

027461

BK 2781 PG 1702

DEED BOOK AND PAGE
NUMBER WHERE FIRST
PAGE OF DECLARATION
OF CONDOMINIUM OF
KEMPSVILLE GREENS
CONDOMINIUM IS FILED

BK 2781 PG 1673

DOCUMENT NUMBER ASSIGNED
TO DECLARATION OF
CONDOMINIUM OF
KEMPSVILLE GREENS
CONDOMINIUM

27460

BYLAWS

OF

KEMPSVILLE GREENS CONDOMINIUM
UNIT OWNERS' ASSOCIATION

BYLAWS
OF
KEMPSVILLE GREENS CONDOMINIUM

TABLE OF CONTENTS

<u>Article Number</u>	<u>Section Number</u>	<u>Page Number</u>
I	General Provisions	
	1. Location of the Condominium.....	6
	2. Purpose.....	6
	3. Application of Bylaws.....	6
	4. Definitions.....	6
	5. Office.....	7
II	Unit Owners' Association	
	1. Composition.....	7
	2. Annual Meetings.....	7
	3. Place of Meetings.....	8
	4. Special Meetings.....	8
	5. Notice of Meetings.....	8
	6. Quorum.....	8
	7. Adjournment of Meetings.....	8
	8. Order of Business.....	8
	9. Title to Units.....	9
	10. Voting.....	9
	11. Proxies.....	10
	12. Conduct of Meeting.....	10
III	Board of Directors	
	1. Number and Qualification.....	10
	2. Powers and Duties.....	11
	3. Managing Agent.....	14
	4. Election and Term of Office.....	14
	5. Removal of Members of the Board of Directors.....	14
	6. Vacancies.....	15
	7. Organization Meeting.....	15
	8. Regular Meetings.....	15
	9. Special Meetings.....	15
	10. Waiver of Notice.....	16
	11. Quorum of Board of Directors.....	16
	12. Fidelity Bonds.....	16
	13. Compensation.....	17
	14. Conduct of Meetings.....	17

<u>Article Number</u>	<u>Section Number</u>	<u>Page Number</u>
---------------------------	---------------------------	------------------------

15.	Action without a Meeting.....	17
16.	Board of Directors as Attorney-in-Fact.....	17
17.	Liability.....	17

IV Officers

1.	Designation.....	19
2.	Election of Officers.....	19
3.	Removal of Officers.....	19
4.	President.....	19
5.	Vice President.....	19
6.	Secretary.....	20
7.	Treasurer.....	20
8.	Agreements, Contracts, Deeds, Checks, etc.....	20
9.	Compensation of Officers.....	20

V Operation of the Property

1.	Determination of Common Expenses and Assessments Against Unit Owners.....	20
2.	Payment of Common Expenses.....	24
3.	Collection of Assessments.....	25
4.	Statement of Common Expenses.....	25
5.	Maintenance and Repair.....	25
6.	Additions, Alterations or Improvements by the Board of Directors.....	26
7.	Additions, Alterations or Improvements by the Unit Owners.....	27
8.	Liability of Unit Owners.....	27
9.	Restrictions on Use of Units and Common Elements.....	28
10.	Right of Access.....	30
11.	Rules and Regulations.....	30
12.	Electricity.....	30
13.	Water and Sewer.....	30
14.	Parking Spaces.....	30
15.	Apportionment of Taxes.....	31

VI Repair and Reconstruction After Fire or
Other Casualty

1.	When Repair and Reconstruction are Required.....	31
----	---	----

<u>Article Number</u>	<u>Section Number</u>	<u>Page Number</u>
	2. Procedure for Reconstruction and Repair.....	31
	3. Disbursements of Construction Funds.....	32
	4. When Reconstruction Is Not Required.....	33
VII	Sales, Leases, and Alienation of Units	
	1. No Severance of Ownership.....	34
	2. Payment of Assessments.....	34
	3. Leases.....	34
	4. Prohibition against Time-Sharing.....	35
VIII	Mortgages	
	1. Notice to Board of Directors.....	35
	2. Notice of Unpaid Assessments for Common Expenses.....	35
	3. Notice of Default, Casualty or Condemnation.....	35
	4. Notice of Amendment of Condominium Instruments.....	36
	5. Notice of Change in Managing Agent.....	36
	6. Approvals of Mortgagees.....	36
	7. Other Rights of Mortgagees.....	37
IX	Compliance and Default	
	1. Relief.....	37
	2. Lien for Assessments.....	40
X	Responsibility of Unit Owners for Liens and Taxes	
	1. Liens and Taxes.....	41
	2. Notice to Association.....	41
XI	Reports	
	1. General.....	41
	2. Insurance Reporting.....	42
XII	Amendments to Bylaws	
	1. Amendments.....	42
	2. Recording.....	43
	3. Approval of Mortgagees.....	43
	4. Non-Interference with Declarant.....	43

XIII

Miscellaneous

1.	Notices.....	43
2.	Invalidity.....	43
3.	Captions.....	44
4.	Gender.....	44

BYLAWS
OF
KEMPSVILLE GREENS CONDOMINIUM

ARTICLE I
General Provisions

Section 1. Location of the Condominium. The Property described in the Declaration of Condominium of Kempsville Greens Condominium is located at 4848 Kempsville Greens Parkway in the City of Virginia Beach, Virginia. The Property has been submitted to the provisions of the Condominium Act of the Commonwealth of Virginia, Title 55, Chapter 4.2, Code of Virginia, 1950, as amended, by the Declarant, Independent Developers, Ltd., a Virginia corporation. The Property as so submitted to a regime of condominium ownership shall hereafter be known as the Kempsville Greens Condominium.

Section 2. Purpose. These are the Bylaws of the Kempsville Greens Condominium Unit Owners' Association, an unincorporated association of the Unit Owners of the Condominium. The Association shall act for and on behalf of the Unit Owners for the purpose of governing the affairs of the Condominium pursuant to the requirements of Article 3 of the Act.

Section 3. Application of Bylaws. The provisions of these Bylaws are applicable to the Condominium and to the use and occupancy thereof. All present and future owners, mortgagees, lessees, and occupants of Condominium Units, and their family members, guests, agents, employees, and licenses, and any other person who shall come upon or use the facilities of the Condominium in any manner, are subject to these Bylaws, the Declaration, and the Rules and Regulations. The acceptance of a deed of conveyance to a Unit, the entering into of a lease with respect to a Unit, the occupancy of a Unit or the voluntary entry upon the Property as a licensee shall conclusively establish the acceptance and ratification of these Bylaws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, by the person so acquiring, leasing, occupying, or using a Unit or voluntarily entering upon the Property and shall constitute and evidence an agreement by such person to comply with the same.

Section 4. Definitions. As provided in Section 55-79.50(a) of the Act, terms not otherwise defined in the Declaration, these Bylaws or the Condominium Plat and Plans shall have the meaning specified in Section 55-79.41 of the Act,

unless the context otherwise requires. Capitalized words and phrases or other terms used in these Bylaws without definition shall have the same meaning as such words and phrases have in the Declaration unless the context otherwise requires. The provisions of these Bylaws are expressly subject to the definitions, terms, provisions, and conditions set forth in the Declaration.

Section 5. Office. The office of the Association shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II Unit Owners' Association

Section 1. Composition. Each Unit Owner in the Condominium shall be a member of the Kempsville Greens Condominium Unit Owners' Association (the "Unit Owners' Association" or the "Association"). The Association shall be an unincorporated association of all the Unit Owners and, in accordance with the Act, the Declaration and these Bylaws, shall have the responsibility for administering the Condominium, establishing the means and methods of collecting the Common Expenses, arranging for the management of the Condominium, and performing all of the other acts that may be required or permitted to be performed by the Association under the provisions of the Act, the Declaration, or these Bylaws. Except as to those matters which the Act specifically requires to be performed by a vote of the Unit Owners, the administration of the foregoing responsibilities shall be performed by the Board of Directors or the Managing Agent as more particularly set forth in Article III of these Bylaws. The Unit Owners' Association shall be organized by the Declarant and shall come into existence upon the conveyance of the Unit to a person other than the Declarant. Meetings of the Unit Owners' Association shall be held at least once each year after the formation of the Association.

