Association by the Declaration and the Bylaws. Except as to those matters which any law specifically requires to be performed by the vote of the Association, the foregoing responsibilities shall be performed by the Board of Directors or Managing Agent as more particularly set forth in Article 3 of these Bylaws.

Section 2.2. Annual Meetings. The annual meetings of the Association shall be held at least seventy-five days before the beginning of each fiscal year on such date other than a Saturday, Sunday or legal holiday as may be established by the Board of Directors. At such annual meetings members of the Board of Directors shall be elected by ballot of the Owners in accordance with the requirements of Section 3.4 of these Bylaws. During the Developer Control Period, the Developer shall be entitled to designate members of the Board of Directors not elected pursuant to Section 2.4.

Section 2.3. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board of Directors.

Section 2.4. Special Meetings.

(a) The President shall call a special meeting of the Association if so directed by resolution of the Board of Directors or, after the termination of the Developer Control Period, upon a petition signed and presented to the Secretary by Owners of not less than twenty-five percent of the Lots. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Not later than the termination of the Developer Control Period, a special meeting of the Association shall be held at which a majority of the members of the Board of Directors shall be elected by the Owners, including the Developer if the Developer owns one or more Lots. If such election is held prior to the time required by this Section 2.4, the members of the Board of Directors elected at such election shall not take office until the earlier of the time such election is required to be held or resignation of a director appointed by the Developer without appointment of a replacement within ten days. The elected members of the Board of Directors shall assume office in the order of the highest number of votes received. Any remaining members of the Board of Directors designated by the Developer shall continue to serve until their terms expire.

Section 2.5. Notice of Meetings. The Secretary shall give to each Owner a notice of each annual or regularly scheduled meeting of the Owners at least twenty-one but not more than thirty days, and of each other or special meeting of the Owners at least seven but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof. The giving of notice in the manner provided in this Section and Section 11.1 of the Bylaws shall be considered service of notice.

Section 2.6. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Owners of a majority of the Lots who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

Section 2.7. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) roll call (proof of quorum);
- (b) proof of notice of meeting;
- (c) reading of minutes of preceding meeting;
- (d) reports of officers;
- (e) report of Board of Directors;
- (f) reports of committees;
- (g) election or appointment of inspectors of election (when so required);
- (h) election of members of the Board of Directors (when so required);
- (i) unfinished business; and
- (j) new business.

Section 2.8. Title to Lots. Title to a Lot may be taken in the name of one or more persons, in any manner permitted by law. The Association may acquire, hold and transfer full legal title to one or more Lots in its own name.

Section 2.9. Voting.

(a) Except as provided in Section 2.9(e) below, voting at all meetings of the Association shall be on the basis of one vote for each Lot. Where the ownership of a Lot is in more than one person, the person who shall be entitled to cast the vote of such Lot shall be the person named in a certificate executed by all of the owners of such Lot and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Lot shall be a person owning an interest in such Lot who is present. If more than one person owning such Lot is present, then such vote shall be cast only in accordance with their unanimous agreement. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Wherever the approval or disapproval of an Owner is required by law, the Declaration or these Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Lot at any meeting of the Association.

(b) Except where a greater number is required by law, the Declaration or these Bylaws, a Majority of the Owners present at any meeting is required to adopt decisions at any

meeting of the Association. The Developer shall be entitled to four votes for each Lot that the Developer owns, has or under construction, or has planned in the Development. The Developer will advise the Association annually of the number of Lots owned, under construction or planned by it, so voting rights may be established.

(c) No Owner may vote at any meeting of the Association or be elected to or serve on the Board of Directors if payment of the Assessment on such Owner's Lot is delinquent more than thirty days and the amount necessary to bring his account current has not been paid at the time of such meeting or election.

(d) There shall be no cumulative voting.

(e) The Association shall have two (2) classes of voting membership:

(1) Class A. Class A Members shall be all Owners (with the exception, for so long as there exists a Class B membership, of the Developer) and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(2) Class B. The Class B Member shall be the Developer, and shall be entitled to four (4) votes for each Lot that the Developer either owns, has under construction, or plans in the Development. The Class B membership shall cease and terminate at such time as the Developer Control Period terminates.

Section 2.10. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any owner in favor of only another Owner, the Secretary of the Association, the Developer, or such Owner's Mortgagee, or in the case of a nonresident owner, the lessee of such Owner's Lot, the Owner's attorney or management agent. Proxies shall be duly executed in writing, shall be witnessed, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Lot.

Section 2.11. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of twenty five percent or more of the Owners shall constitute a quorum at all meetings of the Association.

Section 2.12. Conduct of Meetings. 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 thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or any law. All votes shall be tallied by tellers appointed by the President or other officer presiding over the meeting.

ARTICLE 3

Board of Directors

Section 3.1. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are required by the Declaration, by law or by these Bylaws to be exercised and done by the Association. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Development; provided, however, that such Rules and Regulations shall not be in conflict with the any law, the Declaration or these Bylaws. The Board of Directors shall delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Board of Directors on such matters relating to the duties of the *Managing Agent* (as defined in Section 3.2 hereof), if any, which may arise between meetings of the Board of Directors as the Board of Directors deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall on behalf of the Association:

(a) Prepare and adopt an annual budget, in which there shall be expressed the Assessments of each Member for the Common Expenses.

(b) Make assessments against Members to defray the costs and expenses of the Association, establish the means and methods of collecting such assessments from the owners and establish the period of the installment payment of the annual assessment for Common Expenses.

