

**AMENDED AND RESTATED
BYLAWS OF
POWHATAN COMMUNITY SERVICES ASSOCIATION**

ARTICLE I

Plan of Ownership

Section 1.1. Applicability. These Amended and Restated Bylaws ("Bylaws") provide for the governance of Powhatan Community Services Association, a Virginia nonstock corporation (the "Association"). Capitalized terms used herein without definition shall have the meanings specified for such terms in the Amended and Restated Articles of Incorporation of the Association (the "Articles") or in the Amended and Restated Declaration of Protective Covenants and Restrictions dated as of January 5, 2016, made by the Association and recorded or to be recorded in the Clerk's Office of the Circuit Court of James City County, Virginia (the "Clerk's Office"), as the same may hereafter be amended or supplemented (the "Declaration"). As used herein, "Developer" shall mean the Developer as named in the Declaration and its successors and assigns.

Section 1.2. Compliance. Every Owner and all those entitled to occupy a Lot shall comply with these Bylaws.

Section 1.3. Office. The principal office of the Association shall be located at the Properties or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II

Membership

Section 2.1. Membership. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to, and shall not be separated from, ownership of any Lot. Upon the recordation of a deed to a Lot, the membership of the selling Owner shall cease and the purchasing Owner shall become a member of the Association.

Section 2.2. Classes of Members. The Association shall have two (2) classes of membership.

Class A. Class A Members shall be all Owners of Lots including Developer as to those Lots owned by Developer; and

Class B. The Class B Member shall be the Developer until the earlier of (i) Developer ceases to be a corporation in existence as reflected in the records of the SCC; or (ii) Developer notifies the Association in writing that it no longer desires to be the Class B Member.

Section 2.3. Voting Rights.

- (a) Each Class A Member shall be entitled to cast one (1) vote for each Lot owned.
- (b) Developer as the Class B Member shall be entitled to cast the Class B vote.
- (c) The Board of Directors may suspend the voting rights of any Member subject to assessment under the Declaration during the period when any assessment shall be delinquent, but upon payment in full of such assessment the voting rights of such Member shall be automatically restored. The Board of Directors, after appropriate process, may also suspend the voting rights of any Member who is in violation of the Declaration, a Supplemental Declaration or the Rules or Architectural Guidelines promulgated by the Association and/or who allows a violation to exist on his/her Lot if such violation remains uncorrected after the last day of a period established for correction by the Association (such period to be stated in a notice to the Owner together with a statement of the violation complained of and the manner of its correction).

ARTICLE III

Meetings of Members

Section 3.1. Annual Meetings. The annual meeting of Members of the Association shall be held on the third week in February of each year or on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice or waiver of notice of the meeting. If the day fixed for the annual meeting shall be a legal holiday such meeting shall be held on the next succeeding business day which is not a legal holiday.

Section 3.2. Special Meetings. The President shall call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Owners holding no less than ten percent (10%) of the Class A membership votes. The notice of any special meeting shall state the time, place and purpose thereof. Only business within the purpose or purposes described on the notice of a special meeting shall be transacted at the meeting.

Section 3.3. Place of Meetings. Meetings of the Members shall be held at the principal office of the Association or at such other suitable place as may be designated by the Board of Directors.

Section 3.4. Notice of Meetings. The Secretary shall mail to each Owner a notice of each annual or regularly scheduled meeting of the Association at least fourteen (14) but not more than sixty (60) days before such meeting, stating the time, date and place thereof. Notice of any other meeting shall be given at least twenty-five (25) but not more than sixty (60) days prior to such meeting, stating the time, place and the purpose thereof. Notwithstanding the foregoing, notice of any meeting at which there shall be voted upon any amendment to the Articles, a plan of merger, a proposed sale of assets pursuant to Section 13.1-900 of the Virginia Code or the dissolution of the Association shall be given as required by Section 13.1-842 of the Virginia Code. The mailing or

personal delivery of a notice of meeting in the manner provided in these Bylaws, Section 55-510(E) of the Virginia Code and/or by any means authorized by Section 13.1-842 of the Virginia Code, shall be considered service of notice. Notwithstanding the foregoing provisions, a waiver of notice in writing, signed by the Member or Member(s) entitled to such notice, whether before or after the meeting, shall be equivalent to the giving of such notice to such Member(s). A Member who attends a meeting shall be deemed to have had timely and proper notice of the meeting unless such Member attends for the express purpose of objecting because the meeting is not lawfully called or convened.