Section 2. Annual Meetings. The annual meeting of the Association shall be held at least seventy-five (75) days before the beginning of each fiscal year of the Association on a date other than a Saturday, a Sunday or a legal holiday. At each annual meeting the Board of Directors shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 4 of Article III of these Bylaws. The foregoing notwithstanding, for a period of two (2) years from the date of conveyance of the first Unit, or until three-fourths (3/4ths) of the Percentage Interests in the Common Elements, as provided in § 55-79.74 of the Act have been conveyed, whichever comes first, the Declarant shall be entitled to elect a majority of the members of the Board of Directors.

Section 3. Place of Meetings. Meetings of the Association shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Directors in the notice of the meeting.

Section 4. Special Meetings. A special meeting of the members of the Association may be called by the Chairman of the Board of Directors, the President or by the Board of Directors. After the first annual meeting of the Association, it shall be the duty of the President to call a special meeting of the Association upon a petition signed and presented to the Secretary by members having not less than twenty-five percent (25%) of the votes of all members. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail, by United States mail, or to deliver to each Unit Owner a notice of any annual or regularly scheduled meeting of the Association, not less than twenty-one (21) days in advance of such meeting, and at least seven (7) days in advance of any other meeting, stating the purpose thereof, as well as the time and place where such meeting is to be held. Such notices shall be sent to each Unit Owner at the address of his Unit or at such other address as each Unit Owner may have designated by notice in writing to the Secretary. The mailing of a notice of a meeting in the manner provided shall be considered service of notice. If a notice is delivered by hand to the Unit Owner, the Secretary shall certify such fact in writing and file a copy with the minutes of the meeting.

Section 6. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit Owners having more than twenty-five percent (25%) of the total votes of all Unit Owners shall constitute a quorum at all meetings of the Association.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, Unit Owners holding a majority of the votes present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 8. Order of Business. The order of business at all annual meetings of the Association shall be as follows:

- (a) Roll call and determination of quorum to conduct business.

- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of Board of Directors.
- (f) Reports of committees.
- (g) Election of inspectors of election (when so required).
- (h) Election of members of the Board of Directors (when so required).
- (i) Unfinished business.
- (j) New business.

Section 9. Title to Units. Title to Units may be taken in the name of a natural person or in the names of two or more natural persons, or in the name of a corporation, partnership, association, trust, or other entity capable of holding title to real property, or any combination thereof.

Section 10. Voting. Each Unit shall have a vote, as set forth in the Declaration, equal to the Percentage Interest in the Common Elements appertaining to that Unit, on all matters coming before the Association. Since a Unit Owner may be more than one person, if only one of such persons is present at a meeting of the Association, that person shall be entitled to cast the vote appertaining to that Unit. But if more than one of such persons is present, the vote appertaining to that Unit shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Unit without protest being made forthwith by any of such other persons to the person presiding over the meeting. Since a person need not be a natural person, the word "person" shall be deemed for the purposes of this Section to include, without limitation, any natural person having authority to execute deeds on behalf of any person, excluding natural persons, which is, either alone or in conjunction with another person or persons, a Unit Owner. Except where a greater number is required by the Act, the Declaration, or these Bylaws, Unit Owners present and voting in person or by proxy having more than fifty percent (50%) of the total votes of all Unit Owners present in person or by proxy shall have authority to take action on behalf of and bind the Association at any meeting thereof at

which a quorum is present. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit is entitled. Cumulative voting is expressly prohibited.

Section 11. Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice given to the person presiding over the meeting by the Unit Owner or by any of such persons that such proxy be revoked. Any proxy shall be void if such proxy is not dated, if it purports to be revocable without notice as aforesaid, or if the signatures of those executing the same have not been witnessed by a person who shall sign his full name and address. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon final adjournment of the first meeting held on or after the date of that proxy, and must be filed with the Secretary at or before the appointed time of that meeting.

Section 12. Conduct of Meeting. 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. Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act.

ARTICLE III Board of Directors

Section 1. Number and Qualification. The affairs of the Condominium shall be governed by a Board of Directors. Until the date of the first annual meeting of the Association and thereafter until their successors shall have been elected by the Unit Owners, the Board of Directors shall consist of those persons designated by the Declarant. The Board of Directors shall be composed of five (5) persons, all of whom shall be officers, directors or designees of the Declarant, Unit Owners or spouses of Unit Owners, or mortgagees (or designees of mortgagees) of Units. Notwithstanding any provision of these Bylaws to the contrary, for a period of two (2) years from the date of conveyance of the first Unit, or until three-fourths (3/4ths) of the Percentage Interests in the Common Elements have been conveyed, whichever occurs first, the Board of Directors shall

be selected and designated by the Declarant, or any other party so designated in writing by Declarant. The Declarant shall have the right in its sole discretion to replace such Directors as may be so selected and designated by it, and to select and designate their successors.

Section 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 Condominium and may do all such acts and things as are directed to be done by the Unit Owners under the Act, the Declaration or these Bylaws. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the enjoyment of the Condominium provided such Rules and Regulations are not in conflict with the Act, the Declaration or these Bylaws. The Board of Directors may delegate to one or more of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent, if any, which might arise between meetings of the Board of Directors. 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 have the power to, and be responsible for, the following:

(a) Preparing an annual budget which shall establish the assessments to be made against each Unit Owner for the Common Expenses.

(b) Making assessments against the Unit Owners to cover the costs and expenses of the Condominium and establishing the means and methods of collecting such assessments from the Unit Owners.

(c) Providing for the operation, care, upkeep, replacement, and maintenance of all of the Common Elements and services of the Condominium.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, and providing services for the Condominium, and, where appropriate, providing 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 the property of the Association.

(e) Collecting the assessments against the Unit Owners, depositing the proceeds thereof in a bank depository designated by the Board of Directors, and using the proceeds to carry out the administration of the Condominium.

(f) Making and amending Rules and Regulations respecting the use and occupancy of the Condominium.

(g) Opening bank accounts on behalf of the Condominium and designating the signatories required therefor.

(h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Condominium and repairs to, and restoration of, the Condominium, in accordance with the other provisions of these Bylaws, after damage or destruction by fire, casualty or otherwise.

(i) Enforcing the provisions of the Declaration, these Bylaws, the Act, and the Rules and Regulations for the use and occupancy of the Condominium by legal and other appropriate means.

(j) Obtaining fidelity bonds and carrying insurance as provided in the Declaration and these Bylaws, paying the premium cost thereof, and adjusting and settling any claims thereunder in accordance with the Declaration and these Bylaws.

(k) Paying the cost of all services rendered to the Condominium and not billed or allocated directly to the Unit Owners.

(l) Keeping records with detailed accounts in chronological order of the receipts and expenditures affecting the Property and the administration of the Condominium, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The records shall be available for examination by the Unit Owners, first mortgagees and their duly authorized agents or attorneys during general business hours on working days. The records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once a year by an outside auditor employed by the Board of Directors who shall not be a resident of the Condominium or a Unit Owner. The costs of such audit shall be a Common Expense.

(m) Notifying the mortgagee of any Unit of any default by the Unit Owner whenever requested in writing by such mortgagee to send such notice.

(n) Borrowing money on behalf of the Condominium when required in connection with the operation, maintenance, repair, renovation and restoration of the Common Elements; provided, however, that the consent of Unit Owners owning Units to which at least two-thirds (2/3rds) of the Percentage Interest in the Common Elements appertain, 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 of money which, when considered separately or in the aggregate with previous sums of money borrowed by the Association exceeds ten percent (10%) of the current, annual budget for the Condominium. If any sum of money borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this subsection is not repaid by the Unit Owners' Association, a Unit Owner who pays to the creditor a percentage of the total amount due equal to his Percentage Interest in the Common Elements 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 the Unit owned by such Unit Owner and the Association shall not be entitled to assess or have a valid lien against the Unit owned by such Unit Owner for payment of the remaining amount due such creditor.

