

BY-LAWS
OF
ROLLING RIDGE CONDOMINIUM ASSOCIATION
(Loudoun County, Virginia)

THESE BY-LAWS OF ROLLING RIDGE CONDOMINIUM ASSOCIATION, dated as of the 18th day of October, 1988, by AMURCON ROLLING RIDGE DEVELOPMENT CORPORATION, a Virginia corporation (Declarant), recite and provide:

RECITALS:

By declaration dated as of October 18, 1988 (the Phase I Declaration), recorded immediately prior hereto, in the Clerk's Office of the Circuit Court of Loudoun County, Virginia (the Clerk's Office), Declarant submitted certain land located in the Broad Run Magisterial District, Loudoun County, Virginia, and more particularly described in Exhibit A to the Phase I Declaration, together with all improvements thereon and appurtenances thereunto belonging (the Phase I Property), to the provisions of the Virginia Condominium Act, Va. Code § 55-79.39 et seq. (hereinafter called the "Act" or the "Condominium Act"), thereby establishing an expandable condominium development which, together with all property added thereto in accordance with the Phase I Declaration as amended from time to time, shall be known as the Rolling Ridge Townhome Condominium (the Condominium). Attached to the Phase I Declaration as Exhibit F will be these by-laws (the By-Laws) which shall be applicable to the Condominium and as may hereafter be expanded as provided in the Condominium Act and the Phase I Declaration.

The Phase I Declaration as may hereafter be amended from time to time pursuant to the provisions hereof shall herein be called the Declaration. The Phase I Property and any one or more other parts of the Additional Land that shall have been added to the Condominium through that date

by the recordation of such declarations as the Condominium Act shall require to have been recorded to effect such additions shall then be together called the Property.

Capitalized terms used herein and not otherwise defined shall have the meanings given them in the Declaration.

Article I

Plan of Unit Ownership.

Section 1. Applicability of By-Laws.

These By-Laws provide for the manner in which the Condominium will be governed pursuant to the Condominium Act. As required by Section 55-79.53 of the Condominium Act, the Declarant, every Unit Owner and all those entitled to occupy a Unit shall comply with the Condominium Instruments and the Condominium Act. Therefore, each such person and entity shall conclusively be deemed to have accepted, ratified and agreed to comply with these By-Laws, the Declaration and all rules and regulations (the "Rules and Regulations") that have been duly adopted as to the Condominium and all other Condominium Instruments, as such instruments may be amended from time to time. Except as otherwise expressly provided in these By-Laws, the Declarant shall have under these By-Laws (as to all Units owned by the Declarant and not sold to Unit Owners) all rights and responsibilities of a Unit Owner.

Section 2. Definitions.

(a) Pursuant to Section 55-79.50(a) of the Condominium Act, capitalized terms used (or incorporated by reference from the Declaration) in these By-Laws and not otherwise defined shall have the meanings given them in Section 55.79.41 of the Condominium Act unless otherwise defined in these By-Laws or unless the context otherwise requires.

(b) "Percentage Interest" for a Unit in the Condominium is calculated as the percentage that the size of that unit is of the sum of the sizes of all Units in the Condominium.

(c) The "period of Declarant control" means (i) the maximum period allowed by Section 55-79.74(a) of the Condominium Act or (ii) the period ending on the date that registered Units to which 75% of the aggregate Percentage

Interests appertain have been conveyed, or (iii) such shorter period as may be determined by Declarant, in its sole discretion, whichever first occurs, during which period the Declarant can appoint and remove officers and Directors of the Association.

(d) The "size" of a Unit is the total number of square feet of floor area contained in that unit as determined by reference to the dimensions set forth on the Plats and the Plans (exclusive of interior partitions) discounted by 80% of the square footage of floor area of any basement.

Section 3. Office.

The office of the Condominium shall be located at the Condominium or at such other place as may from time to time be designated by the Board of Directors (the "Board of Directors") of the Unit Owners' Association of the Condominium (the "Association").

Article II

Unit Owners' Association.

Section 1. Composition; Responsibilities; Powers.

The Association shall be comprised solely of the Declarant (as to Units owned by it that have not been sold to Unit Owners) and Unit Owners. The Unit Owners, when acting collectively as the Association, and every other person using or occupying any Unit in the Condominium, or visiting the Condominium, shall comply with all of the terms, provisions and conditions of the Condominium Act and shall act pursuant to the terms, provisions and conditions of the Declaration, these By-Laws and all other Condominium Instruments. The Association shall have the responsibility for the administration of the Condominium, the collection of all assessments and charges as to the Condominium, the management of the Condominium and the performance of all of the other functions and duties necessary or desirable pursuant to the Condominium Act and the Condominium Instruments. Without limitation upon other rights and powers conferred upon the Association or the Board of Directors by other provisions of these By-Laws or by the Declaration, the Association shall have the right to (i) enter any Unit, at any reasonable time and in any reasonable manner, to perform emergency repairs or to do other work that is reasonably necessary for the proper maintenance of

the Condominium and (ii) grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes necessary for the proper operation of the Condominium. Unless otherwise required to be performed by the vote of the Unit Owners, all of the foregoing functions and duties of the Association shall be performed on its behalf, as more particularly set forth in these By-Laws, by the Board of Directors or by the Managing Agent (as hereinafter defined).

Section 2. Annual Meetings.