(c) Provide for the operation, care, upkeep and maintenance of all of the Common Maintenance Areas.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Association Property and Common Maintenance Areas and provide services for the Association and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the property owned by the Association.

(e) Collect the assessments against the Members, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration and purposes of the Association.

(f) Make and amend the Rules and Regulations.

(g) Open bank accounts on behalf of the Association and designate the signatories thereon.

(h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Association Property, and repairs to and restoration of the Association Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations, act on behalf of the Members with respect to all matters arising out of any eminent domain proceeding, and notify the Members of any litigation against the Association involving a claim in excess of ten percent of the amount of the annual budget.

(j) Obtain and carry insurance against casualties and liabilities, as provided in the Declaration, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Association and not billed to Members or otherwise provided for in the Declaration.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Development, and the administration of the Association, specifying the expenses of maintenance and repair of the Association Property and the Common Maintenance **Areas and any** other expenses incurred. Such books and vouchers accrediting the entries therein shall be available for examination by the Members, their attorneys, accountants and authorized agents during general business hours on business days at the times and

in the manner set and announced by the Board of Directors for the general knowledge of the Members. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent auditor retained by the Board of Directors. The cost of such audit shall be a Common Expense.

(m) Notify a Mortgagee of any default hereunder by the Owner of the Lot subject to such mortgage, if such default continues for a period exceeding thirty days.

(n) Borrow money on behalf of the Association when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Association Property and Common Maintenance Areas; provided, however, that the consent of at least two-thirds in number and in Percentage Interest of all Members, obtained either in writing or at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of Ten Thousand Dollars. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this subsection (n) is not repaid by the Association, a Member who pays to the creditor a percentage of the total amount due equal to his Percentage Interest shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Owner's Lot, and the Association shall not be entitled to assess his Lot for payment of the remaining amount due such creditor.

(o) Acquire, hold and dispose of Lots and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Association.

(p) In its sole discretion, designate from time to time certain Common Elements as Limited Common Elements and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(q) Do such other things and acts not inconsistent with law, the Declaration or these Bylaws which the Board of Directors may be authorized to do by a resolution of the Association.

Section 3.2. Managing Agent. The Board of Directors may employ for the Association a Managing Agent at a compensation to be established by the Board of Directors.

(a) Requirements. The Managing Agent shall be a bona fide business enterprise, which manages common interest residential communities. Such firm shall have experience in real estate community management and shall employ persons

possessing a high level of competence in the technical skills necessary to proper management of the Development. The Managing Agent must be able to advise the Board of Directors regarding the administrative operation of the Development and shall employ personnel knowledgeable in the areas of townhouse insurance, accounting, contract negotiation, labor relations and development regulation.

(b) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitation, the duties listed in subsections 3.1 (a), (c), (d), (e), (h), (j), (k), (l), (m), and (q). The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subsections 3.1 (b), (f), (g), (n), (o) and (p). The Managing Agent shall perform the obligations, duties and services relating to the management of the property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(c) Standards. The Board of Directors shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board of Directors:

(1) the accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to more than one but less than all Members shall be accounted for separately;

(2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Association shall not be commingled with any other accounts;

(4) 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;

(5) 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 Board of Directors; and

(6) a monthly financial report shall be prepared for the Association containing:

(A) an Income Statement reflecting all income and expense activity for the preceding month on an accrual basis;

(B) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding month on a cash basis;

(C) an Account Status Report reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(D) a Balance Sheet reflecting the financial condition of the Association on an unaudited basis;

(E) a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and

(F) a Delinquency Report listing all Owners who are delinquent in paying assessments and describing the status of any actions to collect such assessments.

(d) Limitations. The Board of Directors may employ a Managing Agent for a term not to exceed one year. Any contract with the Managing Agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than ninety days' written notice and with cause on no more than ten days' written notice.

Section 3.3. Number and Term of Office.

(a) Designated Members. The initial Board of Directors (other than the initial Board of Directors named in the Articles of Incorporation) shall consist of no less than three nor more than nine persons, all of whom shall be designated by the Developer. The term of office of at least two of such persons shall expire at the third annual meeting; the term of office of up to three additional persons shall expire at the second annual meeting; and the term of office of any other persons shall expire at the first annual meeting after their election or designation. The term of each designee shall be fixed by the Developer. At the special meeting required by subsection 2.4(b), a number of the persons designated by the Developer shall resign if necessary so that a majority of the members of the Board of Directors shall have been elected in accordance with subsection 2.4(b). The persons elected shall serve for the remainder of the terms of office of the resigning members of the Board of Directors who such persons replace, or if no resignation was required, for the terms of office

necessary so that the term of office of three members of the Board of Directors shall expire at each of the first three annual meetings after their election. The persons receiving the greatest vote shall be elected for the longest available terms. At the expiration of the terms of office of all members of the Board of Directors designated by the Developer or elected at the special meeting held pursuant to subsection 2.4(b), all successor directors shall be elected to serve for a term of three years.

(b) Elected Members. No later than the first annual meeting of the Association after the end of the Developer Control Period, the Board of Directors shall be composed of nine persons, all of whom shall be Owners, Mortgagees (or designees of Mortgagees) or designees of the Developer. Except for resignation or removal, the members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 3.4. Election of Directors.

(a) Elections Committee. At least ninety days prior to the special meeting required by section 2.4(b) of these Bylaws and each annual meeting of the Association, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board of Directors whose term is not then expiring and at least three other Owners. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board of Directors.