(o) Acquiring, operating, leasing, managing, holding, disposing of and otherwise dealing with property, real and personal, including Units in the Condominium, on behalf of the Association, and mortgaging the same if such expenditures and hypothecations are included in the budget adopted by the Board of Directors.

(p) Adopting special assessments to cover the cost of any previously unanticipated costs and expenses; provided, however, that special assessments shall be made only with respect to those repairs and improvements which are immediately necessary, and all other repairs and improvements which can reasonably be deferred to the next regular budgetary meeting shall be so deferred.

(q) Contracting on behalf of the Association and delegating such powers and duties of the Association as the Board of Directors deems appropriate.

(r) Leasing portions of the Property or the Condominium, and ratifying and confirming any existing leases or concessions of any portion of the Property or the Condominium.

(s) Causing the Association to pay all taxes and assessments of any type which affect any part of the Property or the Condominium, other than the Units in the Condominium (unless owned by the Association) and the appurtenances thereto, and assessing the same against the Unit Owners and their respective Units.

(t) Causing the Association to pay all costs of power, water, sewer and other utility services rendered to the Condominium, which are not the specific responsibility of one or more Unit Owners.

(u) Granting exclusive licenses, easements, permits, leases or privileges to any person, including non-Unit Owners, which affect the Common Elements and altering, adding to, locating, or improving the Common Elements, when determined to be in the best interest of the Unit Owners.

(v) To do such other things and acts not inconsistent with the Act, the Declaration and these Bylaws, which it may be authorized to do by a resolution of the Association.

Section 3. Managing Agent. The Board of Directors may employ for the Condominium a Managing Agent with such qualifications and at such level of compensation as shall be established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties listed in Section 2 of this Article III. The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws; provided, however, that any actions by the Managing Agent with respect to the powers set forth in paragraphs (b) and (f), of Section 2 of this Article III shall require the written consent of the Board of Directors in order to be binding upon the Unit Owners; and provided, further, that any actions by the Managing Agent with respect to the powers set forth in paragraphs (g) and (i) of Section 2 shall require the prior written consent of the Board of Directors. Any employment contract for the Managing Agent must provide that it may be terminated on not more than ninety (90) days' written notice and the maximum contract term of any such contract may not exceed two (2) years. The Managing Agent shall obtain a fidelity bond or similar insurance providing the same or equivalent coverage as provided by the fidelity bond for the Association required under Section 12 of this Article III and naming the Association as an additional obligee or insured.

Section 4. Election and Term of Office. At the first annual meeting of the Association, the term of office of two (2) members of the Board of Directors shall be fixed at three (3) years, the term of office of two (2) members of the Board of Directors shall be fixed at two (2) years, and the term of office of one (1) member of the Board of Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board of Directors, his successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 5. Removal of Members of the Board of Directors. 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, and a successor may be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given at least seven (7) days notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Notwithstanding anything in this Section to the contrary, until the Declarant relinquishes control of the Board of Directors (as provided in Section 2 of Article II and Section 1 of Article III), no person selected and designated by the Declarant as a member of the Board of Directors may be removed without the consent of the Declarant and in such event the Declarant shall select and designate his successor.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Unit Owners shall be filled by a vote of a majority of the remaining directors, or by the sole remaining director if there be but one, at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the member so removed and until a successor shall be elected at the next annual meeting of the Association; provided, however, that the vacancy of any director designated by the Declarant pursuant to a right of the Declarant to make such designation shall be filled by the Declarant.

Section 7. Organization Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the Association shall be held within ten (10) 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 member or members of the Board of Directors in order legally to constitute such meeting, provided a majority of the Board of Directors shall be present.

Section 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 at least three (3) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, by mail, hand delivery or telegraph, at least two (2) business days prior to the day set for such meeting. Meetings shall be open to all Unit Owners and notice thereof shall be posted conspicuously on the Property at least two (2) days in advance, except in an emergency.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on two (2)

business days' notice to each director, given by mail, hand delivery or telegraph, 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 two (2) directors.

Section 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 at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place 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 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 or a sole present director if there be but one 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. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for all purposes including determination of a quorum, provided that such joinder occurs within ten (10) days from the date of the meeting.

Section 12. Fidelity Bonds. The Board of Directors shall obtain fidelity bonds or similar insurance covering all dishonest acts on the part of directors, volunteers, trustees, officers and employees (whether any of the foregoing serve with or without compensation) of the Association handling or responsible for Association funds. Such bonds or insurance shall name the Association as the obligee or insured and shall be written in such amount as may be determined by the Board of Directors but shall be in an amount at least equal to the sum of three months' assessments on all Units plus the Association's reserve funds plus any other funds in the custody of the Association. The premiums on such bonds or insurance shall constitute a Common Expense. Such bonds or insurance policies shall provide that at least thirty days' written notice must be given to the Association before such bonds or insurance policies may be terminated or substantially modified.

Section 13. Compensation. No director shall receive any compensation from the Condominium for acting as a director.

Section 14. Conduct of Meetings. 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. Roberts 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 the Act.

Section 15. Action without a 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 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 16. Board of Directors as Attorney-in-Fact. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for all the Unit Owners, and for each of them, to manage, control and deal with the interests of each Unit Owner in the Common Elements of the Condominium in order to permit the Board of Directors to fulfill all of its duties, obligations and responsibilities. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each Unit Owner, each mortgagee, other named insureds and their beneficiaries, and any other holder of a lien or other interest in the Condominium or the Property (i) to adjust, negotiate, and settle all claims arising under insurance policies purchased by the Board of Directors or from the condemnation or taking in eminent domain of all or any portion of the Condominium and (ii) to execute and deliver releases upon the payment of claims; provided, however, that the consent of any mortgagee shall be required if such mortgagee gives written notice to the Board of Directors within thirty (30) days after receipt of a notice of damage or a notice of a taking in condemnation or by eminent domain. The powers hereby granted shall be in addition to any rights granted by Section 55 79.80(b1) of the Act.

Section 17. Liability.

(a) The officers and directors of the Association shall not be personally liable to the Unit Owners' Association or to any Unit Owner for any act or for any omission or failure to act in the due exercise of their duties and responsibilities, except for their individual willful misconduct or bad faith or their deliberate failure or refusal to abide by the provisions of the Condominium Instruments and/or the Condominium Act. The Unit Owners' Association shall

indemnify and hold harmless any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was an officer or director of the Association from and against any demand, claim, suit, judgment, fine, penalty, liability, loss, costs or expenses of any kind including, without limitation, attorney's fees, incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest of the Association and the Condominium and except to the extent that such liability is satisfied by directors and officers liability insurance, if any.

(b) The liability of any Unit Owner arising out of any contract made by the officers or the directors of the Association, or out of the indemnification of the officers or directors of the Association, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of the ownership of such Unit Owner of a Unit in the Condominium or for liabilities incurred by the Unit Owners' Association shall be limited to the total liability of all Unit Owners multiplied by the Percentage Interest in the Common Elements appertaining to the Unit owned by such Unit Owner. Every agreement made by the officers and directors of the Condominium, and the Managing Agent of the Condominium, on behalf of the Unit Owners' Association, shall provide, if obtainable, that the officers, the directors or the Managing Agent, as the case may be, are acting solely as agents for the Association and shall have no personal liability under such agreement, and that the liability of each Unit Owner thereunder or in connection therewith shall be limited to the total liability of all the Unit Owners multiplied by the Interest in the Common Elements appertaining to the Unit owned by such Unit Owner.

(c) Except as may be covered by any insurance policy maintained by the Unit Owners' Association, the Unit Owners' 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 person or property caused by acts of God, the weather or the elements or by the Unit Owner of any Unit, 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. Except as may be covered by any insurance policy maintained by the Unit Owners' Association, the Unit Owners' Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored in, about, or upon any of the Common Elements. No diminution or abatement of any assessments shall be claimed by or allowed to any Unit Owner for

inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Unit Owners' Association to comply with any law, ordinance or with the order or directive of any governmental authority.