The annual meeting of the Association shall be held at least once each year after the formation of the Association on such day as may be designated by the Board of Directors, provided, however, such date shall not be less than 90 days after the end of the Association's fiscal year. At the annual meeting, the Board of Directors shall be elected by written ballot of the Unit Owners in accordance with the requirements of these By-Laws. During the period of Declarant control, the Declarant shall be entitled to designate the members of the Board of Directors of the Association.

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 as the Board of Directors may designate.

Section 4. Special Meetings.

(a) The President of the Association shall call a special meeting of the Association if so directed by a duly adopted resolution of the Board of Directors or, after the first annual meeting of the Association, upon a petition signed and presented to the Secretary of the Association by Unit Owners owning at least twenty-five percent (25%) of the aggregate Percentage Interests in the Condominium. The notice of any special meeting shall state the time, place and purpose of such meeting. No business shall be transacted at a special meeting of the Association except as stated in the notice.

(b) Within 30 days after the expiration of the period of Declarant control, a special meeting of the Association shall be held at which all of the Directors of the Association designated by Declarant shall resign, and the

Unit Owners, including Declarant if Declarant owns one or more Units shall thereupon elect successor Directors of the Association to act in the place and stead of those resigning.

Section 5. Notice of Meetings.

The Secretary of the Association shall give notice to every Unit Owner of each annual or regularly scheduled meeting of the Association at least 21 days, but not more than 60 days in advance of such meeting, and of each special meeting of the Association at least 10 days in advance of such meeting. Each such notice shall state the time, place and purpose of the meeting and shall be either (i) sent by United States mail, postage prepaid, to each Unit Owner of record as of the date of such notice at the address of his Unit or (ii) hand delivered by the Secretary of the Association to any such Unit Owner, provided that the Secretary certifies in writing that such notice was duly delivered to the person of any Unit Owner. Attendance at a meeting by a Unit Owner shall be deemed to be a waiver of notice of that meeting. In addition, a Unit Owner may waive such notice in writing, either before or after the time of the meeting.

Section 6. Adjournment of Meetings.

If any meeting of the Association cannot be held because a quorum is not present, the Secretary of the Association shall adjourn the meeting to a time not sooner than 96 hours after the time of the originally-scheduled meeting. The Secretary of the Association shall either mail or hand deliver notices of such adjournment to every Unit Owner as provided in section 5 of Article II of these By-Laws.

Section 7. Order of Business.

The order of business at each meeting of the Association shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.

- (e) Report of Board of Directors.
- (f) Report of Managing Agent.
- (g) Election or designation 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.
- (k) Adjournment.

Section 8. Title to Units.

Title to a Condominium Unit may be taken in the name of one or more persons or entities (including the Association), in any manner permitted by law. The Association may acquire, hold and transfer full legal title to one or more Units in its own name.

Section 9. Voting.

Voting at all meetings of the Association shall be on a percentage basis and the percentage of the vote to which each Unit Owner is entitled shall be the Percentage Interest assigned to his Unit pursuant to the Declaration. If a Unit is owned by more than one person, the person who shall be entitled to cast the vote in behalf of such Unit shall be the person named in a certificate executed by all of the Owners of such Unit and filed with the Secretary of the Association. In the absence from a meeting of the person named in the aforesaid certificate, or in the event that no such certificate is filed with the Secretary, the person who shall be entitled to cast the vote in behalf of such Unit shall be the person owning such Unit who is present. If more than one person owning such Unit is present, then the vote for that Unit shall be cast only upon the unanimous agreement of all such persons, pursuant to the Act. Unless otherwise required by the Act, the Declaration or these By-Laws, the owners of more than fifty percent of the aggregate Percentage Interest in the Condominium voting in person or by proxy at one time at a duly convened meeting of the Association at which a quorum is present (the "Unit Owners' Majority") is required to adopt resolutions and make

decisions at any meeting of the Association. If Declarant owns one or more Units, Declarant shall have the right, at any meeting of the Association, to cast the vote or votes to which such Unit or Units are entitled. No Unit Owner may vote at any meeting of the Association, or be elected to or serve on the Board of Directors, if such Unit Owner is (i) past due in the payment of any assessment or (ii) in any way in default under the Act, the Declaration or these By-Laws.

Section 10. Proxies.

A vote may be cast at any meeting of the Association in person or by proxy. Such proxy may be granted by any Unit Owner, or, where the Unit Owner is more than one person, by or on behalf of all such persons, but only in favor of another Unit Owner, the lawful resident of a Unit, the holder of a mortgage on any of the Property (a "Mortgagee") or Declarant. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Unit Owner or by any such persons, that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice as aforesaid, or if the signatures of any 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 the adjournment of the first meeting held on or after the date of that proxy.

Section 11. Quorum.

Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners of twenty-five percent (25%) or more of the aggregate Percentage Interests of the Condominium shall constitute a quorum at all meetings of the Association.

Section 12. Conduct of Meetings.

The President of the Association shall preside over all meetings of the Association, and the Secretary of the Association shall keep the minutes of all meetings and record in a minute book all resolutions adopted and transactions occurring at the meeting. The then current edition of Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, the Act or these By-Laws.

Article IIIBoard of Directors.Section 1. Function, Office, Number and Qualification.