Section 3.5. Adjournment of Meetings. If at any meeting of the Members where a quorum is not present, Owners holding a majority of the votes who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours after the time the original meeting was called. Notice of an adjournment of any meeting of the Association shall be posted at a community communications board or other conspicuous location and shall state the time and place for the meeting to be reconvened. Notice may also be posted on any Website of the Association; however, posting of notice on such a Website shall not constitute official notice of such meeting unless authorized by applicable law. If a meeting is adjourned to a different date, time or place, the notice required pursuant to Section 3.4 above need not be given if the new date, time or place is announced at the meeting before adjournment.

Section 3.6. Voting. Voting at all meetings of the Association shall be on the basis set forth in these Bylaws. Where the ownership of a Lot is in more than one person, the person who shall be entitled to cast the vote appurtenant to such Lot shall be the person named in a certificate executed by all of the Owners of such Lot and filed with the Secretary of the Association or, in the absence of such person from the meeting, the person entitled to cast the vote appurtenant to such Lot shall be the person owning such Lot who is present, unless otherwise provided in the certificate. If more than one person owning such Lot is present, then such vote shall be cast only in accordance with their unanimous agreement, and absent such unanimous agreement, the vote appurtenant to such Lot may not be cast. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Wherever the approval or disapproval of an Owner is required by the Declaration, the Articles 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. Except where a greater number is required by law, the Declaration, the Articles or these Bylaws, the Class B Member (so long as the Class B membership exists) and Owners holding more than one-half of the aggregate Class A membership votes present in person or by proxy at a duly convened meeting at which a quorum is present ("Majority of Owners") are required to adopt decisions at any meeting of the Association. If Developer owns or holds title to one or more Lots, Developer shall have the right at any meeting of the Association to cast the Class A membership votes to which it is entitled as the Owner of such Lot(s). Developer shall also have the right to cast the Class B membership vote so long as the Class B membership has not terminated.

Section 3.7. Proxies. A vote may be cast in person or by proxy. Proxies shall be duly executed in writing by one with authority to execute deeds pursuant to the requirements of Section 13.1-847 of the Virginia Code and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt of notice of revocation by the person presiding over the meeting from any of the persons owning such Lot. Except with

respect to proxies in favor of a Mortgagee (hereinafter defined), no proxy shall in any event be valid for a period in excess of eleven months after the execution thereof and, in any event, any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of the proxy.

Section 3.8. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of the Class B Member (so long as the Class B membership exists) and Owners holding ten percent (10%) of the aggregate Class A membership votes shall constitute a quorum at all meetings of the Members of the Association.

Section 3.9. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary (which may be a recording secretary) shall keep the minutes of the meeting and record in a minute book all resolutions adopted and a record of all other transactions occurring, at the meeting.

Section 3.10. Alternative Voting Procedures. Notwithstanding any other provision of these Bylaws, to the extent permitted by the laws of Virginia, any vote to be taken of the Members upon a stated proposal or for the election of directors may be taken by mail or electronically by e-mail or electronic voting machine or such other method which satisfies the requirements of applicable law, and the number of votes necessary for passage of the proposal or election as a director shall be the same as if the vote were taken at a meeting.