(b) Nominations. Persons qualified to be directors may be nominated for election only by a nominating petition submitted to the Chairman of the Elections Committee at least thirty-five days before the meeting at which the election is to be held signed by Members representing at least ten Lots and either signed by the nominee or accompanied by a document signed by the nominee indicating a willingness to serve as a member of the Board of Directors; provided, however, that additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one person has been nominated by petition. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve. This subsection (b) does not apply to persons appointed to the Board of Directors by the Developer.

(c) Qualifications. No person shall be eligible for election as a member of the Board of Directors unless he is (alone or together with one or more other persons) an Owner. No person shall be elected as a member of the Board or shall continue to serve as a member of the Board if he is

more than sixty days delinquent in his financial obligations to the Association.

(d) To the extent practicable, the Board of Directors shall consist of at least one director elected from each phase, segment or area of the Development.

Section 3.5. Removal or Resignation of Directors. Except with respect to directors designated by Developer, at any regular or special meeting duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a Majority of the Owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Owners shall be given at least seven days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Board of Directors may resign at any time and, except for a director designated by the Developer, shall be deemed to have resigned upon disposition of his Lot (as provided for officers in Section 55-79.78(a) of the Virginia Condominium Act where applicable), or if not in attendance at three consecutive regular meetings of the Board, unless the minutes reflect the Board's consent to such absence.

Section 3.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Directors until a successor shall be elected at the next annual meeting of the Association. During the Developer Control Period, the Developer shall designate the successor to any member previously designated by the Developer who resigns or is removed.

Section 3.7. Organizational Meeting. The first meeting of the Board of Directors following the annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be fixed by the Association at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors is present at the meeting.

Section 3.8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every fiscal quarter during each fiscal year, except the quarter in

which the annual organizational meeting occurs. Notice of regular meetings of the Board of Directors shall be given in writing to each director, by hand delivery, mail or telegraph, at least three days prior to the day named for such meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each director, given in writing or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three directors. If the President shall certify the existence of an emergency, he shall be authorized to call a special emergency meeting without any written notice. A quorum must be present to act at such emergency meeting and all action taken at such time shall be by unanimous vote. Meetings by way of conference telephone calls are authorized.

Section 3.10. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.11. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A member of the Board of Directors who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.12. Fidelity Bonds. There shall be obtained fidelity bonds in an amount not less than one-half the total annual Assessments for the year (in such form and such greater amounts as may be required by the Mortgagees) for all officers, directors and employees of the Association, including without limitation the Managing Agent, handling or responsible for Association funds. The premiums on such bonds shall

constitute a Common Expense. Such fidelity bonds shall: (i) name the Association as an obligee; (ii) be written in an amount not less than one-half the total annual Assessments for the year or the amount required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or such similar entity, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Section 3.13. Compensation. No director shall receive any compensation from the Association for acting as such.

Section 3.14. Conduct of Meeting. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these Bylaws or any law.

Section 3.15. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors 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 Board of Directors.

Section 3.16. Liability of the Board of Directors, Officers, Members and Association. (a) The officers, members of the Board of Directors and members of the Covenants Committee shall not be liable to the Association or any Owner for any mistake of judgment or negligence. The Association shall indemnify and hold harmless each of the officers and directors from and

against all contractual liability to others arising out of contracts made by the officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them in good faith on behalf of the Association. The liability of any Member arising out of any contract made by the officers or Board of Directors, or out of the indemnification of the members of the Board of Directors or officers, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of a Lot 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, the Board of Directors or the Managing Agent on behalf of the Association shall, if obtainable, provide that the officers, the members of the Board of Directors 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 Owners), and that each Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Percentage Interest. The Association shall indemnify and hold harmless each of the members of the Covenants Committee from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Declaration or these Bylaws. 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 a director or officers of the Association or a member of the Covenants Committee, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with 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 interests of the Association.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to any person or property caused by the elements or by the Owner of any Lot, 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 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 3.17. Common or Interested Directors. Each member of the Board of Directors shall exercise his powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and any of its directors, or between the Association and any corporation, firm or association (including the Developer) in which any of the directors of the Association are directors or officers or are pecuniarily or otherwise

interested, is either void or voidable because any such director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subsections exists:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board of Directors authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to at least a Majority of the Owners, and the Owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if such director were not such director or officer of such Association or not so interested.

Section 3.18. Board of Directors as Attorney-in-Fact.
The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the Owners of all of the Lots and for each of them, to manage, control and deal with the interests of such owners in the Common Elements to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Development to adjust and settle all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims. The Board of Directors may grant and accept easements and licenses pursuant to and as contemplated in Section 55-79.80(b) of the Virginia Condominium Act.

Section 3.19. Covenants Committee.

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of three or five members appointed by the Board of Directors, each to serve for a term of one year, in order to assure that the Development shall always be maintained in a manner: (1) providing for visual harmony and soundness of repair; (2) avoiding activities deleterious to the aesthetic or property values of the Development; (3) furthering the comfort of the Owners, their guests and tenants; and (4) promoting the general welfare and safety of the Development community.

(b) Powers. The Covenants Committee shall regulate the external design, appearance, use and maintenance of the Common Elements and Common Maintenance Areas. The Covenants Committee shall have the power to impose reasonable fines upon and issue a cease and desist request to an owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Declaration, these Bylaws, and the Rules and Regulations or resolutions of the Board of Directors (upon petition of any Owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the Declaration, Bylaws, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by an owner or the Board of Directors. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board of Directors to have standing as an aggrieved party and the Board of Directors may modify or reverse any such action, ruling or decision.

(c) Authority. The Covenants Committee shall have such additional duties, power and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case by case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board of Directors.