The affairs of the Association and of the Condominium shall be governed by the Board of Directors which shall, pursuant to Section 55-79.73 of the Condominium Act, be the executive organ of the Condominium. The office of the Board of Directors shall be located at the Condominium or at such other place as may from time to time be designated by the Board of Directors. The Board of Directors shall consist of five (5) persons, all of whom shall be Unit Owners, spouses of Unit Owners, Mortgagees, designees of Mortgagees or designees of Declarant. The failure of a Unit Owner to pay any sum assessed against his Unit shall disqualify such Unit Owner (and the spouse of such Unit Owner) from serving as a Director until all such assessments are paid in full. During the period of Declarant control and thereafter until their successors have been elected by the Unit Owners, the Declarant may designate the members of the Board of Directors. The Declarant reserves the right at its sole discretion to relinquish control over the appointment of Officers and Directors. During the period of Declarant control, Declarant shall have the right in its sole discretion to replace any Director or Directors and to 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 Association and the Condominium and may do all such acts and things as are not prohibited by the Act, the Declaration or these By-Laws. The Board of Directors shall have the power to adopt from time to time any Rules and Regulations deemed necessary or desirable for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not be in conflict with the Act, the Declaration or these By-Laws. The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors in the management of the Condominium. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall on behalf of the Association:

- (a) Prepare an annual budget, in which there shall be established the assessments of each Unit Owner for Common Expenses.
- (b) Make assessments against Unit Owners to defray the cost and expense of the Condominium, establish the means and methods of collecting such assessments from the Unit Owners and establish the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, with each such installment to be due and payable in advance on the first day of each month for such month.
- (c) Provide for the operation, care, upkeep, replacement, maintenance and surveillance of the Condominium.
- (d) Designate, hire and dismiss any employees necessary for the maintenance, operation, repair and replacement of the Common Elements, and, where appropriate, provide for the compensation of such employees and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.
- (e) Collect assessments against Unit Owners, deposit the proceeds therefrom in a bank depository which the Board of Directors shall approve, and use the proceeds to manage and administer the Condominium.
- (f) Make and amend the Rules and Regulations.
- (g) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Common Elements, and repairs to and restoration of the Common Elements, in accordance with these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (i) Enforce by legal means the provisions of the Declaration, these By-Laws and the Rules and Regulations and act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding.

(j) Obtain insurance against casualties and liabilities, as provided in these By-Laws, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the costs of all authorized services rendered to the Association and not billed to Unit Owners individually.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books, together with all supporting documentation, shall be available for examination by the Unit Owners and their duly authorized agents or attorneys during general business hours on working days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same shall be audited at least once each year by an independent accountant retained by the Board of Directors who shall not be affiliated in any way with the Condominium or any Unit Owner. The cost of such audit shall be a Common Expense.

(m) Borrow money on behalf of the Condominium when required in connection with the operation and maintenance of the Common Elements, provided, however, that (i) the consent of at least two-thirds of the Unit Owners, both in number and in aggregate Percentage Interest in the Condominium, obtained at a meeting duly called and held for such purpose in accordance with these By-Laws, shall be required to borrow any sum in excess of \$5,000.00 at one time or \$10,000.00 within a calendar year. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this Paragraph (m) is not repaid by the Association, a Unit Owner who pays to the creditor such proportion thereof as his Percentage Interest bears to the total Percentage Interests in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Condominium Unit.

(n) Acquire, hold and dispose of Condominium Units and mortgage the same provided such expenditures are included in the budget adopted by the Association.

(o) Furnish any information required by the Act, within ten days after the receipt of a written request therefor from any Unit Owner.

(p) Terminate with or without cause, without penalty, and upon not more than 90 days notice to the other party, any management contract, employment contract and lease entered into on behalf of the Association by Declarant or during the period when persons designated by Declarant constitute a majority of the Board of Directors.

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

Section 3. Managing Agent.

(a) Authorization. The Board of Directors may, but shall not be obligated to, employ for the Condominium a managing agent (the "Managing Agent") at a compensation and upon such terms as may be established by the Board of Directors.

(b) Requirements. The Managing Agent shall be a bona fide business enterprise with experience in the management of condominium or similar real estate communities and may be an affiliate of Declarant.

(c) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize in accordance with such standards as the Board of Directors shall impose. The Managing Agent, in performing its duties, shall at all times act in accordance with the Act, the Declaration and these By-Laws.

(d) Limitations Upon Term of Employment. Subject to the provisions of §55-79.74(b) of the Act, during the period when persons designated by Declarant constitute a majority of the Board of Directors, no employment agreement with any Managing Agent shall be for a term in excess of one year. Any contract with the Managing Agent must provide that it may be terminated with cause on not more than thirty (30) days' written notice and without cause on no more than ninety (90) days' written notice; and the contract must be terminable without payment of a termination fee.

When professional management has been previously required by any first Mortgagee or insurer or guarantor of such mortgage, whether such entity becomes a Mortgagee, insurer or guarantor at that time or later, any decision to establish self management by the Association shall require the prior consent of Unit Owners to which at least sixty-seven percent (67%) of the votes of the Association are allocated and the approval of Mortgagees holding first liens on Units which have at least fifty-one percent (51%) of the votes of the Units subject to such mortgages.

Section 4. Election and Term of Office.

(a) Election and Term of Office. Election of the successor Board of Directors shall occur upon resignation of the Directors designated by Declarant at the special meeting described in Article II, Section 4 above. One vote shall be taken on the entire slate of nominees and the five (5) nominees receiving from the Unit Owners the highest plurality of votes shall constitute the Board of Directors. The term of office of the two Directors receiving the greatest number of votes shall be fixed at three years; the term of office of the two Directors receiving the next greatest number of votes shall be fixed at two years; and the term of office of the remaining Director shall be fixed at one year. At the expiration of the initial term of office of each member of the Board of Directors, a successor shall be elected to serve for a term of three years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Unit Owners' Association, unless they die, are removed, resign or become ineligible to continue serving on the Board.