ARTICLE IV Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint such other officers as in its judgment may be necessary. The President shall be a member of the Board of Directors. Any other officers may be, but shall not be required to be, members of the Board of Directors. A person may serve in more than one office at the same time where not prohibited by law. Except for any officers appointed by the Declarant, all officers shall be Unit Owners.

Section 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. Any vacancy in an office shall be filled by the Board of Directors at a regular meeting or special meeting called for such purpose.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his 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. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of president including, but not limited to, the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the business and affairs of the Condominium.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties 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 assigned to him by the Board of Directors or by the President and incident to the office of Vice President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; shall have charge of such books and records as the Board of Directors may direct; shall give or cause to be given all notices required to be given by the Association; and shall, in general, perform all the duties incident to the office of secretary.

Section 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; shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors; and shall, in general, perform all the duties incident to the office of treasurer.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of \$1,000.00 or more, shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors. All such instruments for expenditures or obligations of less than \$1,000.00 may be executed by any one officer of the Association or by such other person as may be designated by the Board of Directors.

Section 9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such.

ARTICLE V Operation of the Property

Section 1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) General Authority. The Association shall have the power and the obligation to make, levy and collect (i) regular and special assessments for Common Expenses and all other costs and expenses determined and declared by the Board of Directors of the Association to be Common Expenses from time to

time, and (ii) such other assessments and charges as are provided for by the Act and the Condominium Instruments. Each Unit Owner including the Declarant for so long as the Declarant is the owner of a Unit in the Condominium shall be liable for the payment of all assessments as provided in these Bylaws commencing at the time of the closing of the sale of the first Unit in the Condominium.

(b) Liability. Each Unit shall be liable for the Common Expenses and shall share in the common profits, if any, in the same percentage as the Percentage Interest in the Common Elements appertaining to that Unit. The right to share in the common profits, if any, does not include the right to withdraw or to require payment or distribution of the common profits, if any, or any surplus arising therefrom except upon termination and dissolution of the Condominium.

(c) Fiscal Year. The fiscal year of the Condominium shall consist of the twelve (12) month period commencing on January 1st of each year and terminating on December 31st of that year.

(d) Preparation and Approval of Budget. Each year on or before December 1st, the Board of Directors shall adopt a budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units, if any, as to which it is the responsibility of the Board of Directors to maintain, repair and replace, and the cost of wages, materials, insurance premiums, insurance deductibles, services, supplies and other expenses that may be declared to be Common Expenses by the Act, 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 Condominium and for related services to the Unit Owners. The budget shall also include such reasonable amounts as the Board of Directors may consider necessary to provide working capital for the Association, a general operating reserve, and reserves for contingencies and replacements. The Board of Directors shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner on or before December 1st preceding the fiscal year to which the budget applies, but the failure of the Board of Directors to so send the budget shall in no way relieve or defer the obligation of an Unit Owner to pay his proportionate share of the Common Expenses. The budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Condominium.

(e) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Condominium as set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Unit, including completed Units owned by the Declarant if the Declarant is a Unit Owner of any completed Unit, in proportion to the Percentage Interest of the Common Elements appertaining to each Unit and shall be a lien against each Unit as provided in the Act. Should the Association be the owner of any Unit, the assessment which would otherwise be due and payable to the Association by the owner of such Unit shall be a Common Expense. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall pay to the Board of Directors without demand one-twelfth (1/12th) of the assessment for such fiscal year made pursuant to the foregoing provisions. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall give to all Unit Owners an itemized accounting of the Common Expenses actually incurred and paid during the fiscal year, together with a statement of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and a statement of the excess of revenues over expenditures or the shortfall of revenues after payment of the actual expenses and provision for required reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall either be carried over to the following year to reduce future assessments, credited to one of the Association's reserve accounts, or refunded to each Unit Owner, as the Board of Directors shall determine in its sole discretion. Any shortage shall be assessed promptly to each Unit Owner in proportion to the Percentage Interest of the Common Elements appertaining to his Unit and shall be payable in a lump sum or in installments as the Board of Directors shall determine.

(f) Reserves and Extraordinary Expenditures. The Board of Directors shall build up and maintain an adequate reserve for working capital and contingencies, and an adequate reserve for maintenance, repairs and replacement of the Common Elements. The monthly contribution to such reserves shall not be less than three (3) percent of the aggregate monthly assessments chargeable to the Unit Owners pursuant to the Bylaws. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds of the Association, and if the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged as appropriate against such reserves. Except where an emergency requires an

expenditure to prevent or minimize loss arising from further damage to, or deterioration of, the Common Elements, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Association. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against each Unit Owner in proportion to the Percentage Interest in the Common Elements appertaining to his Unit 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 all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment, unless otherwise specified in the notice, shall become effective with the next monthly payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment.

(g) Initial Assessment. When the first Board of Directors takes office, it shall determine the budget, as defined in this Section, for the period commencing upon the conveyance of the first Unit by the Declarant to a Unit Owner and ending on December 31st of the fiscal year in which such conveyance occurs. Assessments shall be levied against the Unit Owners during such period as provided in subsection (e) of this Section. The Declarant, on behalf of the Board of Directors, shall collect from each initial purchaser at the time of closing of each Unit, an "initial capital payment" equal to two (2) times the estimated monthly installment for Common Expenses for such purchaser's Unit, plus the purchaser's pro rata portion of any regular monthly installment then due. The Declarant will deliver the funds so collected to the Board of Directors, and such funds will constitute the initial working capital of the Association. Each such "initial capital payment" shall be in addition to, and not in lieu of, the monthly installments of Common Expenses due and payable by each Unit Owner and shall not be refundable.

(h) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit 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 each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until the monthly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been mailed or delivered.

(i) Accounts. Except as otherwise provided, all sums collected by the Board of Directors with respect to assessments against the Unit Owners may be commingled into a single fund. Such sums shall not be subject to attachment or levy by a creditor or judgment creditor of a Unit Owner.

Section 2. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Board of Directors against the Unit owned by that Unit Owner pursuant to the provisions of Section 1 of Article V of these Bylaws. No Unit Owner shall be exempt or excused from liability for the assessment of Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by such Unit Owner of such Unit to another Unit Owner. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments against the Unit being conveyed shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the Unit being sold without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor. Any purchaser of a Unit in the Condominium shall be entitled to receive a statement, setting forth the amount of the unpaid assessments against the Unit being sold by the selling Unit Owner, within five (5) business days following receipt of a written request therefor and of payment of a fee, not to exceed the maximum amount specified in Section 55-79.84 of the Act, and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. Notwithstanding the foregoing, each mortgagee who acquires title to a Unit by virtue of a foreclosure sale or deed in lieu of foreclosure (an "Involuntary Sale") shall not be liable for the share of Common Expenses assessed against such Unit, and shall take the Unit free of any claims for unpaid assessments against such Unit which accrue prior to the time of such Involuntary Sale, 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 Units including the mortgaged Unit. Nothing contained in these Bylaws shall be construed as releasing the person liable for such delinquent assessments from the payment thereof or the collection of delinquent assessments by means other than foreclosure. Following acquisition of a Unit, all Unit Owners of any nature, including, without limitation, a purchaser at an Involuntary Sale, shall be liable for all assessments made against the Unit while such persons are Unit Owners.

Section 3. Collection of Assessments. The payment of any assessment to the Association shall be in default if such payment is not made to the Association when due. If the payment of any assessment is in default for more than ten (10) days, the delinquent assessment shall bear interest at the rate equal to the maximum rate then allowed to be charged to individuals in the Commonwealth of Virginia. The Board of Directors, or the Managing Agent at the request of the Board of Directors, shall take prompt action to collect any assessment for Common Expenses or special expenses, which remains unpaid for more than ten (10) days from the date such assessment first became due and payable. In the event that any Unit Owner is in default in the payment of any assessments, such Unit Owner shall be liable for all costs of collecting the same, including reasonable attorney's fees and court costs. If a Unit Owner fails to pay any assessment or other money due the Association within ten (10) days from the date such assessment first became due and payable (any such assessment or money due being referred to in this paragraph as a "Delinquent Payment"), there shall automatically be assessed a late charge equal to five (5) percent of the amount of such Delinquent Payment. Only one late charge shall be assessed against a Unit Owner for each such Delinquent Payment; provided, however, that a separate late charge shall be assessed for each such Delinquent Payment.