ARTICLE IV

Board of Directors

Section 4.1. Number and Election. The affairs of the Association shall be managed under the direction of its Board of Directors. The number of directors comprising the Board of Directors shall be fixed and the method of nominating and electing such directors and the term for which each director is to be elected shall be as provided in the Articles and the Virginia Non-Stock Corporation Act. The removal of directors and the filling of vacancies in the Board of Directors shall also be as provided in the Articles.

Section 4.2. 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 by applicable law, the Declaration, the Articles or by these Bylaws required to be exercised and done by the Association. 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 on behalf of the Association shall have the power and duty to:

(a) Prepare an annual budget in which there shall be established the Annual Assessments of each Owner.

(b) Make Annual Assessments and, to the extent permitted by the Declaration, special assessments against Owners to defray the costs and expenses of the Association and the Common Area and Limited Common Area and improvements thereon and other property owned or

acquired by the Association of whatsoever nature, for the discharge of taxes, for the procurement of insurance, for the establishment of reserves, for the discharge of such services and other obligations as may be imposed upon or assumed by the Association pursuant to its Articles, Bylaws, the Declaration or any Supplemental Declaration or any cost sharing, use or cross easement arrangements entered into with any other Person, and for such other purposes as authorized by or pursuant to the Articles or Bylaws. The Board of Directors shall establish the means and methods of collecting such assessments from the Owners and establish the period of the installment payments of the assessments. Unless otherwise determined by the Board of Directors and except as set forth in the Declaration, the Annual Assessment against each Lot shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month.

(c) Provide for the operation, care, upkeep, maintenance and servicing of the Common Area and Limited Common Area and for the provision of services to Lots pursuant to the Declaration, the Articles, the Bylaws and any Supplemental Declaration.

(d) Designate, hire and dismiss the personnel necessary for the operation, care, upkeep, maintenance and servicing of the Common Area and Limited Common Area and for such other areas of responsibility of 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.

(e) Collect the assessments against the Owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors or prudently invest the same (for which purpose the Board of Directors may retain an investment adviser) to the extent such proceeds are not immediately required, and use the proceeds to carry out the administration of the Association.

(f) Enact and amend rules and regulations from time to time for the use of the Common Area and Limited Common Area and the Properties and establish fees for the use of Common Area and Limited Common Area; provided, however, that no such rules and regulations so adopted shall be in conflict with the Declaration, the Articles or these Bylaws; and provided further that no such rules and regulations shall bind or be construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Lot and/or the Common Area and Limited Common Area.

(g) Open bank accounts in the name 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 Common Area and Limited Common Area in accordance with the Declaration.

(i) Enforce by legal means the provisions of the Declaration, the Articles, these Bylaws and the rules and regulations promulgated pursuant thereto including, without limitation, the right to levy charges and/or revoke privileges in accordance with Section 55-513 of the Virginia Property Owners Association Act.

(j) Obtain and carry insurance as provided in the Declaration and in Article IX of these Bylaws.

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

(l) Keep books with detailed accounts of the receipts and expenditures affecting the Association and the administration of the Common Area and Limited Common Area, specifying the expenses of maintenance and repair of the Common Area and Limited Common Area, and any other expenses incurred. All books and records shall be kept in accordance with generally accepted accounting principles consistently applied (but may be on the cash method of accounting to the extent, if any, permitted by applicable laws).

(m) Subject to Section 10.4 of these Bylaws, acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of Lots, Common Area and Limited Common Area.

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

(o) Subject to Section 10.4 of these Bylaws, grant permits, licenses and easements under, through and over the Lots (as provided in the Declaration), Common Area and Limited Common Area for drainage, utilities, roads and access and other purposes which are reasonably necessary to the ongoing development and operation of the Properties and any development adjoining the Properties.

(p) When it is authorized to do so as set forth in the Declaration, appoint members of the Architectural Review Committee.

(q) Borrow money and mortgage, pledge or hypothecate any accounts receivable or any or all of the real or personal property owned by the Association as security for money borrowed or debts.