ARTICLE 4

Officers

Section 4.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other

officers as in its judgment may be necessary. Any other officers may, but need not, be Owners or members of the Board of Directors.

Section 4.2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors, called for such purpose.

Section 4.4. President. The President shall be the chief executive officer of the Association; preside at all meetings of the Association and of the Board of Directors; have general and active management of the business of the Association subject to the control of the Board of Directors; see that all orders and resolutions of the Board of Directors are carried into effect; and appoint committees from among the Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5. Vice-President. The Vice-President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board of Directors may direct; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the place to which all notices to Owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of Secretary.

Section 4.7. Treasurer. The Treasurer shall (together with the Managing Agent) be responsible for Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies

and other valuable effects in the name of the Board of Directors, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors; and, in general, perform all the duties incident to the office of Treasurer.

Section 4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for aggregate expenditures or obligations in excess of One Thousand Dollars, and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors. All such instruments for expenditures or obligations of One Thousand Dollars or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors.

Section 4.9. Compensation of Officers. No officer who is also a director shall receive any compensation from the Association for acting as such officer. other officers may be compensated as authorized by the Board of Development

ARTICLE 5

Operation of the Development

Section 5.1. Determination of Common Expenses and Assessments Against Owners.

(a) Fiscal Year. The fiscal year of the Association shall be January 1 through December 31 unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(1) At least one hundred twenty days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements, the Association Property and Common Maintenance Areas, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Development and the rendering to the owners of all related services.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. At least sixty

days before the beginning of each fiscal year, the Board of Directors shall send to each owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessments payable by each Owner. Such budget shall constitute the basis for determining each Owner's assessment for the Common Expenses of the Association, and shall state the amount of the monthly assessment for the following year.

(c) Assessment and Payment of Common Expenses.

Subject to the provisions of subsection 9.1(a) hereof, the total amount of the estimated funds required from assessments for the operation of the Development set forth in the budget adopted by the Board of Directors shall be assessed against the Owners in proportion to their respective Percentage Interests except for Limited Common Expenses which shall be assessed against each Owner benefitted in proportion to the relative Percentage Interest of or benefit to such Lots inter se and shall be a lien against each Owner's Lot as provided in Section 9.2 of these Bylaws. On or before the first day of each fiscal year and the first day of each of the succeeding eleven months in such fiscal year, each Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all Owners, and to each Mortgagee requesting same, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the Owners, or be credited according to each Owner's Percentage Interest to the next monthly installments due from owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the Owners in accordance with their Percentage Interest and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six equal monthly installments, as the Board of Directors may determine.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including nonpayment of any Owner's assessment, the Board of Directors may at any time levy a further assessment,

which shall be assessed against the Owners according to their Percentage Interest and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten days after the delivery of such notice of further assessment. All Owners so notified shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in the preceding subsection (c).

(e) Initial Capital Payment. (i) Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing thirty days after such selection and ending on the last day of the fiscal year in which such selection occurs. Assessments shall be levied and become a lien against the Owners during such period as provided in subsection (c) of this Section.

(ii) The Developer as the agent of the Board of Directors, may collect from each initial purchaser at the time of settlement an "initial capital payment" in an amount determined by the Developer. The Developer will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Board of Directors may determine.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notified of the monthly payment which is due more than ten days after such new annual or adjusted budget is adopted.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Owners or from any other source may be commingled into a single fund but shall be held for each Owner in accordance with his assessment obligation.

Section 5.2. Payment of Common Expenses. All Owners shall pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 5.1. No Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Lot. No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Lot subsequent to the date of recordation of a conveyance by him in fee of such Lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Owner within five business days following a written request therefor to the Board of Directors or Managing Agent and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that each Mortgagee who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against such Lot which accrue prior to the time such Mortgagee comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Lots including the mortgaged Lot.

Section 5.3. Collection of Assessments. The Board of Directors, or the Managing Agent at the request of the Board of Directors, shall take prompt action to collect any assessments for Common Expenses due from any owner which remain unpaid for more than thirty days from the due date for payment therefor. Any assessment, or installment thereof, not paid within five days after due shall accrue a late charge in the amount of Ten Dollars, or such other amount as may be established from time to time by the Board of Directors.

Section 5.4. Statement of Common Expenses. The Board of Directors shall promptly provide any Owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5.5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Board of Directors. Except as provided in Subsection (b)(2) hereof, the Board of Directors at the expense of the Association shall be responsible for the maintenance, repair and replacement of all of the Common Elements (including the Limited Common Elements) whether located inside or outside the Lots, the cost of which shall be charged to all owners as a Common Expense; provided, however, that each Owner under the direction of the Board of Directors shall perform maintenance on the Limited Common Elements appurtenant to his Lot and any portion of the remaining Common Elements that the Board of Directors, pursuant to the Rules and Regulations has given him permission to use, including without limitation the items enumerated in Subsection (b) hereof. The ultimate right to provide routine maintenance and upkeep of Common Elements shall be with the Association.

(b) By the Owner.

(1) Each Owner shall keep his Lot and its improvements, equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all interior redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Lot. In addition, each Owner shall be responsible for all damage to any other Lots (including improvements thereon) or to the Common Elements resulting from his failure or negligence to make any of the repairs required by this Section. Each Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. Each Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Board of Directors is responsible.