Section 4. Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner, mortgagee or contract purchaser requesting the same in writing, a written statement of all unpaid assessments for Common Expenses due from such Unit Owner, but such request shall not have the effect of a request made pursuant to Virginia Code Section 55-79.84(h) unless it is expressly made pursuant to such Section and the required fee, not to exceed the maximum allowed by the Act, is paid in advance.

Section 5. Maintenance and Repair.

(a) By the Board of Directors. Except for Limited Common Element heating and air conditioning apparatus serving only one Unit but located outside of such Unit's boundaries, which shall be operated, maintained, repaired, renovated, restored, and replaced by the owner of the Unit served exclusively thereby, the Board of Directors shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of an Unit Owner, in which case such expense shall be charged to such Unit Owner) of the following, the cost of which shall be charged to all Unit Owners as a Common Expense:

(1) All of the Common Elements, whether located inside or outside of the Units.

(2) The maintenance of all landscaped areas and plantings which are Common Elements.

(3) All incidental damage caused to any Unit by such work as may be done or caused to be done by the Board of Directors in accordance herewith.

(4) All Limited Common Element patios, balconies, and parking spaces.

(b) By the Unit Owner. Each Unit Owner shall be responsible for the maintenance, repair and replacement, at his expense, of his Unit and any part thereof except such repairs and replacements as may be covered by insurance carried by the Association. Each Unit Owner shall keep his Unit and any part thereof and his personal property and equipment in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damages to any and all other Units or to the Common Elements resulting from his failure to make any of the repairs required to be made by him by this Section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit 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. Each Unit Owner shall be responsible for maintaining, repairing and replacing the Limited Common Element heating and air conditioning apparatus and equipment appurtenant to his Unit and all such maintenance, repairs, and replacement of such apparatus and equipment shall be performed by authorized service personnel using replacement parts and equipment with the same specifications and of quality equal to or better than the quality of the original apparatus and equipment installed by the Declarant.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar, or superior, to the original construction and/or installation and shall be of first class quality. The method of approving payment vouchers for repairs and replacements shall be determined by the Board of Directors.

Section 6. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of Ten Thousand Dollars (\$10,000.00) during any period of twelve (12) consecutive months, and the making of such additions, alterations or

improvements shall have been approved by a Majority of the Unit Owners, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense unless provision for such addition, alteration or improvement has previously been made in one of the reserve funds of the Association. Any additions, alterations or improvements costing Ten Thousand Dollars (\$10,000.00) or less during any period of twelve (12) consecutive months may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expense unless provision for such addition, alteration or improvement has previously been made in one of the reserve funds of the Association.

Section 7. Additions, Alterations or Improvements by Unit Owners. Except as permitted by Section 55-79.68(b) of the Act, no Unit Owner shall make any structural addition, alteration or improvement in or to his Unit or the exterior of the building in which it is located, or do anything which would change the exterior appearance of his Unit without the prior written consent of the Board of Directors. No Unit Owner shall paint or alter any fence or erect any fence on the Common Elements without the prior written consent of the Board of Directors. The Board of Directors shall be obligated to answer any written request by an Unit Owner for approval of a proposed structural addition, alteration or improvement (by painting or otherwise) in or to the Unit owned by such Unit Owner within forty-five (45) days after such request, and its willful failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed 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 any claim for injury to person or damage to property arising therefrom. The provisions of this Section 7 shall not apply to Units owned by the Declarant until such Units shall have been conveyed by the Declarant to a Unit Owner.

Section 8. Liability of Unit Owners. Should a Unit Owner undertake unauthorized additions and modifications to his Unit, or refuse to maintain and make repairs as required, or should a Unit Owner cause any damage to the Common Elements, the Association may undertake such repairs, replacements or maintenance, and levy a special assessment for the cost thereof against such Unit Owner. Without limiting the generality of the foregoing, each Unit Owner shall be responsible for the cost and expense of any maintenance, renovation, restoration or

repairs made by the Unit Owners' Association for or on behalf of such Unit Owner, whether made in the absence of a Unit Owner during an emergency or otherwise. In the event a Unit Owner threatens to or violates the provisions of the Declaration or these Bylaws, the Association shall also have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof.

Section 9. Restrictions on Use of Units and Common Elements. Each Unit and the Common Elements shall be occupied and used as follows:

(a) No part of the Condominium shall be used for other than residential purposes and related uses for which the Condominium was designed and intended. Each Unit shall be used as a residence and for no other purpose. An Unit Owner may use a portion of his Unit for a home office or studio provided that such activities shall not interfere with the quiet enjoyment or comfort of any other Unit Owner, and provided further that in no event shall any part of the Condominium be used as a school or music studio.

(b) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Condominium, or the contents thereof, without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on the Condominium, or the contents thereof, or which would be in violation of any law. No waste will be permitted in the Common Elements.

(c) No immoral, improper, offensive, or unlawful use shall be made of the Condominium, and all 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 Condominium shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors whichever shall have the obligation to maintain or repair such portion of the Condominium.

(d) Nothing shall be done in any Unit or in, on, or to the Common Elements which will impair the structural integrity of the Condominium or which would structurally change any building or improvements except as is otherwise provided in the Bylaws. No part of the exterior of the building in which a Unit is located shall be painted or otherwise changed or altered without the prior written authorization of the Board of Directors.

(e) Except for uses permitted by the Declaration and such uses as are provided for in Section 8(a) hereof, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted in any part of the Condominium. The right is reserved by the Declarant or its agents to use any unsold Unit for display purposes and to display "For Sale" signs for unsold Units without a limit on size.

(f) A Unit may not be leased for a period less than six (6) months.

(g) Nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board of Directors.

(h) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

(i) No fences may be erected on the Property except those erected by Declarant and those erected by Unit Owners after obtaining the written consent of the Board of Directors.

(j) The Limited Common Elements shall be kept in an orderly condition so as not to detract from the neat appearance of the Property. No personal property may be placed, stored, or kept on the Limited Common Elements without the written consent of the Board of Directors. The Board of Directors, in its sole discretion, shall determine whether or not Limited Common Elements are orderly. If a Unit Owner shall fail to keep his Limited Common Elements orderly, the Board of Directors may have any objectionable items removed from the Limited Common Elements or clean such Limited Common Elements so as to restore their orderly appearance, without liability therefor, and charge the Owner for any costs incurred in the process.

(k) No clothes lines may be maintained on the Common Elements.

(l) No motorized vehicles may be used or maintained on the Condominium sidewalks, or non-paved areas and no unlicensed vehicles or boats, trailers, or other recreational vehicles shall be allowed on the Property, except by the Board of Directors in the performance of its duties in a uniform manner as provided in these Bylaws and the Declaration.

(m) Trash shall be stored in accordance with applicable health regulations within the Unit in the storage or

trash area of the Unit, or in the portion of the Common Elements if any, set aside by the Board of Directors for such storage. Trash shall not be set out for collection prior to the night before such date of collection and the empty containers shall be returned to the proper place of storage promptly after collection.

Section 10. Right of Access. Every Unit Owner grants a right of access to his Unit to the Board of Directors or any person authorized by the Board of Directors for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing maintenance, installations, alterations or repairs to the Unit or the Common Elements in the Unit; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

Section 11. Rules and Regulations. Rules and Regulations concerning the operation and use of the Common Elements may be promulgated and amended by the Board of Directors, provided that such Rules and Regulations are not contrary to or inconsistent with the Act, the Declaration or these Bylaws. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time when the same shall become effective.

Section 12. Electricity. Electricity shall be supplied by the public utility company serving the area directly to each Unit through separate meters and each Unit Owner shall be required to pay the charges therefor. The electricity for the Common Elements shall be separately metered, and the Board of Directors shall pay all charges for electricity consumed in the Common Elements as a Common Expense.