(r) Enter into land contracts, leases and maintenance agreements, cost sharing, shared use, and cross access arrangements with any Person, including without limitation, any other property owners association providing services and/or shared facilities in the vicinity of the Properties.

Section 4.3. Managing Agent.

(a) Employment of Management Agent. The Board of Directors may employ for the Association a "Managing Agent" at compensation to be established by the Board of Directors.

(b) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize, which may include but are not limited to the duties listed in Section 4.2(a), (c), (d), (e), (h), (i), (j), (k) and (l) of these Bylaws. 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 Section 4.2(b), (f), (g), (m), (n), (o), (p), (q) and (r) of these Bylaws.

(c) Standards. The Board of Directors may impose appropriate standards of performance upon the Managing Agent.

(d) Liaison. The Board of Directors may designate one of its members as liaison officer who shall be authorized to instruct and deal with the Managing Agent on any matter.

Section 4.4. Annual Meeting. The annual meeting of the Board of Directors shall be held promptly following the annual meeting of the Members of the Association. No notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, provided a quorum of the Board of Directors shall be present.

Section 4.5. 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. Notice of regular meetings of the Board of Directors shall be given to each director, by mail, e-mail (provided the director requests and/or consents to such notice by e-mail) or hand delivery, or by e-mail, fax or other electronic delivery (if consented by the director) at least three business days before the day named for such meeting.

Section 4.6. Special Meetings. Special meetings of the Board of Directors may be called by the President on one business day's notice to each director, given by mail, e-mail (provided the director requests and/or consents to such notice by e-mail) or hand delivery, 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 with like notice on the written request of at least two directors.

Section 4.7. Waiver of Notice. Any director may at any time, in writing signed by such director, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Except in the circumstances described in Section 13.1-867B of the Virginia Code, attendance by a director 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 4.8. 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 vote 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, 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.

Section 4.9. Compensation. No director shall receive any compensation from the Association for acting as such; however, the Board of Directors may in its discretion reimburse any director for actual expenses incurred.

Section 4.10. Conduct of Meetings. The President (or, in the absence of the President, the Vice-President or other duly designated officer) shall preside over all meetings of the Board of Directors and the Secretary (which may be a recording 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.

Section 4.11. 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 directors serving on 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 4.12. Meetings By Telephone Conference, etc. The Board of Directors may meet by means of a telephone conference, web conference, video-conference or similar communication equipment by means of which all persons participating in the meeting can hear each other and participation by such means shall constitute presence in person at such meeting. Such meetings may be called by the President or by a majority of the directors, and at least two (2) of the directors shall be physically present at the meeting place specified in the notice.

ARTICLE V

Committees

Section 5.1. Committees. The Board of Directors may create one or more committees and may appoint members of the Board, officers of the Association or Members to such committees. Committees shall perform such tasks and serve for such periods as may be designated by resolution adopted by the Board. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating such committee and with rules adopted by the Board. The provisions of these Bylaws which govern meetings, action without meetings, notice and waiver of notice, quorum and voting requirements of the Board of Directors shall apply to committees as well.

Section 5.2. Eligibility. To be eligible to be appointed to, and/or to serve on, a committee, Members and their Lots must be in financial good standing as indicated on the books and records of the Association and must remain in financial good standing during the committee member's term. In addition, to be eligible for service, a committee member's Lot must not be in violation of the Governing Documents during the committee member's term. For the purpose of this Section 5.2, a Member's Lot shall be deemed to be in violation if the Association has notified the Owner of such a Lot of a violation of the Governing Documents and such Member has not cured the violation within the time specified by the Association (or if no time is specified by the Association, within a reasonable time after the date of such notice from the Association).