(b) Nominations. Persons qualified to be members of the Board of Directors may be nominated for election only as follows:

(1) Any Unit Owner may submit to the Secretary of the Association a nominating petition signed by Unit Owners owning a total of at least two Units, a statement that the person nominated is willing to serve on the Board of Directors and a brief biographical sketch of the nominee. Nominating petitions must be filed with the Secretary on or before the date for such filing set forth in the notice of the meeting; or

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one person has been nominated in advance by a petition that complies with subparagraph (1) hereof.

Section 5. Removal or Resignation.

Except with respect to Directors designated by Declarant, at any regular or special meeting of the Association, any one or more of the members of the Board of Directors may be removed with or without cause by a vote of Unit Owners owning more than fifty percent of the aggregate Percentage Interests in the Condominium, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Board of Directors may resign at any time upon providing notice of his resignation to the Secretary of the Association. In addition, a member of the Board of Directors shall be deemed to have resigned upon his ceasing to be qualified in accordance with Section 1 of this Article III.

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 Association shall be filled by a vote of a majority of the remaining members of the Board of Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any such vacancy, even though the members of the Board of Directors present at such meeting constitute less than a quorum. Each person so elected shall be a member of the Board of Directors for the remainder of the term of the member being replaced and until his successor shall be elected. Notwithstanding anything to the contrary in this Section or in the previous Section, during the period of Declarant control, Declarant shall designate the successor to any resigned or removed member previously designated by Declarant.

Section 7. Organizational Meeting.

Within thirty (30) days after resignation of the Directors designated by Declarant and the election of the successor Board of Directors by the Unit Owners, an organizational meeting of the Board of Directors following the annual meeting of the Association shall be held at such time and place as shall be fixed by the Association at the meeting at which the members of the Board of Directors shall have been elected, and no notice shall be necessary to the newly-elected members of the Board of Directors, provided a majority of the whole Board of Directors shall be present at such meeting. The purpose of the organizational meeting shall be to elect Officers of the Association and to take up such other business as may come before the meeting.

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 members of the Board of Directors, but a meeting shall be held at least once every two months. Notice of regular meetings of the Board of Directors shall either be hand delivered by the Secretary of the Association to each member, or given by United States mail, postage prepaid, telephone, or telegraph at least three business days prior to the date on which such meeting is scheduled to be held.

Section 9. Special Meetings.

Special meetings of the Board of Directors may be called by the President of the Association upon three days' prior written notice to each member of the Board of Directors, to be either given by United States mail, postage prepaid, telephone or telegraph or hand delivered, 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 of the Association in a like manner and on like notice of the written request of at least two members of the Board of Directors.

Section 10. Waiver of Notice.

Any member of the Board of Directors, may, in writing, waive notice of any meeting of the Board of Directors, before or after such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a

member of the Board of Directors at any meeting of the Board of Directors shall constitute a waiver of notice of such meeting by that member. If all members of the Board of 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. Furthermore, any or all members of the Board of Directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors may simultaneously hear each other during the meeting.

Section 11. Quorum.

At any meeting of the Board of Directors, a majority of the members of the Board of Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of 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, the meeting shall be adjourned.

Section 12. Fidelity Bonds.

If economically feasible, there shall be obtained fidelity bonds in an amount not less than the greater of \$50,000.00 or one and one-half times the estimated annual operating budget for the succeeding fiscal year, in such form and such greater amounts as may be required by the Mortgagees, for all officers, directors and employees of the Association. The premiums on such bonds shall constitute a Common Expense.

Section 13. Compensation.

No member of the Board of Directors shall receive any compensation from the Association for acting as such.

Section 14. Conduct of Meetings.

The President of the Association shall preside over all meetings of the Board of Directors and the Secretary shall keep the minutes of the Board of Directors, including the recordation of all resolutions adopted by the Board of Directors and the recordation of all transactions and proceedings occurring at such meetings.

Section 15. Actions by Consent.

Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall 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. Liability of the Board of Directors;
Indemnification.

(a) The Officers and members of the Board of Directors of the Association shall not be liable to the Association for any mistake of judgment caused by negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each member of the Association (including Officers and Board of Directors' members that are not Unit Owners) from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act, the Declaration, Articles of Incorporation, or these Bylaws in which case those persons dealing in bad faith or dealing knowingly in a contrary manner to the aforesaid provisions shall not be indemnified. Other than has previously been stated in this Section, Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association and shall be considered as only acting as agents for the Association. The liability, if any, of any Unit Owner arising out of any contract made by the Officers or Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors or Officers, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of a Percentage Interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by his Percentage Interest. Every agreement made by the Officers, the Board of Directors or the Managing Agent on behalf of the Association shall, if obtainable, provide that the Officers, the members of the Board of Directors or the Managing Agent, as the case may be, are acting only as agents of the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the

total liability thereunder multiplied by his Percentage Interest.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to any person or property caused by the elements or by the Unit Owner of any Condominium Unit, or any other person, or resulting from electricity or water, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as elsewhere provided herein shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 17. Common or Interested Members.

Each Officer of the Association shall exercise his powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Association and any of its members, or between the Association and any corporation, firm or association (including the Declarant) in which any of the members of the Association are members or officers or are pecuniarily or otherwise interested, is either void or voidable because any such member is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

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

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

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

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

Section 18. Covenants Committee.