(2) Each Owner shall be responsible for all damage to any other Lots or to the Common Elements resulting from his negligence, misuse, or failure to make any of the repairs required by this section or otherwise. In addition, each owner is responsible to satisfy and pay any deductible amount of any insurance policy purchased by the Board of Directors which is attributable to any claim for damage to components of other Lots or Common Elements, where the cause of such damage arose within such owner's Lot, regardless of whether such cause arose through the negligence of such Owner or any Occupant of such Owner's Lot as provided in Subsection 6.1(e) hereof.

(3) The Owner of any Lot to which a Limited Common Element balcony is appurtenant shall perform the normal

maintenance for such Limited Common Element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water and shall bear the expense of all repairs thereto caused or permitted by his negligence, misuse or neglect. All structural repair or replacement shall be made by the Board of Directors as a Limited Common Expense, subject to the provisions of Subsection (a) above.

(4) Any Owner permitted by the Board of Directors to use a specific portion of the Common Elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(c) Chart of Maintenance Responsibilities. Notwithstanding the general provisions for maintenance set forth in Subsections (a) and (b) above, specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Chart of Maintenance Responsibilities as may be established by the Board of Directors.

(d) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 5.6. Additions, Alterations or Improvements by Board of Directors. Except during the Developer Control Period, whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of Five Thousand Dollars during any period of twelve consecutive months, the making of such additions, alterations or improvements requires prior notice to Owners who have access to such elements, and the Board of Directors shall assess all Owners benefitted for the cost thereof as a Common Expense. Any additions, alterations or improvements costing Five Thousand Dollars or less during any period of twelve consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute a Common Expense or Limited Common Expense depending on the nature thereof. The Five Thousand Dollar limitation may be altered annually. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Owner or Owners requesting the same, such requesting Owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable

to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 5.7. Additions, Alterations or Improvements by the owners. No Owner shall make any structural addition, alteration or improvement in or to his Lot or townhouse without the prior written consent of the Board of Directors or the Covenants Committee. No Owner shall paint or alter the exterior of his Lot, including the doors and windows, nor shall any Owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors or the Covenants Committee. The Board of Directors shall be obligated to answer any written request by an Owner for approval of a proposed structural addition, alteration or improvement in such Owner's Lot within 45 days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors or the covenants committee to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Lot requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors only, without however incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the approval of any Mortgagee of such affected Lots, the Board of Directors and any owner affected, any Lot may be subdivided or may be altered so as to relocate the boundaries between such Lot and any adjoining Lots. The Secretary shall record any necessary amendment to the Declaration to effect such action. The provisions of this Section 5.7 shall not apply to Lots owned by the Developer until deeds of conveyances of such Lots shall have been recorded; provided, however, Developer's construction or alterations shall be architecturally compatible with existing Lots. The Developer shall have the right to make such alterations or subdivisions without the consent of the Board of Directors, and the Board of Directors shall execute any such application required.

Section 5.8. Restrictions on Use of Lots and Common Elements; Rules and Regulations.

(a) Restrictions. Each Lot and the Common Elements shall be occupied and used as follows:

(1) Except for the areas designated for recreational or commercial use and except as provided in the Declaration, no Lot shall be used for **other than housing and the** related common purposes for which the Lot was designed. The

Board of Directors may permit reasonable, temporary nonresidential uses from time to time. Nothing in these Bylaws shall be construed to prohibit the Developer from using any Lot owned by Developer for promotional, marketing or display purposes or from using any appropriate portion of the Common Elements for settlement of sales of Lots and for warranty administration purposes.

(2) Nothing shall be done or kept in any Lot or in the Common Elements which will increase the rate of insurance for the Property or any part thereof applicable for residential use, without the prior written consent of the Board of Directors. No owner shall permit anything to be done or kept in his Lot or in the Common Elements which will result in the cancellation of insurance on the Lot or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the Common Elements.

(3) No immoral, improper, offensive or unlawful use shall be made of the Development or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Owners or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Development, and, if the latter, then the cost of such compliance shall be a Common Expense.

(4) No Owner shall obstruct any of the Common Elements nor shall any owner place or cause or permit anything to be placed on or in any of the Common Elements without the approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Elements except upon the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The Common Elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the Lots. The lobbies, vestibules, public halls and stairways shall be used for no purpose other than for normal transit.

(6) No Lot shall be leased for any period or purpose other than as approved by the Board of Directors. No Owner shall lease a Lot other than on a written form of lease: (i) requiring the lessee to comply with these Bylaws, the Declaration, and Rules and Regulations; (ii) providing that

failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder after written notice to the Owner, in the event of a default by the tenant in the performance of the lease. The Board of Directors may provide a suggested standard form lease for use by Owners. Each Owner of a Lot shall, promptly following the execution of any lease of a Lot, forward or cause to be forwarded a conformed copy thereof to the Board of Directors. This paragraph shall not apply to the Developer but shall apply to a Mortgagee in possession of a Lot as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles, boats and other large vehicles may be parked on the Development only with the prior written approval of the Board of Directors or the Covenants Committee and then only in designated spaces. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Development. Vehicle repairs, other than minor adjustments, are not permitted on the Development.

(8) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Lot or upon the Common Elements except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds) not to exceed one per Lot without the prior written approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors and the Declaration provided, however, that such pets are not kept or maintained for commercial purposes or for breeding and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be removed from the Development upon written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried on leash or obedient to verbal command. Any Owner who keeps or maintains any pet upon any portion of the Development shall be deemed to have indemnified and agreed to hold the Association, each Owner and the Developer free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Development. All pets shall be registered and inoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Association resulting from the presence of such pets.

(9) Except for such signs as may be posted by the Developer for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in,

from or about any Lot or Common Elements without the prior written approval of the Board of Directors.