Finally, Members wishing to serve on a committee must not be involved in a dispute with the Association at the time they seek appointment or at any time during their term. For the purposes of this paragraph, a “dispute” shall mean (i) a disagreement of a material or adversarial nature (as determined by the Board of Directors), (ii) a legal claim for cause of action or (iii) a threat of a claim or cause of action, against the Association, its officers directors or agents; provided however, that a dispute does not include a good faith disagreement (but not a claim) regarding an Association policy or interpretation of the Governing Documents provided the member asserts such disagreement in a professional, business-like and non-adversarial manner and abides by the Board of Directors disposition of such disagreement.

ARTICLE VI

Architectural Review

Section 6.1. Architectural Review Committee. There shall be an Architectural Review Committee of the Association as provided in the Declaration. The number of Persons, the method of their appointment or election and their duties and powers shall be as set forth in the Declaration. The provisions of these Bylaws governing meetings, action without a meeting, notice and waiver of notice and quorum and voting of the Board of Directors shall apply to the Architectural Review Committee as well.

ARTICLE VII

Officers

Section 7.1. 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 any other such officers as in its judgment may be desirable. The President shall be a member of the Board of Directors. Any other officers may, but need not, be members of the Board of Directors.

Section 7.2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors and shall hold office (unless sooner removed) until the next annual meeting of the Board or until their replacements are elected.

Section 7.3. Removal of Officers. 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 that is called for such purpose.

Section 7.4. 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, and have all of the general powers and duties which are incident to the office of president of a corporation organized under the Virginia Nonstock Corporation Act.

Section 7.5. 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 upon him or her by the Board of Directors or by the President.

Section 7.6. 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; maintain a register setting forth the place to which all notices to Owners and Mortgagees requesting notices shall be delivered; upon request by a conveying Owner, deliver statements of all unpaid assessments applicable to the Lot to be conveyed; execute notices of delinquent assessments in accordance with the Declaration; execute notices of and releases of the lien for delinquent assessments as described in the Declaration and, in general, perform all the duties incident to the office of secretary of a corporation organized under the Virginia Nonstock Corporation Act.

Section 7.7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all monies and other valuables in the name of the Board of Directors, the Association or the Managing Agent, in such depositories as may be designated by the Board of Directors; and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the Virginia Nonstock Corporation Act.

Section 7.8. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such; however, any officer may be reimbursed for actual expenses incurred as such officer.

ARTICLE VIII

Operation of the Property

Section 8.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

Section 8.2. Adoption of Budget and Establishment of Assessments. The Board of Directors shall adopt a budget (which shall include any proposed capital expenditures) for any fiscal year as set forth in the Declaration and shall establish the amount of the annual assessment for every Member subject thereto. The Board of Directors shall make the annual budget and assessment amount available to every Member in advance of the effective date of adoption. These documents shall be available for review in the Association's offices or such other accessible location. In adopting a budget, the Board of Directors shall provide for reserves including a reserve for the deductible on physical damage insurance policies. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year after the initial budget is adopted shall not constitute a waiver or release in any manner of an Owner's obligation to pay his assessment as herein provided

whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner liable therefor shall continue to pay each periodic installment at the rate established for the previous fiscal year until notice of the periodic payment which is due more than ten days after such new annual or adjusted budget shall have been delivered.

Section 8.3. Payment of Assessments. Each Owner shall pay the assessments established by the Declaration and these Bylaws. No Owner shall be liable for the payment of any part of the assessment against his Lot due subsequent to the date of recordation of a conveyance by him in fee of such Lot to a successor Owner (except a conveyance as security for the performance of an obligation). Each Owner waives the benefit of the homestead exemption as to any assessments levied against the Lot or the Owner. Each such assessment, together with the interest, late charges as established by the Board of Directors and costs of collection, including but without limitation attorneys' fees (regardless of whether suit is instituted), shall also be the personal obligation of the Owner at the time the assessment fell due.

Section 8.4. Collection of Assessments. The Board of Directors, or the Managing Agent at the request of the Board of Directors, may take action to collect any assessments due from any Owner. Each defaulting Owner shall also pay all costs of collection, including without limitation attorneys' fees (regardless of whether suit is instituted), incurred in the collection of any unpaid assessment and shall also pay any expense incurred as a result of a check being returned to the Association without payment.