Section 13. Water and Sewer. Water usage and the sewer charge based on the water usage will not be separately metered to each Unit. Each Unit Owner shall pay a portion of the water and sewer charges for the Condominium including water for the Common Elements based on the Percentage Interest in the Common Elements appertaining to the Unit owned by such Unit Owner.

Section 14. Parking Spaces. At least one automobile parking space will be assigned to each Unit for the exclusive use of the Unit Owner or his designee. Other automobile parking areas not assigned to a particular Unit and identified as residential parking areas may be used by the Unit Owners for self-service parking of their automobiles on a first-come, first-served basis; provided, however, that no more

than two parking spaces may be used at any one time for vehicles owned, leased or under the control of the occupants of any one Unit. Vehicular repairs, including, without limitation, engine washing, shall not be permitted on the Property, except that minor repairs such as tire changing may be done from time to time. No improperly licensed or inoperable vehicles may be parked on the Property. In the event that a Unit Owner does not observe the requirements of this Section the Board of Directors is authorized to take proper corrective measures, without liability to the Board of Directors or the Association, including, without limitation, towing improperly parked vehicles, and to charge the Unit Owner or the owner of the vehicle for any costs incurred in the process.

Section 15. Apportionment of Taxes.

(a) Responsibility. If any taxing authority levies or assesses any tax or special assessment against the Property as a whole, and not the individual Units, such tax or special assessment shall be paid as a Common Expense by the Association and assessed to the Unit Owners. In such event, the amount due shall constitute a lien prior to all mortgages and encumbrances upon any Unit to the same extent as though such tax or special assessment had been separately levied by the taxing authority upon each Unit.

(b) Personal Property. All personal property taxes levied or assessed against personal property owned by Association shall be paid by the Association and shall be a Common Expense.

ARTICLE VI

Repair and Reconstruction After Fire or Other Casualty

Section 1. When Repair and Reconstruction Are Required. Subject to the provisions of Section 4 of this Article VI, in the event of damage to or destruction of all or any part of the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the Condominium including any damaged Units as originally constructed, furnished, and equipped by the Declarant. There shall be no requirement to replace or restore any furniture, furnishings, fixtures or equipment installed by a Unit Owner. A Unit Owner shall have the right to supervise the redecorating of his Unit.

Section 2. Procedure for Reconstruction and Repairs.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any part of the Common

Elements or to any Unit, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the Common Elements or such Unit as originally constructed, furnished, and equipped by the Declarant. At least one estimate shall be made by an independent estimator. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary. The Board of Directors shall supply, upon request from any mortgagee holding a first lien on a Unit, a copy of such independent estimate(s).

(b) Assessments. If the proceeds of insurance are not sufficient to cover the estimated costs of reconstruction and repair as determined by the Board of Directors, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the proceeds of insurance are insufficient, the amount necessary to complete such repair and reconstruction shall be immediately obtained from the appropriate reserve for replacement and/or a special assessment shall be made as provided in these Bylaws against the Unit Owners in an amount sufficient to pay such costs.

(c) Plans and Specifications. Any such reconstruction, replacement or cover shall be substantially in accordance with the plans and specifications under which the Condominium was originally constructed and improved.

(d) Encroachments. Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Unit Owner upon whose property such encroachment exists, provided that such reconstruction is in accordance with subsection (c) of this Section 2.

Section 3. Disbursements of Construction Funds.

(a) Construction Fund. The net proceeds of insurance collected on account of a casualty, the funds obtained from any appropriate reserve, and the funds collected by the Board of Directors from special assessments against Unit Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section. If the net proceeds of insurance collected on account of a casualty exceed Twenty-five Thousand Dollars (\$25,000.00), then the funds collected by the Board of Directors from assessments against the Unit Owners shall be deposited by the Board of Directors with the Insurance Trustee, and the entire construction fund shall be disbursed by the Insurance Trustee; otherwise the construction fund shall be held and disbursed by the Board of Directors.

(b) Method of Disbursement. The construction fund shall be paid by the Board of Directors or the Insurance Trustee, as the case may be, in appropriate progress payments, to such contractors, suppliers and personnel engaged in performing the work or supplying materials or services for the repair and reconstruction of the Condominium as are designated by the Board of Directors. The determination of the dollar amount of the aforementioned progress payments shall be based upon certifications made by an independent architect or independent estimator.

(c) Surplus. It shall be presumed that 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, in the exercise of the discretion of the Board of Directors, either shall be held by the Board of Directors to reduce future assessments, credited to one of the reserve funds of the Association, or distributed, as their respective interests may appear, to the Unit Owners and their mortgagees; provided, however, that the part of a distribution to a beneficial owner which is not in excess of assessments paid by the Unit Owner into the construction fund shall not be made payable to any mortgagee.

(d) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing the Common Elements and the balance to the cost of repairing the Units.

(e) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary of the Association certifying (i) whether the damaged Property is required to be reconstructed and repaired and, if such reconstruction and repair is not required, whether or not the Unit Owners voted in favor of such reconstruction and repair as provided in these Bylaws; (ii) the name of the payee and the amount to be paid with respect to disbursements from the construction fund held by it or whether surplus funds to be distributed are less than the assessments paid by the Owners, and (iii) all other matters concerning the holding and disbursing of any construction fund held by it. Any such certificate shall be delivered to the Insurance Trustee promptly upon request.

Section 4. When Reconstruction Is Not Required. If more than two-thirds (2/3rds) of the Condominium, in value, is destroyed by fire or other casualty and if within ninety (90) days after the date of such damage or destruction eighty percent (80%) of the Unit Owners either (a) at a regular or

special meeting or (b) by written document agree to waive and terminate the condominium regime and the mortgagees holding mortgages constituting first liens on two thirds (2/3rds) of the Units encumbered by mortgages agree to waive and terminate the condominium regime, then reconstruction shall not be required, and upon the recordation of an instrument terminating the condominium regime, the Property shall be subject to an action for partition at the suit of the Unit Owner or mortgagee of any Unit, in which event the net proceeds of same and the net proceeds from insurance, if any, shall be considered as one fund and, distributed by the Board of Directors or the Insurance Trustee, as the case may be, equally among all the Unit Owners after first paying out of the share of each Unit Owner, to the extent sufficient for this purpose, the amount of any unpaid liens on his Unit in the order of the priority of such liens. Until the entry of an order by a court of competent jurisdiction partitioning the Property or directing that the Property be sold and the proceeds therefrom divided among the Unit Owners, each Unit Owner, his heirs, successors or assigns shall have an exclusive right of occupancy of that part of the Property which formerly constituted his Unit.

ARTICLE VII

Sales, Leases, and Alienation of Units

Section 1. No Severance of Ownership. Except to the extent otherwise expressly provided by the Declaration, these By-laws or the Act, the undivided interest in the Common Elements allocated to any Unit shall not be altered, and any purported transfer, encumbrance, or other disposition of that interest without the Unit to which it appertains shall be void.

Section 2. Payment of Assessments. Each Unit Owner shall pay to the Association all Common Expenses assessed by the Board of Directors against his Unit. The Board of Directors shall promptly furnish to any Unit Owner (or his devisee or personal representative) requesting the same in writing pursuant to this Section, a recordable statement certifying whether or not such Unit Owner is then obligated for any outstanding assessments previously levied against such Unit and the amount, if any, then outstanding. Any such statement shall be binding on the Association, the Board of Directors and every Unit Owner. Payment of a reasonable fee not exceeding the maximum amount permitted by law shall be required as a prerequisite to the issuance of such a statement.

Section 3. Leases. No unit may be leased for transient or hotel purposes or for a period of less than six (6) months. All leases must provide that the Unit will be occupied and used in accordance with the Condominium Instruments, that the lessee

and his family members, guests, agents, employees, and licensees will abide by the Act, the Condominium Instruments, and the Rules and Regulations, and that any breach of such terms and conditions will constitute an event of default under the lease. A copy of each lease of a Unit must be filed with the Association.