The Board of Directors may establish a Covenants Committee consisting of members appointed by the Board of Directors, each to serve for a term of one year, in order to assure that the Condominium shall always be maintained in a manner:

- (1) providing for visual harmony and soundness of repair;
- (2) avoiding activities deleterious to the esthetic or property values of the Condominium;
- (3) furthering the comfort of the Unit Owners, their guests and tenants; and
- (4) promoting the general welfare of the Condominium community.

(a) Powers. The Covenants Committee shall regulate the external design, appearance, use and maintenance of the Common Elements. The Covenants Committee shall have the power to issue a cease and desist request to a Unit Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Condominium Act, the Condominium Instruments, the Rules and Regulations or resolutions of the Board of Directors (upon petition of any Unit Owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the Condominium Instruments, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a Unit Owner or the Board of Directors. Any action, ruling or decision of the Covenants Committee may be

appealed to the Board of Directors by any party deemed by the Board of Directors to have standing as an aggrieved party and a vote of a quorum of the Board of Directors may modify or reverse any such action, ruling or decision.

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

Article IV

Officers.

Section 1. Designation.

The principal officers of the Association shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary or desirable for the efficient administration of the Condominium. The President and the Vice-President shall be members of the Board of Directors. Any other officers may, but need not, be members of the Board of Directors.

Section 2. Election of Officers.

The officers of the Association shall be elected annually by the Board of Directors at the organizational 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 all members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any

special meeting of the Board of Directors called for such purpose.

Section 4. 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 of a non-stock corporation under the Virginia Stock Corporation Act, Title 13.1, Code of Virginia, 1950, as amended (the Corporation Act) including, without limitation, the power to appoint committees from among the Unit Owners from time to time as the President may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice-President.

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

Section 6. Secretary.

The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors. He shall have charge of such books and papers as the Board of Directors may direct. He shall maintain a register setting forth the place to which notices to Unit Owners and Mortgagees required or permitted hereunder shall be delivered. Finally, he shall perform all of the general duties incident to the office of secretary of a non-stock corporation organized under the Corporation Act. The Board of Directors may, in its discretion, appoint one or more Assistant Secretaries.

Section 7. Treasurer.

The Treasurer shall have responsibility for funds and securities of the Association and 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. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors. Finally, he shall perform all of the general duties incident to the office of treasurer of a non-stock corporation organized under the Corporation Act. The Board of Directors may, in its discretion, appoint one or more Assistant Treasurers.

Section 8. 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) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(i) No less than 21 days prior to the annual meeting of the Association, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount of money necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units 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, services, supplies and other expenses, including, but not limited to, \$60.00 per unit per year for payment to the Loudoun County Board of Supervisors

to be distributed equally between the fire and rescue companies serving the Condominium that may be declared to be Common Expenses pursuant to the Act, the Declaration, these By-Laws or a resolution of the Board of Directors and which will be required during the upcoming fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services.

(ii) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve for contingencies and replacements. At least twenty-one (21) days prior to the date of the Annual Meeting of the Association, the Board of Directors shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the estimated amount of the Common Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Association.

(iii) If the amount of assessments attributable to each Unit shall be changed by the creation of Units on any Additional Land by the recordation of an amendment to the Declaration submitting such Units to the Condominium, within thirty days thereafter the Board of Directors shall send to each Unit Owner a copy of the budget revised to reflect the proportionate liability of such Units for Common Expenses for the remainder of the fiscal year in which such Units were added to the Condominium. The amount of assessments attributable to each Unit shall thereafter be the amount specified in the adjusted budget, unless a new budget shall have been adopted by the Board of Directors.

(c) Assessment and Payment of Common Expenses.

Subject to the provisions of these By-Laws, the total amount of the estimated funds required for the operation of the Condominium set forth in the budget adopted by the Board of Directors shall be assessed against each Unit Owner in proportion to his respective Percentage Interest in the Condominium and shall be a lien against each Unit Owner's Unit

as provided herein. Assessments as to all Units in each Phase shall commence on the date of conveyance of the first Unit in such Phase to a Unit Owner other than Declarant. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the Managing Agent, as the case may be, one-twelfth of such assessment. Within one hundred twenty days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners and to each Mortgagee who, in writing, requests such information, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Board of Directors deems it advisable, be credited according to each Unit Owner's Percentage Interest in the Condominium to the next monthly installment due from Unit Owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed against the Unit Owners in accordance with their Percentage Interest and shall be payable in a lump sum or in installments as the Board of Directors may determine.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operation, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the fiscal year shall be charged first against such reserves. 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 the Unit Owners according to their respective Percentage Interests in the Condominium, 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 assessments on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten days after the delivery of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount, or if such further assessment is not payable in installments, the amount of

such assessment. Such assessment shall be a lien against each Unit Owner's Unit as of the effective date as set forth herein. Notwithstanding the foregoing, or any other provision hereof, or of the Condominium Instruments, these By-Laws and such other documents shall benefit only the Association, its Directors, the Declarant and the Unit Owners; and no other person or entity (including without limitation any creditor of the Association or any Unit Owner) shall be entitled to the benefits hereof or of any such other document, or to enforce any of the provisions hereof or thereof.