Section 8.5. Statement of Assessments and Access to Records. The Board of Directors shall promptly provide any Owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of the amount of the general and any special assessment levied against a Lot and all unpaid assessments due from such Owner. The Association shall keep detailed records of its receipts and expenditures affecting the operation and administration of the Association and make the same available for inspection as provided in § 55-510 of the Virginia Code and the Virginia Non-Stock Corporation Act. The Association may impose and collect a charge, reflecting the actual cost of materials and labor, before providing copies of any books and records to a Member.

Section 8.6. Maintenance, Repair, Replacement and Other Expenses. The Association shall be responsible for such maintenance, repair and replacement of the Common Area and Limited Common Area as is set forth in the Declaration. Unless otherwise determined by the Board of Directors, all repairs and replacements shall be substantially similar to the original construction and installation and shall be of good quality. The method of approving payment vouchers for repairs and replacements performed by the Association shall be determined by the Board of Directors.

Section 8.7. Disclosure Packets. In addition to providing a statement of assessments and making the Association records available as provided in Section 8.5 of these Bylaws, the Association shall provide to the owner of a Lot who has contracted to sell the same a disclosure packet containing all of the documents and other information, and within the time periods required under Section 55-509.5 of the Virginia Code. The Association may charge a fee for the preparation and issuance of each disclosure packet to reflect the actual cost of the preparation thereof, not to exceed the maximum amount allowed under Section 55-509.6 of the Virginia

Code (if the Association engages a Managing Agent) or under Section 55-509.7 of the Virginia Code (if the Association does not engage a Managing Agent).

ARTICLE IX

Insurance

Section 9.1. General Requirements.

(a) **Purchase of Insurance.** All insurance policies relating to Common Area and Limited Common Area shall be purchased by the Association. Neither the Board of Directors nor the Managing Agent nor the Developer shall be liable for failure to obtain any coverage required by the Declaration, by this Article IX 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 coverage is available only at unreasonable cost.

(b) **Required Provisions in Policies.** Each insurance policy for the Common Area and Limited Common Area shall provide that:

(i) The insurer waives any right to claim (A) by way of subrogation against the Developer, the Association, the Board of Directors, the Managing Agent or the Owners, and their respective lessees, and (B) invalidity arising from acts of the insured.

(ii) Such policy may not be canceled, not renewed or substantially modified without at least fifteen (15) days prior written notice of the Association and the Managing Agent, and in the case of physical damage and fidelity insurance, to all Owners and Mortgagees and mortgage loan servicers.

(iii) The Association and the Managing Agent, if any, shall be named insureds.

(c) **Insurance Companies.** All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia and, in the case of the physical damage insurance, holding a rating of B/III or better by Best's Insurance Reports.

Section 9.2. Physical Damage Insurance.

(a) **All Risk Coverage.** The Association shall obtain and maintain a policy of insurance against fire and such other hazards within the meaning of "all risk" insuring the improvements to the Common Area and Limited Common Area (including fixtures and building service equipment and personal property), naming the Association as insured for the use and benefit of all Owners in an amount equal to not less than 100% of the then current replacement cost of the improvements to the Common Area and Limited Common Area (exclusive of land, excavations, foundations and other items usually excluded from such coverage), such amount to be redetermined annually by the Board of Directors with the assistance of the insurance company affording such

coverage. Any deductible shall not exceed the lesser of \$10,000 or 1% of the amount of coverage and such deductible shall be considered in establishing the level of reserves.

(b) Required Provisions. Such policy shall also provide (unless otherwise provided):

(i) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made not to do so.

(ii) The following endorsements (or equivalent) if applicable and available: (A) "contingent liability from operation of building laws", "demolition cost" and "increased cost of construction", (B) "agreed amount" or its equivalent and "inflation guard," and (C) "steam boiler and machinery coverage" within minimum liability per accident of not less than the lesser of the insurable value of the building housing the boiler or machinery or \$2,000,000.