(10) Sufficient carpeting, rugs and padding shall be maintained on the floor surfaces (excluding kitchens, laundry rooms, closets and bathrooms) in Lots located over other Lots to adequately reduce transmission of sound between Lots. Additional washers, dryers and other major appliances may not be installed in a Lot without the prior approval of the Covenants Committee.

(b) Changes to Rules and Regulations. Each Lot and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Owner. Changes to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Owner upon request.

Section 5.9. Right of Access. By acceptance of his deed of conveyance, each Owner thereby grants a right of access to his Lot to the Board of Directors or the Managing Agent, or any other person authorized by the Board of Directors or the Managing Agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation the making of inspections, correcting any condition originating in his Lot and threatening any Lot or the Common Elements performing installations, alterations or repairs to the mechanical or electrical services or the Common Elements; provided, however, that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate, whether or not the Owner is present.

Section 5.10. Utility Charges. The cost of utilities serving the Development not individually metered to a Lot shall be a Common Expense.

Section 5.11. Parking Spaces. All parking spaces shall be used by the owners for self-service parking purposes on a "first come, first served" basis, except that the Board of Directors may otherwise determine or promulgate separate parking rules. The cost of maintenance and repair of all parking areas shall be a Common Expense.

ARTICLE 6

Insurance

Section 6.1. Authority to Purchase; Notice. (a) Except as otherwise provided in Section 6.5, all insurance policies relating to the Development shall be purchased by the Board of Directors. The Board of Directors, the Managing Agent and the Developer shall not be liable for failure to obtain any coverages required by this Article 6 or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at demonstrably unreasonable costs. The Board of Directors shall promptly furnish to each Owner written notice of the procurement of, subsequent changes in, or termination of, insurance coverages obtained on behalf of the Association (in compliance with Section 55-79.81(b) of the Virginia Condominium Act when applicable).

(b) If possible each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Developer, the Association, the Board of Directors, the Managing Agent or the Owners, and their respective agents, employees, guests and, in the case of the Owners, the members of their households;

(2) Such policy shall not be canceled, invalidated or suspended due to the conduct of any Owner, (including his invitees, agents and employees) or of any member, officer or employee of the Board of Directors or the Managing Agent without the prior demand in writing that the Board of Directors or the Managing Agent cure the defect and that neither shall have so cured such defect within sixty days after such demand;

(3) Such policy may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least sixty days' prior written notice to the Board of Directors and the Managing Agent and, in the case of physical damage insurance, to all Mortgagees.

(c) The Developer, so long as Developer shall own any Lot, shall be protected by all such policies as an Owner.

(d) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia.

(e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a Common Expense. If damage occurs to the Common Elements (including Limited Common Elements) or the Association Property, where the cause of such damage arose in a Lot, the Owner of the Lot in which the cause of damage arose shall be responsible for the deductible, if any, on any insurance policy purchased by the Board of Directors, regardless of whether such cause arose through the negligence of the Owner or any occupants of the Lot wherein such cause of the damage arose.

Section 6.2. Physical Damage Insurance.

(a) The Board of Directors shall, if possible, obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, sprinkler leakage (if applicable), debris removal, cost of demolition and water damage endorsements, insuring the Association Property, together with all air-conditioning and heating equipment (including heat pumps) and other service machinery contained therein and covering the interests of the Association, the Board of Directors and all Owners and their Mortgagees, as their interests may appear, (subject, however), to the loss payment and adjustment provisions in favor of the Board of Directors as Insurance Trustee contained in Sections 6.6 and 6.7), in an amount equal to 100% of the then current replacement cost of the Association Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board of Directors with the assistance of the insurance company affording such coverage).

(b) Such policy shall also provide:

(1) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so;

(2) The following endorsements (or equivalent): (i) "no" control" (to the effect that coverage shall not be prejudiced by any act or neglect of any Occupant or Owner or their agents when such act or neglect is not within the control of the insured, or the owners collectively; nor by any failure of the insured, or the Owner(s) collectively, to comply with any warranty or condition with regard to any portion of the Lot over which the insured, or the Owners collectively, have no control); (ii) "contingent liability from operation of building laws or codes"; (iii) "increased cost of construction" or "condominium replacement cost"; and (iv) "agreed amount" or elimination of co-insurance clause; and

(3) That no "other insurance" clause expressly exclude individual owners' policies from its operation so that the physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual owners or their Mortgagees, unless otherwise required by law.

(c) A duplicate original or the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same, at least thirty days prior to expiration of the then current policy. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board of Directors may determine, of the then current replacement cost of the Association Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Section 6.2.

Section 6.3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage and errors and omissions coverage for directors) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, the Managing Agent, each Owner and the Developer against any liability to the public or to the Owners (and their invitees, agents and employees) arising out of, or incident to the ownership and/or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Association; and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability to an Owner because of negligent acts of the Association or of another Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than \$1,000,000 covering all claims for bodily injury or property damage arising from one occurrence. Reasonable amounts of

"umbrella" liability insurance in excess of the primary limits shall also be obtained if possible.

Section 6.4. Other Insurance. The Board of Directors shall obtain and maintain:

(a) adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the Managing Agent. Such fidelity bonds shall: (i) name the Association as an obligee; (ii) be written in an amount not less than one-half the total annual assessments for the year or the amount required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or such similar entity, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

(b) if required by any governmental or quasigovernmental agency, including without limitation the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, flood insurance in accordance with the then applicable regulations of such agency;

(c) workmen's compensation insurance if and to the extent necessary to meet the requirements of law;

(d) broad form machinery and pressure vessel explosion insurance (if applicable) in an amount adequate to cover the Owners, the Association, its officers, directors and agents; and

(e) such other insurance as the Board of Directors may determine or as may be requested from time to time by a Majority of the Owners.