(e) Initial Capital Payment. Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "Initial Capital Payment" equivalent to twice the sum of the estimated monthly assessment for Common Expenses for such purchaser's Unit. Declarant will deliver the funds so collected to the Board of Directors. Within sixty days after the closing of the sale of the first Unit in any Phase (as defined in the Declaration) of the Condominium, Declarant shall pay to the Board of Directors an "Initial Capital Payment" equivalent to twice the sum of the estimated monthly assessments for Common Expenses for all unsold Units in that Phase. Declarant shall have the right to have the purchaser of each such unsold Unit reimburse Declarant, at the closing of the sale of that Unit, the amount of the Initial Capital Payment so paid by the Declarant as to that Unit. No Initial Capital Payment shall be deemed an advance payment of assessments otherwise payable under these By-Laws. The Board of Directors shall hold all Initial Capital Payments received by it pursuant to this Section 1(e) as a working capital fund in a segregated account for the use and benefit of the Association (the "Working Capital Fund") to commence the business of the Association and to provide the necessary working funds for it.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay by the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or a 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 or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice of the monthly payment which is due more than ten days after such new annual or adjusted budget shall have been delivered.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund, but shall be held for each Unit Owner in proportion to the number of votes in the Association appertaining to his Unit.

(h) Association's Units. Should the Association be the Owner of a Unit or Units, any assessment which would be otherwise due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income which might be derived from the leasing of such Unit or Units by the Association, shall be apportioned and an assessment therefor levied ratably among the other Owners of all Units not owned by the Association in proportion to the number of votes in the Association appertaining to their Units.

Section 2. Payment of Common Expenses.

(a) Payment. Each Unit Owner shall pay his proportionate share of the Common Expenses assessed by the Board of Directors pursuant to the provisions hereof. No Unit Owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any 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 deed of conveyance by him in fee of such Unit. Before or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full by the seller and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the selling Unit Owner or his Unit for the selling Unit Owner's proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement from the Board of Directors, the Association or the Managing Agent, as the case may be, setting forth the amount of the unpaid assessments against the selling Unit Owner or his Unit within five days after making a written request therefor to the Board of Directors, the Association or the Managing Agent, 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 set forth in such written statement. The form of such statement

is attached as Exhibit B to these Bylaws. Each Mortgagee who comes into possession of a Condominium Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure or any purchase at a foreclosure sale, shall take the Condominium Unit free of any claim for unpaid assessments or charges against such Unit which accrue prior to the date on which such Mortgagee comes into possession thereof, except for claims for a prorata share of such assessments or charges resulting from a prorata reallocation of such assessments or charges to all Condominium Units including the Mortgagee's Condominium Unit.

(b) No Refund. When an Owner ceases to be a member of the Association by reason of his divestment of ownership of a Unit or Units, by whatever means, the Association shall not be required to account to that Owner for any share of the fund or assets of the Association or which may have been paid by that Owner to the Association since all monies which any Owner has paid to the Association shall be an asset of the Association to be used in the operation and management of the Condominium.

Section 3. Collection of Assessments.

The Board of Directors or the Managing Agent, as the case may be, shall take prompt action to collect any assessment for Common Expenses due from any Unit Owner which remains unpaid for more than thirty days after the due date for payment thereof. Any assessment, or installment thereof, not paid within five days after the due date therefor shall accrue a late charge in the amount of Ten Dollars (\$10.00) or such other amount as may be established by the Board of Directors.

Section 4. Statement of Common Expenses.

The Board of Directors shall promptly provide any Unit Owner, contract purchaser or Mortgagee, upon a written request, with a statement in writing of all unpaid assessments for Common Expenses due from a Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by the Act.

Section 5. Maintenance and Repair.

(a) By the Board of Directors. The Board of Directors shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner) of all of the Common Elements, whether located inside or outside of the Units, the cost of which shall be charged to all Unit Owners as a Common Expense. This obligation to maintain Common Elements shall specifically include maintenance of (i) the pedestrian access system across the Common Elements from Charlotte Street and (ii) the natural buffer area along the northern boundary of the Condominium between the adjacent Charlotte Street residences. If necessary, the Board of Directors shall replace the natural buffer with six foot white pines or their equivalent.

(b) By the Unit Owner. Each Unit Owner shall keep his Unit and its equipment, appliances and appurtenances 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 attractive appearance and sound condition of his Unit. Each Unit Owner shall be responsible for all damage to his Unit and Limited Common Elements and to any other Units or to the Common Elements resulting from his negligence, misuse or failure to make any of the maintenance, repairs and replacements required of him by this Section. Each Unit Owner shall perform his responsibility in such a manner as shall not reasonably 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. The Unit Owner will have total responsibility for all maintenance, repairs and replacements required to be made to window screens, storm doors (if any), screen doors, mailboxes, decks and other items designated by Section 55-79.50(e) of the Condominium act as Limited Common Elements. In the event the Unit Owner fails to maintain, repair or replace such items, the Board of Directors may do so at the Unit Owner's expense. Such maintenance, repairs and replacements shall only be performed in accordance with such specifications (if any) as may be prescribed by the Rules and Regulations.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality. The method of approving payment vouchers for all 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 for which replacement reserves have not been provided costing in excess of \$10,000.00 during any period of twelve consecutive months, and the making of such additions, alterations or improvements shall have been approved by a majority of the Percentage Interests, 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. Any additions, alterations or improvements costing \$10,000.00 or less during any period of twelve consecutive months, or for which adequate replacement reserves have been provided, may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute a Common Expense. Notwithstanding the foregoing, if, in the opinion of a majority of the Board of Directors, such additions, alterations or improvements are exclusively or primarily for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owners shall be assessed therefor in such proportion as they jointly agree, or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

Section 7. Additions, Alterations or Improvements
by Unit Owners.