Section 4. Prohibition against Time-Sharing. No Unit shall be occupied or used in any fashion for time-sharing purposes, and no Unit shall be owned, whether directly or indirectly, pursuant to or in furtherance of any time-sharing estate or arrangement of any kind.

ARTICLE VIII Mortgages

Section 1. Notice to Board of Directors. A Unit Owner who mortgages his Unit, upon request of the Board of Directors, 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, if requested by the Board.

Section 2. Notice of Unpaid Assessments for Common Expenses. The Board of Directors, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid assessments for Common Expenses due from, or any other default by, the Unit Owner of the mortgaged Unit, which default shall have existed for more than thirty (30) days. Such notice shall not have the effect of the notice given pursuant to Article VII, Section 2 hereof unless the fee therefor is paid.

Section 3. Notice of Default, Casualty or Condemnation. The Board of Directors, when giving notice to any Unit Owner of a default in payment of any assessment for Common Expenses or any other default, shall simultaneously send a copy of such notice to each mortgagee, if any, of such Unit. Each mortgagee shall also be promptly notified (i) of any casualty when required by paragraph 7(g) of the Declaration, (ii) of all actions taken under Article VI, (iii) of any taking in condemnation or by eminent domain and the actions of the Unit Owners' Association or Board of Directors with respect thereto, and (iv) of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Unit Owners' Association. 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 any public or private secondary mortgage market entity participating in purchasing or guaranteeing mortgages if the Board of Directors has notice of such participation.

Section 4. Notice of Amendment of Condominium Instruments. The Board of Directors shall give notice to all mortgagees seven (7) days prior to the date on which the Unit Owners, in accordance with the provisions of these Bylaws, materially amend the Condominium Instruments, and shall obtain prior approval of the mortgagees.

Section 5. Notice of Change in Managing Agent. The Board of Directors shall give notice to all mortgagees thirty (30) days prior to changing the Managing Agent.

Section 6. Approvals of Mortgagees.

(a) Unless first mortgagees, including the Declarant's construction lender for so long as all or any portion of the Declarant's construction loan remains outstanding, holding first mortgages on Units to which at least two-thirds (2/3rds) of the Percentage Interests in the Common Elements appertain and Unit Owners owning Units to which at least two-thirds (2/3rds) of the Percentage Interests in the Common Elements appertain other than the Declarant, have given their prior written approval, the Unit Owners' Association shall not: (a) change any Unit's Percentage Interests in the Common Elements except as provided in Section 55-79.44 of the Condominium Act or following destruction of a portion of the Condominium that is not repaired pursuant to Section 4 of Article VI of these Bylaws; (b) except as provided in Section 55-79.44 of the Condominium Act, partition, subdivide, abandon, encumber, sell or transfer the Common Elements of the Condominium, except for the granting of utility easements, etc., pursuant to Section 55-79.80(b) of the Condominium Act or following destruction of a portion of the Condominium that is not repaired pursuant to Section 4 of Article VI of these Bylaws; (c) except as provided in Section 55-79.44 of the Condominium Act, by act or omission abandon or terminate the Condominium, or withdraw the submission of the Property to the Condominium Act, except as provided by Section 55-79.72 of the Condominium Act or following destruction of a portion of the Condominium that is not repaired pursuant to Section 4 of Article VI of these Bylaws; (d) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; or (e) use physical damage insurance proceeds for losses to the Condominium for any purpose other than repair, renovation, restoration and/or replacement, except as provided in Section 4 of Article VI of these Bylaws.

(b) Unless first mortgagees, including the Declarant's construction lender for so long as all or any portion of the Declarant's construction loan remains outstanding, holding first mortgages on Units to which at least fifty-one (51) percent of the Percentage Interests in the Common Elements

appertain and Unit Owners owning Units to which at least two-thirds (2/3rds) of the Percentage Interests in the Common Elements appertain, other than the Declarant, have given their prior written approval, the Unit Owners' Association shall not amend or supplement any material provisions of the Condominium Instruments that establish, provide for, govern, or regulate any of the following: (i) voting; (ii) assessments, liens for assessments, or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Elements or the Units, if applicable; (iv) insurance or fidelity bonds; (v) rights to use the Common Elements; (vi) maintenance responsibility; (vii) expansion of the Condominium; (viii) boundaries of any Unit; (ix) the interest of each Unit in the Common Elements or Limited Common Elements; (x) leasing of Units; (xi) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey the Unit; or (xii) any provisions of the Condominium Instruments which are for the express benefit of mortgagees.

(e) Any amendment to the Condominium Instruments shall not be considered material if it is for the purpose of correcting a technical error or clarifying a provision of the Condominium Instruments. A mortgagee who is notified of a non-material amendment and who has not delivered or mailed to the person giving notice of such non-material amendment a negative response within thirty (30) days of such notice shall be deemed to have approved such non-material amendment.

Section 7. Other Rights of Mortgagees. All mortgagees or their representatives shall have the right to attend and to speak at meetings of the Unit Owners' Association. All mortgagees shall have the right to examine the books and records of the Condominium, to receive the annual report filed by Declarant pursuant to Section 55-79.93 of the Condominium Act, to receive annual financial reports and other budgetary information, to receive notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond, and to receive notice of any condemnation or eminent domain proceeding filed or threatened with respect to the Condominium or the Property.

ARTICLE IX Compliance and Default

Section 1. Relief. Each Unit Owner and any other person entitled to occupy a Unit shall be governed by, and shall comply with, all of the terms of the Act, the Declaration, these Bylaws, and the Rules and Regulations, and any amendments of the same. In addition to the remedies provided in Section 55-79.53 of the Act or otherwise at law or in equity, a default

by an Unit Owner shall entitle the Association, acting through its Board of Directors or through the Managing Agent, to the following forms of relief:

(a) Additional Liability. Each Unit 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 guests, employees, agents, lessees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit 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 proceeding arising out of any alleged default or violation of the Act, the Condominium Instruments, or the Rules and Regulations by a Unit Owner or any other person entitled to occupy or use a Unit, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court. In any action by or against the Declarant, where the Declarant is the prevailing party, the Declarant shall be entitled to recover all costs of the proceedings, including reasonable attorney's fees at all trial and appellate levels.

(c) No Waiver of Rights. The failure of the Association, the Board of Directors, or of a Unit Owner to enforce any right, provision, covenant, or condition which may be granted by the Act, the Declaration, these Bylaws or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board of Directors or such Unit 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 Unit Owner pursuant to any term, provision, covenant or condition of the Act, the Declaration, these Bylaws or the Rules and Regulations 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, not shall it preclude the party exercising the same from exercising such remedies as may be granted to such party by the Act, the Declaration, these Bylaws or the Rules and Regulations, or at law or in equity.

(d) Late Charges. If a Unit Owner fails to pay any assessment or other money due the Association within ten (10) days from the date such assessment first became due and payable (any such assessment or money due being referred to as a

"Delinquent Payment"), there shall automatically be assessed a late charge equal to five (5) percent of the amount of such Delinquent Payment. Only one late charge may be assessed for each Delinquent Payment.

(e) Interest. In the event of a default by a Unit Owner in paying any installment of Common Expenses or other amount due and payable to the Association which continues for a period in excess of fifteen (15) days, such Unit Owner shall be obligated to pay interest on the amounts due at the highest rate permitted by law (but in no event greater than twelve percent (12%) per annum) from the due date thereof.