Section 6.5. Separate Insurance. Each owner shall have the right and shall have the duty, at his own expense, to obtain insurance providing coverage sufficient to bear the entire replacement cost for his own Lot (exclusive of the land, excavations, foundations and other items normally excluded from such coverage) and for his own benefit and that of the Association and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his Lot under coverage normally called "improvements and betterments coverage"; provided, however, that no Owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Owners, may realize under any insurance policy maintained by the

Board of Directors or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with insurance coverage obtained by an owner.

Section 6.6. Insurance Trustee. (a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Association, the Members, their Mortgagees and the Developer as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board of Directors as "Insurance Trustee" to be applied pursuant to the terms of Article 7.

(b) The sole duty of the Board of Directors as Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

ARTICLE 7

Repair and Reconstruction After Fire or Other Casualty

Section 7.1. When Repair and Reconstruction are Required.

(a) Except as otherwise provided in Section 7.4, in the event of damage to or destruction of all or any part of any building or other improvement on Association Property as a result of fire or other casualty the Board of Directors shall arrange for and supervise the prompt repair and restoration of the building or improvement.

(b) In all areas within the Development except those areas that are submitted to a condominium regime (in which case the duties and obligations of unit owners shall be specified in the condominium documents) it shall be the duty of each Owner to replace, rebuild or reconstruct any improvement erected upon his Lot existing at the time of the conveyance of such Lot to such owner, or all improvements completed under the control of the Developer or the Association after such conveyance unless and except he obtains prior written approval from the Association specifically relieving him of such duty and obligation. This duty shall exist irrespective of the reason or the need for such action and without regard to any existing liability or fault in connection with the damage or destruction to such property. If an Owner fails to properly and timely rebuild, reconstruct or replace improvements on his Lot as required by these Bylaws, the Association may, after thirty (30) days written notice to the Owner certifying the existence of the need for such maintenance, repair, reconstruction or replacement, enter the premises, cause all necessary work to be

performed and charge all such expenses to the owner. Any such costs incurred shall upon being incurred become a debt due the Association from the Owner and shall be subject to all collection methods including but not limited to those provided for in the Declaration or these Bylaws.

Section 7.2. Procedure for Reconstruction and Repair of Association Property.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of the Association Property, the Board of Directors shall obtain or cause to be obtained reliable and detailed estimates of the cost of repairing and restoring such portion to a condition as good as that existing before such casualty. Such costs shall also include professional fees and premiums for such bonds as the Board of Directors as Insurance Trustee determines to be necessary.

(b) Assessments. Except as provided in Section 6.1(e), if the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and shall be deemed a Common Expense and a special assessment therefor may be levied.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible.

Section 7.3. Disbursements of Construction Funds.

(a) Construction Funds and Disbursement. Any and all of the proceeds of insurance collected on account of casualty and the sums received by the Board of Directors as Insurance Trustee from collections of assessments against Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(1) If the estimated cost of reconstruction and repair is less than Fifty Thousand Dollars, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors.

(2) If the estimated cost of reconstruction and repair is Fifty Thousand Dollars or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the Board of Directors as Insurance Trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all Owners in proportion to their assessment obligations and shall be distributed in accordance with the priority of interests at law or in equity in each Lot.

(c) Certificate. The Board of Directors as Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary, certifying: (i) whether the damaged Property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund where surplus funds to be distributed exist; and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the Board of Directors as Insurance Trustee promptly after request.

Section 7.4. When Reconstruction is Not Required. In the event the Board of Directors elects not to repair damage to the Common Elements or the Association Property, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Development and the balance of any insurance proceeds received on account of such damage shall be held as part of the general fund of the Association. If any Lot shall require repair or reconstruction, the

Association may relieve its Owner of such duty by vote of a two-thirds majority of the Board of Directors.

ARTICLE 8

Mortgages

Section 8.1. Notice to Board of Directors. An Owner who mortgages his Lot shall notify the Board of Directors of the name and address of his Mortgagee and shall file a conformed copy of the note and Mortgage with the Board of Directors. The Board of Directors shall be entitled to rely on such notifications in taking any action with respect to any and all Mortgages.

Section 8.2. Notice of Default, Casualty or Condemnation. The Board of Directors when giving notice to any Owner of a default in paying an assessment for Common Expenses or any other default, shall simultaneously send a copy of such notice to the Mortgagee of such Lot. Each Mortgagee shall also be promptly notified of any casualty when required by subsection 6.2(c) hereof, of all actions taken under Article 7 and of any taking in condemnation or by eminent domain and actions of the Association with respect thereto. For purposes of this section only, when notice is to be given to a Mortgagee, the Board of Directors shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veteran's Administration, the Federal Housing Administration, the Farmers Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guaranteeing Mortgages if the Board of Directors has notice of such participation.

Section 8.3. Notice of Amendment of Declaration or Bylaws. The Board of Directors shall give notice to all Mortgagees at least seven days prior to the date on which the Owners, in accordance with the provisions of these Bylaws, materially amend the Declaration or the Bylaws.

Section 8.4. Notice of Change in Managing Agent. The Board of Directors may give notice to all Mortgagees prior to changing the Managing Agent.

Section 8.5. Mortgagees' Rights. Unless specified herein or in the event a Lot is a condominium and rights are afforded Mortgagees under the Virginia Condominium Act, Mortgagees shall have no rights under these Bylaws.