No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit without the prior written consent of the Board of Directors. No Unit Owner shall paint or alter the exterior of his Unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of any building, or install electrical wiring, television or radio antennae or other objects, machines or air conditioning units which may protrude through the walls, roof or windows of the Condominium or in any manner alter the appearance of any exterior portion of the Condominium without the prior

written consent of the Board of Directors. The Board of Directors, or the Managing Agent acting on its behalf, shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within forty-five days after such request, and failure to do so within the stipulated time period shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors or any of them individually to any contractor, subcontractor or materialman on account of such addition, alteration or improvements, or to any person having a claim for injury to person or property damage arising therefrom. The Unit Owner shall pay the costs of filing any such applications. The provisions of this Section shall not apply to Units owned by Declarant until deeds of conveyance of such Units shall have been recorded; provided, however, that Declarant's construction or alterations shall be architecturally compatible with existing Units. Declarant shall have the right to make such alterations or subdivisions without the consent of the Board of Directors and the Board of Directors shall execute or cause to be executed any such application required.

Section 8. Restrictions on Use of Units; Rules and Regulations.

(a) Each Unit and the Common Elements shall be occupied and used as follows:

(i) No Unit shall be used for other than residential purposes and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary nonresidential uses in Units from time to time. Nothing in these By-Laws shall be construed to prohibit Declarant from using any Unit owned by Declarant for promotional, marketing, display or management purposes or from using any appropriate portion of the Common Elements for the settlement of sales of Condominium Units.

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

(iii) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, 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 Property 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 Property, and, if the latter, then the cost of such compliance shall be a Common Expense.

(iv) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner store anything in or upon any of the Common Elements (except those areas designated for such storage by the Board of Directors) without the approval of the Board of Directors. Vehicular parking upon the Common Elements may be regulated or assigned by the Board of Directors. Nothing shall be altered or constructed in or on or removed from the Common Elements except upon the prior written consent of the Board of Directors or the Owners' Committee.

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

(vi) No Unit shall be used for transient or hotel purposes or leased for an initial period of fewer than six months. No portion of any Unit (other than the entire Unit) shall be leased for any period. No Unit Owner shall lease a Unit other than on a written form of lease requiring the lessee to comply with all of the provisions of the

Declaration, the By-Laws and any Rules and Regulations, and providing that failure to comply constitutes a default under the lease. The Association reserves the right to terminate any lease for failure of the tenant to so comply and is appointed as the Unit Owner's attorney-in-fact to bring any and all necessary actions for compliance and/or eviction. The Unit Owners shall be responsible for all costs incurred by the Association in enforcing its rights hereunder. The Board of Directors may require the use of a standard form of lease for use by Unit Owners. Each Unit Owner shall, promptly following the execution of any such lease, forward a true and correct conformed copy thereof to the Board of Directors. The foregoing provisions of this subparagraph shall not apply to Declarant or to a Mortgagee in possession of a Unit as a result of a foreclosure or other judicial sale or as a result of any proceeding in lieu of foreclosure, during the period of such Mortgagee's possession.

(vii) Trailers, campers, recreational vehicles or boats may be parked on the Property only in parking areas designated exclusively for such purposes by the Board of Directors. No junk or derelict vehicles or other vehicle on which current license plates or inspection stickers are not displayed shall be kept upon any of the Common Elements.

(viii) The maintenance, keeping, boarding or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, is prohibited within any Unit or upon the Common Elements, except that the keeping of orderly, domestic pets (e.g., dogs, cats or caged birds), not to exceed two per Unit, is permitted without the prior approval of the Board of Directors, subject, however, to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not to be kept or maintained for commercial purposes or for breeding; and provided further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon ten days prior written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Board of Directors, the Association, each Unit Owner and Declarant, free and harmless from any loss, claim or liability of any kind or character whatever (including reasonable attorneys' fees) arising by reason of the keeping

or maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law.

(ix) Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any Unit, or the Common Elements or the Limited Common Elements without the prior written approval of the Board of Directors. The provisions of this subparagraph shall not be applicable to a Mortgagee which comes into possession of any Unit by reason of any remedies provided for in the mortgage or deed of trust, foreclosure of any mortgage or deed of trust or any proceeding in lieu of foreclosure.

(b) Each Unit, the Common Elements and the Limited Common Elements shall be occupied and used in compliance with the Rules and Regulations. The Board of Directors shall furnish a copy of the Rules and Regulations to each Unit Owner. Amendments to the Rules and Regulations shall be conspicuously posted prior to the date on which they shall become effective and copies thereof shall be furnished to each Unit Owner upon request.

Section 9. Right of Access.

By the acceptance and recordation of his deed of conveyance, each Unit Owner grants a right of access to his Unit to the Board of Directors acting through the Managing Agent or the designee of either, for the purposes of exercising and discharging their respective powers and responsibilities, including, without limitation, making inspections, correcting any condition originating in a Unit and threatening another Unit, the Common Elements or the Limited Common Elements, performing installations, alterations or repairs to the mechanical or electrical services, the Common Elements or the Limited Common Elements in his Unit or elsewhere in the Property or correcting any condition which violates the provision of any Mortgage covering any Unit; provided, however, that requests for entry shall, to the extent possible, be made in advance and be at a time reasonably convenient to the Unit Owner. However, in case of emergency, such right of entry shall be immediate, whether the owner or occupant of the Unit is present at the time or not.

Section 10. Utility and Trash Removal Charges.

