

POWHATAN COMMUNITY SERVICES ASSOCIATION

BY-LAWS

ARTICLE I

Location of Principal Office. The principal office of the Association shall be located at 13441 Warwick Boulevard, Newport News, Virginia 23602, or at such other place or places as the Directors may from time to time designate by amendments hereto.

ARTICLE II

Seal. The corporate seal of the Association shall be in circular form and shall be as imprinted hereunder.

ARTICLE III

Definitions. Section 1. "Declaration" shall mean the covenants, conditions and restrictions and all other provisions as set forth in the Declaration of Covenants and Restrictions for "Powhatan", as the same may from time to time be amended, dated August 6, 1981, recorded in the Clerk's Office of the Circuit Court of the City of Williamsburg and County of James City, Virginia, in Deed Book 215, page 722. All words and terms capitalized in these By-Laws shall have the same meaning as they have in the Declaration, and to the extent these By-Laws conflict with the Declaration, the Declaration shall control.

Section 2. "Association" shall mean and refer to Powhatan Community Services Association, its successors and assigns.

Section 3. "Developer" shall mean and refer to Powhatan Enterprises, Inc., or any successor to all or substantially all of its business of developing the Properties.

Section 4. "Powhatan Master Plan" shall mean and refer to the conceptual master plan of Powhatan prepared by Langley and McDonald, Engineers, Planners and Surveyors, Virginia Beach, Virginia, dated April 1978 consisting of (i) map plan drawing and (ii) written statement of overall recreational concept, as may be revised from time to time by agreement between Developer and Planning Department of James City County, Virginia.

Section 5. "The Properties" shall mean and refer to all real property which becomes subject to the Declaration, together with such other real property as may from time to time be annexed thereto under the provisions of Article II of the Declaration.

Section 6. "Common Area" shall mean and refer to those areas of land now or hereafter conveyed to the Association or shown on any recorded subdivision plat of the Properties and improvements thereon, which are intended to be devoted to the common use and enjoyment of the Members.

Section 7. "Living Unit" shall mean and refer to any portion of a structure situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 8. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of Common Area as heretofore defined. The term shall include a condominium Living Unit where such may occur.

Section 9. "Multifamily Structure" shall mean and refer to a structure with two or more Living Units under one roof, except when such Living Unit is situated upon its own individual Lot as defined herein.

Section 10. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11. "Occupant" shall mean and refer to the occupant of a Living Unit or Commercial Space who shall be either the Owner or a lessee who holds a written lease having an initial term of a least twelve (12) months.

Section 12. "Parcel" shall mean and refer to all platted subdivisions of one or more Lots which are subject to the same Supplementary Declaration.

Section 13. "Supplementary Declaration" shall mean any declaration of covenants, conditions and restrictions which may be recorded by the Developer, which extends the provisions of the Declaration to a Parcel and contains such complementary provisions for such Parcel as are required by the Declaration.

Section 14. "Book of Resolutions" shall mean and refer to the document containing rules and regulations and policies adopted by the Board of Directors as same may be from time to time amended.

ARTICLE IV

Meetings of Members. Section 1. All meetings of the Members of the Association shall be held at such place as shall be stated in a written notice thereof.

Section 2. An annual meeting of the members of this Association shall be held in the evening during the third week in February of each year.

Section 3. At each annual meeting, there shall be selected, in the manner provided in these By-Laws, a Board of Directors to serve until the next annual meeting.

Section 4. Written notice of the annual meeting shall be served upon or mailed to each Member entitled to vote thereat at least ten (10) days prior to the meeting. At least ten (10) days before the annual meeting of the Association, a complete list of the Members entitled to vote thereat as specified in the Articles of Incorporation, arranged in alphabetical order and by class, shall be prepared by the Secretary. A copy of

such list shall be produced and kept at the place of meeting during the whole time thereof, and subject to the inspection of any Member.

Section 5. Special meetings of the Members of the Association for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, and shall be called by the President or Secretary at the request, in writing, of a majority of the Board of Directors, or at the request, in writing, of one-fifth (1/5) of the Members. Such request shall state the purpose or purposes of the proposed meeting. Written notice of a special meeting of Members, stating the time, place and object of such meeting and the specific action to be taken thereat, shall be given to each Member entitled to vote thereat at least ten (10) days before such meeting. Business transacted at all special meetings shall be confined to the objects and actions to be taken as stated in the notice.