ARTICLE 9

Compliance and Default

Section 9.1. Relief. Each Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws and the Rules and Regulations as any of the same may be amended from time to time. In addition to any other remedies provided by law or in equity, a default by an Owner shall entitle the Association, acting through its Board of Directors or through the Managing Agent, to the following relief:

(a) Additional Liability. Each Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his employees, agents, guests or licensees. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by an owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

(c) No Waiver of Rights. The failure of the Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration or these Bylaws, shall not constitute a waiver of the right of the Association, the Board of Directors of the owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of these Bylaws of the Declaration shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted at law or in equity (including when applicable the Virginia Condominium Act).

(d) Interest. In the event of a default by any Owner in payment of any sum assessed against his Lot which continues for a period in excess of fifteen days, interest at the maximum legal rate may be assessed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(e) Abating and Enjoining Violations by Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors, the breach of any Bylaw contained herein or the breach of any provision of the Declaration, the Bylaws, or, if applicable, the Virginia Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Lot in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(f) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these Bylaws and the Rules and Regulations of the Association shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent or, if appropriate, by any aggrieved Owner and shall not constitute an election of remedies.

Section 9.2. Lien for Assessments.

(a) Lien. The total Assessment of each Owner for Common Expenses or any special assessment, or any other sum duly levied (including without limitation, attorney's fees, fines, interest, late charges, etc.), made pursuant to these Bylaws or the Declaration is hereby declared to be a lien levied against the Lot of such Owner which lien shall, with respect to annual Assessments, be effective on the first day of each fiscal year of the Association and, as to special assessments and other sums duly levied, on the first day of the next month which begins more than seven days after delivery to the Owner of notice of such special assessment or levy. The Board of Directors or the Managing Agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien.

(b) To the extent allowed and required by Section 55-516 of the Virginia Property Owner's Association Act, the Association, in order to perfect any such lien, shall file before the expiration of twelve (12) months from the time such Assessment became due and payable in the Clerk's Office a

memorandum, verified by the oath of the President, Treasurer or Secretary of the Association, which contains the following:

- (i) The name of the Development;
- (ii) A description of the Lot;
- (iii) The name or names of the persons constituting the Owners of the Lot;
- (iv) The amount of unpaid Assessments currently due or past due relative to such Lot together with the date when each fell due;
- (v) The date of issuance of the memorandum;
- (vi) The name of the Association and the name and current address of the person to contact or arrange for payment or release of the lien; and
- (vii) A statement that the Association is obtaining a lien in accordance with the provisions of the Virginia Property Owner's Association Act as set forth in Chapter 26 (Section 55-508, et seq.) of Title 55 of the Code of Virginia of 1950, as amended.

At least ten (10) days before the filing of a memorandum of lien, the Association shall send or cause to be sent a written notice to the delinquent Owner by certified mail, at the Owner's last known address, informing him that a memorandum of lien will be filed in the Clerk's Office.

(c) Acceleration. In any case where an Assessment against an Owner is payable in installments, upon a default by such Owner in the timely payment of any installment, the maturity of the remaining total of the unpaid installments of such Assessment may be accelerated, at the option of the Board of Directors, and the entire balance of the annual or other Assessment, including specifically any special assessments, may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner and his Mortgagee by the Board of Directors or the Managing Agent. Any Owner who shall for two successive years be subjected to acceleration as provided for herein shall thereafter be required to pay his entire annual Assessment within ten days of mailing to him of his notice of assessment.

(d) Enforcement. The lien for Assessments may be enforced and foreclosed in any manner permitted by the laws

of the Commonwealth of Virginia or by the power of sale pursuant to Section 9.3. hereof, by action in the name of the Board of Directors, or the Managing Agent, acting on behalf of the Association. During the pendency of such suit the Owner shall be required to pay a reasonable rental for the Lot for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available, under the laws of the Commonwealth of Virginia.

(e) Remedies Cumulative. A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section 9.3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the Declaration, these Bylaws or any law, all of the Owners may be required by the Developer or the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by a declaration of trust recorded in the Clerk's Office, granting unto a trustee or trustees appropriate powers to the end that, upon default in the performance of such bond such declaration of trust may be foreclosed by such trustee or trustees acting at the direction of the Board of Directors. In the event any such bonds have been executed and such declaration of trust is recorded, then any subsequent purchaser of a Lot shall take title subject thereto and shall assume the obligations provided for therein.

Section 9.4. Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any Assessment levied pursuant to these Bylaws or the Declaration upon any Lot (and any penalties, interest or assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree or deed of foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the Lot at such sale from liability for any Assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE 10

Amendments to Bylaws

Section 10-1. Amendments. These Bylaws may be modified or amended by the vote of a Majority of the Owners; provided, however, that until the expiration of the Developer Control Period, no section of these Bylaws may be amended in any respect without the prior written consent of the Developer. All amendments to the Bylaws shall be prepared and recorded by the Secretary.

Section 10.2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagee.

ARTICLE 11

Miscellaneous

Section 11.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given when delivered personally or mailed by United States mail, postage prepaid or if notification is of a default or lien, mailed by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to an Owner, at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Owner, or (ii) if to the Association, the Board of Directors or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section. If a Lot is owned by more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 11.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 11.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed

to include the plural, and vice versa, whenever the context so requires.

Section 11.4. Construction. These Bylaws are intended to comply with all of the applicable provisions of the Virginia Condominium Act and applicable local ordinances and shall be so interpreted and applied.