(iii) That any "no other insurance" clause expressly excludes 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) Delivery of Policies to Mortgagees. A duplicate original of 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 at least ten days prior to the expiration of the then current policy to any Mortgagee requesting the same.

(d) Prohibited Provisions. The Association shall not obtain a policy where (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against any Owner or Mortgagee or mortgage loan servicer or become a lien on the Properties; or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent the Association from collecting insurance proceeds.

Section 9.3. Liability Insurance. The Association shall obtain and maintain comprehensive general public liability and property damage insurance in such limits as the Board of Directors may from time to time determine (but not less than \$1,000,000 for bodily injury or property damage), insuring the Association, 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 Area and Limited Common Area and other areas (if any) under the supervision of the Association including, to the extent applicable and available: host liquor liability, elevator collision liability, comprehensive automobile liability, contractual liability, garage keeper's liability and bailee's liability. Such insurance shall be issued on a comprehensive liability basis and shall contain a "severability of

interest" endorsement which shall preclude the insurer from denying liability because of negligent acts of the Association or of another Owner. The Board of Directors shall review such limits once each year. "Umbrella" liability insurance in excess of the primary limits may also be obtained.

Section 9.4. Other Insurance. The Association shall obtain and maintain:

(a) Fidelity coverage to protect against dishonest acts on the part of officers, directors, employees and agents (including the Managing Agent) of the Association and all others who handle, or are responsible for handling, funds of the Association. Such fidelity bonds shall: (i) name the Association as an obligee; (ii) be written in an amount to cover the maximum funds that will be in the custody of the Association or the Managing Agent at any time and in any event not less than three (3) months' aggregate assessments on all Lots plus reserves; 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) Workmen's compensation and employer's liability insurance if and to the extent necessary to meet the requirements of law and which, if carried, shall name the Managing Agent (if any) as an additional insured; and

(c) Such other insurance as the Board of Directors may determine or as may be requested from time to time by Owners of a majority of the Lots.

Section 9.5. Separate Insurance by Owners. Each Owner shall, at his own expense, obtain insurance for his own Lot and improvements thereon and for his own benefit; provided, however, that no Owner shall be entitled to exercise his right to obtain such insurance coverage so as to decrease the amount which the Association, on behalf of all Owners, may realize under any insurance policy maintained by the Association or to cause any insurance coverage maintained by the Association to be brought into contribution with insurance coverage obtained by an Owner. Each Owner shall obtain liability insurance with respect to his Lot in the amount of at least \$100,000. All such policies shall contain waivers of subrogation as against the Association and its Board of Directors, the Developer and the Managing Agent (if any), and their respective agents and employees. No Owner shall obtain separate insurance policies in conflict with this Section 9.5.

Section 9.6. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent and attorney-in-fact (coupled with an interest) for each Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Property to adjust and settle all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims and to pursue and settle all claims arising out of the taking by way of eminent domain of any of the Common Area and Limited Common Area.

ARTICLE X

Mortgages

Section 10.1. Notice to Board of Directors. An Owner who acquires a Lot shall promptly notify the Board of Directors of his name and address. Any holder or beneficiary of a first lien mortgage or deed of trust on a Lot (a "Mortgagee") may give written notice to the Association of its name and address and the address of the Lot to which its mortgage applies.

Section 10.2. Notice of Default. Upon request, the Association shall give notice to any Mortgagee of a default in paying an assessment or any other default with respect to that Mortgagee's Lot which has not been cured within sixty (60) days.

Section 10.3. Other Rights of Mortgagees. Upon request, any Mortgagee shall be entitled to receive written notice of meetings of the Association, and all Mortgagees or their designees shall be entitled to attend meetings of the Association and shall have the right of a member to speak at such meetings. All Mortgagees shall have the same right as that of a member to examine the books and records of the Association.