ARTICLE V

Quorum, Notice and Voting. Section 1. Quorum. A quorum for meetings where action by Owners is required by the Declaration shall be the presence of Owners in person or by proxy who are entitled to cast fifty-one percent (51%) of the votes of the Owners and the presence of the Class C member. If the required quorum is not forthcoming at the meeting, the meeting may be adjourned to another time no sooner than one week nor later than one month from that date. At any such reconvening of any adjourned meeting, the quorum requirement shall be reduced by 50%.

The quorum for all other meetings of members shall be the presence at meetings of members in person or by proxy who are entitled to cast one-tenth of the votes of the members then outstanding.

Section 2. Notice. Any notice required to be given to Owners or Members by the Declaration, the Articles of Incorporation or these By-Laws shall be in writing and a copy of such notice shall be mailed, first class postage prepaid, to each Member or Owner at the address last appearing on the books of the Association, or supplied by such member for the purpose of notice.

Notice for meetings where action by Owners is required by the Declaration shall be given to Owners at least twenty-five (25) days and no more than fifty (50) days prior to such meeting. Notice of all other meetings of members shall be provided to members at least ten (10) days before such meeting.

Notice of meetings shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 3. Necessary Vote. When a quorum is present at any meeting of Owners or Members, the vote of a majority of Owners or Members present, in person or represented by proxy, shall decide any question brought before such meeting unless the question is one upon which, by express provision of the Declaration, the Articles of Incorporation or these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 4. Voting in Person or by Proxy. At all meetings of the Members or Owners, each Member or Owner, as the case may be, having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing signed by such Member or Owner, such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof and shall be filed with the Secretary prior to such meeting.

Section 5. Suspension of Voting Rights. The voting rights of any Member subject to assessments under the Declaration may be suspended by action of the Board of Directors during the period when any such assessment validly levied against such Member shall remain unpaid; but upon payment of any such assessment, the voting rights and privileges of such Member or Owner shall automatically be restored.

ARTICLE VI

Board of Directors. The number of Directors, their terms of office, the apportionment of the Board between appointed and elected Directors, the method of their nomination and election, provisions regarding resignation and removal, the filling of vacancies occurring from time to time and compensation shall be as stated in the Articles of Incorporation.

ARTICLE VII

Meetings of Directors. Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held without notice, at such place and hour and as often as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice delivered in person or by telephone or telegraph to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business.

Section 4. Executive Sessions. All meetings of the Board shall be open to observers, except the President may call the Board into executive session on matters of personnel or for hearings on infractions of published rules and regulations. Any action taken by the Board in executive session shall be recorded in the minutes of the Association.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VIII

Powers and Duties of the Board of Directors. Section 1. Powers. The Board of Directors shall have power to:

(a) exercise for the Association all powers, duties and authority vested in or delegated to this Association by law, the Declaration, or any Supplementary Declaration and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(b) employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties;

(c) suspend the right to use the Common Areas, including recreational facilities of an Owner or Member during any period in which such Owner or Member shall be in default for more than thirty (30) days after notice in the payment of any assessment levied by the Association. Such right may also be suspended for Owners or Members, after notice and hearing, for a period not to exceed 180 days for infraction of the Declaration or the Book of Resolutions;

(d) designate depositories for Association funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate;

(e) shall have a right to cause the lien against any property for which assessments are not paid within thirty (3) days after due date to be foreclosed or cause an action at law to be brought against the Owner personally obligated to pay the same;

(f) enter into mortgage agreements and obtain capital debt financing subject to the provisions of the Articles.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause the Common Areas to be maintained in good, clean, attractive and sanitary condition, order and repair;

(b) adopt and publish rules and regulations including fees, if any, governing the use of the Common Area and facilities, and the personal conduct of the Members and Owners and their guests thereon, and to include these in the Book of Resolutions;

(c) cause to be kept a complete record of all its corporate affairs including the Book of Resolutions, make such records available for inspection by any Member or his agent and present an annual statement thereof to the Members;

(d) supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(e) issue upon demand by any Member a certificate setting forth whether or not any assessment upon his property has been paid and giving evidence thereof for which a reasonable charge may be made;

(f) hold a public hearing on the proposed annual budget and approve the annual budget by a majority vote of the Directors;

(g) by a two-thirds vote of the Directors, fix annual general and parcel assessments at an amount sufficient to meet the obligations imposed by the Declaration and all Supplementary Declarations;

(h) annually set the date(s) assessments are due and decide what, if any, interest rate is to be applied to assessments which remain unpaid thirty (30) days after they become due;

(i) send written notice of each assessment to every Owner or Member subject thereto at least thirty (30) days in advance or the due date of the annual assessment or first installment thereof;

(j) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(k) appoint such committees as are prescribed in Article X;

(l) exercise their powers and duties in good faith, with a view to the interests of the Association and to this end adopt appropriate guidelines for action on matters where a potential conflict of interest may exist.