(f) Abatement and Injunction of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of Directors, or the breach of any Bylaw contained herein, or the breach of any provision of the Act or the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit 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 (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(g) Legal Proceedings. Failure to comply with any of the terms of the Act, the Condominium Instruments, and the Rules and Regulations shall be grounds for relief including, without limitation, an action to recover money damages, injunctive relief, foreclosure of the lien for payment of assessments, any other relief provided by these Bylaws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which forms of relief may be sought by the Unit Owners' Association, the Board of Directors, the Managing Agent, the Declarant, or, if appropriate, by an aggrieved Unit Owner and shall not constitute an election of remedies. The prevailing party shall be entitled to recover reasonable attorney's fees. Each Unit Owner acknowledges that the failure to comply with any of the provisions of the Condominium Instruments shall or may constitute an injury to the Association, the Managing Agent, the Declarant, or the other Unit Owners and that such injury may be irreparable. All Unit Owners hereby consent to the personal jurisdiction of the Circuit Court of the City of Virginia Beach, Virginia, and/or the General District Court of the City of Virginia Beach, Virginia with regard to all suits, actions and controversies arising out of or relating to the Condominium Instruments and/or the Condominium. Each Unit Owner irrevocably appoints the President of

the Unit Owners' Association as his agent to receive service of process with regard to any action, suit or other proceeding arising out of or relating to the Condominium and/or the Condominium Instruments. The President of the Unit Owners' Association shall give each Unit Owner for whom the President shall receive service of process notice of such service of process in the manner provided by these Bylaws. The provisions hereof shall not be applicable to service upon the Declarant.

(h) Charges for Violations. The Board of Directors may levy reasonable charges against Unit Owners for violations of the Rules and Regulations, the Condominium Instruments, or the Act for which such Unit Owner or his agents, employees, lessees, occupants, invitees, and family members are responsible. No charges may be levied for more than the lesser of \$50.00 or one (1) percent of such Unit Owner's annual assessment for any one violation or for more than \$10.00 per day for any continuing violation. Before any charges are assessed, the Unit Owner shall be given an opportunity to be heard and to be represented by counsel before the Board of Directors. At least fourteen (14) days in advance of such hearing, notice thereof be hand delivered or mailed by registered or certified United States mail, return receipt requested, to such Unit Owner at the address or addresses required for notices of meetings under Section 5 of Article II of these Bylaws. Such charges shall be special assessments and shall be collectible as such.

Section 2. Lien for Assessments.

(a) The total annual assessment of each Unit Owner for Common Expenses, any special assessment, and any other sum duly levied including, without limitation, charges for violations, interest, late charges, etc., is hereby declared to be a lien against the Unit owned by such Unit Owner in accordance with the provisions of the Act.

(b) In any case where an assessment against an Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for ten (10) days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installments of such assessment for such year may be accelerated at the option of the Board of Directors and the balance then owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or the Managing Agent.

(c) Any lien for assessments may be foreclosed in the manner provided by the laws of the Commonwealth of Virginia by suit brought in the name of the Association by the Board of Directors or the Managing Agent. During the pendency of such

suit the Unit Owner shall be required to pay a reasonable rental for the Unit 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.

(d) Suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and foreclosure shall be maintainable notwithstanding the pendency of any suit to recover a money judgment.

(e) The lien for assessments shall not be prior to sums unpaid on any first mortgage or first deed of trust recorded prior to the perfection of such lien for assessments and securing an institutional lender.

ARTICLE X

Responsibility of Unit Owners for Liens and Taxes

Section 1. Liens and Taxes. All liens against a Unit, other than for permitted mortgages and taxes, shall be satisfied or otherwise removed within ten (10) days of the date the lien attaches. All taxes and special assessments upon a Unit shall be paid at least thirty (30) days before becoming delinquent or as provided in the Condominium Instruments, whichever is sooner.

Section 2. Notice to Association. A Unit Owner shall give notice to the Association of every lien upon his Unit, other than for permitted mortgages and taxes, within five (5) days after the attachment of the lien.

ARTICLE XI

Reports

Section 1. General. The Unit Owners' Association shall make available, during regular business hours at the offices of the Association, to the Unit Owners and the mortgagee of any Unit for so long as such mortgagee is the owner or holder of a mortgage or deed of trust encumbering such Unit, current copies of the Condominium Instruments, the Rules and Regulations, and other books, records, and financial statements of the Unit Owners' Association. The Unit Owners Association shall also make available, during regular business hours at the offices of the Association, to prospective purchasers of Units in the Condominium, current copies of the Condominium Instruments, the Rules and Regulations, and the most recent annual audited

financial statement of the Association if such annual audited financial statement has been prepared.

Section 2. Insurance Reporting. In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the Unit Owners, the Association shall give notice of such exposure within a reasonable time to all Unit Owners who may be exposed to the liability and such Unit Owners shall have the right to intervene and defend. A copy of each insurance policy obtained by the Association shall be made available for inspection by Unit Owners at reasonable times.

ARTICLE XII
Amendments to Bylaws

Section 1. Amendments.

(a) If there is no Unit Owner other than the Declarant, the Declarant may unilaterally terminate the Condominium or amend the Condominium Documents, including these Bylaws, and any such termination or amendment shall become effective upon the recordation thereof if the same has been executed by the Declarant.

(b) If there is any Unit Owner other than the Declarant, then the Condominium shall be terminated only by the agreement of Unit Owners to which four-fifths (4/5ths) of the votes in the Association appertain.

(c) If there is any Unit Owner other than the Declarant, then the Condominium Documents, including these Bylaws, shall be amended only by the agreement of Unit Owners to which two-thirds (2/3rds) of the votes in the Association appertain.

(d) Nothing in this Section 1 shall be construed or interpreted to modify or diminish the rights and privileges of the Declarant during the period of Declarant control as provided in Article II, Section 2 and Article III, Section 1 of these Bylaws.

(e) No modification or amendment of these Bylaws may be adopted which shall be inconsistent with the provisions of the Act. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official Bylaws of the Condominium, and all Unit Owners shall be bound to abide by such modification or amendment.

Section 2. Recording. A modification or amendment of these Bylaws, or a termination of the Condominium, shall become effective only if such modification, amendment or termination is recorded in the land records of the Clerk's Office of the Circuit Court of the City of Virginia Beach, Virginia.

Section 3. Approval of Mortgagees. The Declaration and these Bylaws contain provisions concerning various rights, privileges, remedies and interests of the first mortgagees of Units. Such provisions in these Bylaws are to be construed as covenants for the protection of the first mortgagees on which they may rely in making loans secured by first mortgages on the Units. Accordingly, no amendment or modification of the Declaration or these Bylaws impairing or affecting the rights, priorities, remedies or interest of a first mortgagee shall be adopted without the prior written consent of such first mortgagee. If there is more than one mortgagee holding first mortgages on the Units, the written consent of the institutional mortgagee or mortgagees holding first liens on two-thirds (2/3rds) of the Units encumbered by mortgages shall be deemed the consent of all mortgagees to any action taken to amend these Bylaws or the Declaration.

Section 4. Non-Interference with Declarant. So long as the Declarant owns one or more Units, no Bylaw amendment or Rule or Regulation shall be adopted that could interfere (a) with the sale, lease or other disposition of any such Unit, (b) with the construction of improvements or (c) with the right of the Declarant to cast a vote as a Unit Owner.

ARTICLE XIII Miscellaneous

Section 1. Notices. All notices, demands, bills, statements or other communications required or permitted by these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified United States mail, return receipt requested, first-class postage prepaid (i) if to an Unit Owner, at the address of his Unit or at such other address as the Unit Owner may have designated by notice in writing to the Secretary, or (ii) if to the Association, the Board of Directors or the Managing Agent, at the principal office of the Condominium or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section.

Section 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. 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 4. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed this 21st day of October, 1988.

INDEPENDENT DEVELOPERS, LTD.,
a Virginia corporation

By William R. Epstein
Title: President

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF Norfolk;

The foregoing instrument was acknowledged before me this 21st day of October, 1988, by William R. Epstein, President of Independent Developers, Ltd., a Virginia corporation, on behalf of the corporation.

Barbara B. Goehring
Notary Public

My Commission Expires: January 6, 1989

VIRGINIA: W In the Clerk's Office of the Circuit Court of Virginia Beach at 9:57 19 88, this instrument was received and certificate of acknowledgment thereto annexed, admitted to record. The tax imposed by §58.1-802 has been paid, in the amount of \$.....

TESTE: J. CURTIS FRUIT, Clerk

By J. J. Sarnau

C.C. 21 REV. 3/85