Section 10.4. Mortgagees' Approvals. Unless two-thirds (2/3) of the Mortgagees holding first liens on Lots (voting on the basis of one vote for each Mortgage owned) or two-thirds (2/3) of the Owners (other than Developer) of Lots, have given their prior written approval, the Association shall not be entitled to do any of the following:

(a) By act or omission materially change, waive or abandon any scheme of regulations or their enforcement pertaining to the architectural design or the exterior appearance of Lot, the maintenance of the Common Area and Limited Common Area and the upkeep of lawns and plantings in the Properties; or

(b) Change the method of determining the obligations, assessments, dues or other charges that may be levied against an Owner of a Lot, provided; however, that the method of determining assessments against Lots may differ from the method for Lots.

(c) By act or omission, seek to abandon, partition, subdivide, mortgage, sell or transfer the Common Area and Limited Common Area other than those transfers and conveyances expressly authorized by the Declaration (except that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area and Limited Common Area shall not be deemed a transfer within the meaning of this clause);

(d) Use hazard insurance proceeds for losses to any portion of the Common Area for other than the repair, replacement or reconstruction of the Common Area and Limited Common Area; or

(e) Fail to maintain fire and extended coverage on insurable Common Area, and Limited Common Area on a current replacement cost basis in an amount at least equal to 100% of

the insurable current replacement cost (provided such insurance is available from reputable insurance companies at reasonable cost).

Section 10.5. Payment of Charges. Mortgagees of Lot may:

(a) jointly or singly pay taxes or other charges that are in default and that may have become charges against the Common Area and Limited Common Area; and

(b) pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the Common Area and Limited Common Area in case of lapse of a policy.

Mortgagees making such payments are due immediate reimbursement from the Association, and upon request by a Mortgagee the Association shall execute an agreement reflecting the foregoing in favor of all first Mortgagees of Lots.

ARTICLE XI

Miscellaneous

Section 11.1. Notices. Unless otherwise expressly authorized elsewhere in these Bylaws, the Declaration and/or the Articles, all notices, demands, requests, statements or other communications under these Bylaws shall comply with the following: notices shall be in writing and shall be either delivered in person or sent by overnight express courier or by U.S. first class mail, 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, at the address of the Association's Registered Agent, or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section, or (iii) if to a Mortgagee, to the address provided by the Owner or to such other address as the Mortgagee may specify by written notice to the Association. All such notices, demands, requests, statements or other communications shall be deemed to have been given upon the earlier of (i) delivery at the appropriate address above, whether in person, by express courier or by mail or (ii) three days after the postmark date of mailing. Rejection or other refusal to accept shall not invalidate the effectiveness of any notice, demand, request, statement or other communication.

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, Etc. 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 applicable laws and shall be so interpreted and applied. In the event of conflict between the Declaration, any Supplemental Declaration or the Articles and these Bylaws, the Declaration, Supplemental Declaration or Articles shall control.

Section 11.5. Amendments. These Bylaws may be amended by a vote of at least two-thirds (2/3) of the Class A votes entitled to be cast by Members present at a duly convened meeting at which a quorum is present. For purposes of this Section 11.5, the presence in person or by proxy of Members entitled to cast fifty percent 50% of the aggregate Class A membership votes shall constitute a quorum; however, to the extent any such amendment would be inconsistent with the Declaration or a Supplemental Declaration, such amendment shall be adopted in the same fashion as an amendment to the Declaration. The Association's Board of Directors shall have the right without the consent of any other Owners to amend these Bylaws in any respect as may be necessary or appropriate in order for these Bylaws or the Properties to comply with applicable laws now or hereafter enacted or to satisfy the requirements of any Federal Mortgage Agency, including, without limitation, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, or the U.S. Department of Housing and Urban Development, as the same may be amended from time to time, with respect to their purchase or guaranty of mortgage loans secured by Lots.