ARTICLE IX

Officers. Section 1. Enumeration of Officers. The officers of this Association shall be a president who shall at all times be a member of the Board of Directors, one or more vice-presidents, a secretary, and a treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors after the filing of the Articles of Incorporation and thereafter at the annual meeting of the Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year or until his successor is duly elected and qualified unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall

serve for the remainder of the term of the officer he replaces.

Section 6. Multiple Offices. The offices of President and Secretary may not be held by the same person, but other offices may be held by one and the same person.

Section 7. Duties. The duties of the officers are as follows:

(a) The President shall preside at all meetings of the Board of Directors and of the Association; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes and contracts as the Board may approve from time to time.

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such duties as may be required of him by the Board.

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; maintain the Book of Resolutions; keep the corporate seal of the Association and affix it on all papers requiring said seal; send notices to Members and Owners as provided in Article V; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

(d) The Treasurer shall cause all monies of the Association to be deposited in appropriate accounts and disbursed therefrom as directed by resolution of the Board of Directors; shall co-sign any promissory notes and contracts; keep proper books of account; cause an annual audit of the Association books to be made by a certified public accountant at the completion of each full fiscal year; and shall be the chief officer responsible for the preparation of an annual budget and a statement of income and expenditures to be presented to the Board and to the membership at its regular annual meeting.

ARTICLE X

Committees. Section 1. Elections Committee. The Board shall appoint an Elections Committee no later than two (2) months prior to the annual meeting date. The Committee shall consist of a Chairman who may not be a Director, and at least four (4) Members, none of whom shall be candidates for office. It shall be the duty of the Committee to provide supervision of the nomination and election of Directors in accordance with procedures adopted by the Board and placed in the Book of Resolutions.

Section 2. Parcel Committee(s). Annually, the Board shall appoint a Parcel Chairman from each Parcel within the Properties. The Chairman shall appoint four (4) other Owners within each Parcel to serve as Members. It shall be the duty of the Committee to advise the Board each year on the proposed budget for maintaining and operating the Common Areas and providing services in the Parcel. The Committee also shall perform such other duties as may be assigned by the Board.

Section 3. Other Committees. The Board shall appoint such other committees it deems appropriate to carrying out its purposes.

ARTICLE XI

Fiscal Year. The fiscal year of the Association shall begin on the first day of January of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XII

Architectural and Land Preservation Board. Section 1. Composition. An Architectural and Land Preservation Board (ALPB) is hereby created which shall be comprised of a Chairman and two or more members, all of whom shall be appointed by the Developer. A quorum for Board action shall be three members. The members of such Board shall serve three-year terms but may be removed by the Developer at its pleasure. At such time as there is no longer a Class C member of the Association, the ALPB shall be appointed by the Board of Directors.

Section 2. Duties. It shall be the duty of the ALPB to regulate the external design, appearance, location and maintenance of the Properties and of improvements thereon and to regulate such uses of property, as prescribed in the Declaration.

Section 3. Procedures. The ALPB shall formulate general guidelines and procedures and submit them for confirmation to the Board of Directors. Such guidelines and procedures shall be considered adopted policy of the Board unless rejected by a two-thirds (2/3) vote of the Board within thirty (30) days of the date of submittal. The adopted guidelines and procedures shall be incorporated in the Book of Resolutions and the Committee shall act in accordance with such guidelines and procedures. Any applicant shall have a right to appeal any decision of the ALPB rendered pursuant to Article V of the Declaration to the Board provided written notice of such appeal is filed with the Secretary within ten (10) days of the receipt by such Owner or Member of a decision of the ALPB. Upon the filing of any such appeal, the Board shall schedule a hearing after at least ten (10) days written notice to the Member or Owner stating the time and place of such hearing. At any such meeting, the Board may by a vote of two-thirds (2/3) of the membership of the entire Board, overrule the ALPB.

ARTICLE XIII

Amendments. Section 1. These By-Laws may be amended:

(a) by a vote of two-thirds of the Directors at any meeting of the Directors duly called for that purpose, provided notice of the meeting and the proposed amendments has been given to the Board and to the Members at least fifteen (15) days prior to the meeting, or

(b) at the annual meeting of the Members, by a vote of a majority of the votes of the Members who are voting in person or by proxy and with

the consent of the Class C Members.

Should the Federal Housing Administration or the Veterans Administration have any legal interest, either shall have the right to veto amendments while there is a Class C membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.