The cost of utilities, if any, serving the Common Elements shall be a Common Expense. The cost of trash removal and disposal for all of the Units shall also be a Common Expense.

Section 11. Parking Spaces.

The Declarant and the Association have reserved the right, to be exercised in their sole discretion, to number Common Element parking spaces and to assign them as Limited Common Elements for the exclusive use of certain Unit Owners to whose Units these parking spaces shall become appurtenant. All parking spaces not so assigned shall be used by the Unit Owners and their guests, tenants and invitees for self-service parking purposes on a "first come, first serve" basis. The Board of Directors shall have the right to limit the number of parking spaces which may be used by each Unit; provided, however, each Unit shall at all times be entitled to use at least one parking space. The cost of the maintenance and repair of all parking areas shall be a Common Expense.

Section 12. 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 By-Laws. 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.

Article VI

Insurance.

Section 1. Authority to Purchase.

(a) Except as otherwise expressly provided herein, all insurance policies relating to the Property shall be purchased by the Board of Directors. Neither the Board of Directors, the Managing Agent or Declarant shall be liable for the failure to obtain any coverages required by these By-Laws or for any loss or damage resulting from such failure if such failure is due to the unavailability of such

furniture, wall coverings, furnishings or other personal property, and all heating or air conditioning equipment, attic fans, appliances and other service machinery and fixtures which are a part of the Units) and covering the interests of the Association, the Board of Directors and all Unit Owners and their Mortgagees as their interest may appear (subject, however, to the loss payment and adjustment provisions in favor of the Board of Directors and the Insurance Trustee contained herein) in an amount equal to one hundred percent of the then-current replacement cost of the Property (exclusive of the Land, excavations, foundations and other items typically excluded from such coverage), and without deduction for depreciation (such amounts to be redetermined annually by the Board of Directors with the assistance of the insurance carrier affording such coverage).

(b) Such policy shall also provide:

(1) The following endorsements (or equivalent):

(i) "Contingent Liability from operation of building laws or codes";

(ii) "Increased cost of construction" or

(iii) "Condominium replacement cost"; and

(iv) "Agreed amount" or "Elimination of co-insurance clause"; and

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

(c) A duplicate original of all insurance policies, all renewals thereof and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premium, shall be delivered by the insurer to any

Mortgagee so requesting the same at least thirty days before the expiration of the then-current policy. Prior to obtaining any insurance policy or policies, the Board of Directors shall obtain an appraisal from an insurance company or such other source as the Board of Directors may determine, of the current replacement cost of the Property (exclusive of the Land, excavations, foundations and other items typically excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this section. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy.

Section 3. Liability Insurance.

The Board of Directors shall obtain and maintain comprehensive general liability coverage (including coverage for the members of the Board of Directors for libel, slander, false arrest, invasion of privacy and errors and omissions) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, the Managing Agent (if one is employed), each Unit Owner and Declarant against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of or incident to the ownership or use of the Common Elements or the Limited Common Elements or the administration of the Condominium or management of the Condominium. Such insurance shall be issued on a comprehensive liability basis and shall contain (a) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his or her action against any other named insured; (b) hired and non-owned vehicle coverage; and (c) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Association or of another Unit Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than \$1,000,000.00 covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained at the discretion of the Board of Director.

Section 4. Other Insurance.

The Board of Directors shall obtain and maintain:

(a) Adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the Managing Agent. Such fidelity bonds shall:

(i) Name the Association as an obligee;

(ii) Be written in an amount not less than the greater of \$50,000 or such other amount as the Board of Directors deems appropriate; provided, however, the aggregate amount of such bonds shall not be less than (x) the estimated maximum of funds, including reserve funds, in the custody of the Association or the Managing Agent at any given time during the term of the bond, or (y) a sum equal to three (3) months' aggregate assessment on all Units plus reserve funds; and

(iii) Contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar exclusion;

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

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

(d) Such other insurance as the Board of Directors may determine to be necessary or desirable or as may be reasonably requested from time to time by a Mortgagee, a majority of the Unit Owners or the Managing Agent.

Section 5. Separate Insurance.

Each Unit Owner shall have the right (at his own expense) and is encouraged to obtain insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his Unit; provided, however, that no Unit Owner shall be

entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners and the Association, may realize under any insurance policy maintained by the Board of Directors or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with insurance coverage obtained by a Unit Owner. All such policies shall contain provisions by which the right of subrogation is waived.

Section 6. Insurance Trustee.

(a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Association, the Unit Owners, their Mortgagees and Declarant, as their interests may appear, and shall provide that, with respect to any single loss, if the proceeds thereof exceed \$25,000.00, then all such proceeds shall be paid in trust to a financial institution in the State of Virginia, with trust powers as may be designated by the Board of Directors (which trustee is hereinafter referred to as the "Insurance Trustee"). If such proceeds do not exceed \$25,000.00 then all such proceeds from such insurance shall be paid to the Board of Directors to be applied pursuant to the terms of Article VIII of these By-Laws.

(b) The Board of Directors shall enter into an insurance trust agreement with the Insurance Trustee which shall provide that the Insurance Trustee shall not be liable for payment of premiums, the renewal of any insurance policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received on account of the proceeds of any insurance policies or for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such insurance proceeds as are paid to it and to hold the same in trust for the purposes stated in these By-Laws, for the benefit of the insureds and their beneficiaries thereunder.

Section 7. Board of Directors as Agent.

The Board of Directors is hereby irrevocably appointed the agent 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 Condominium to adjust and settle all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

Section 8. Limitation on Coverage.

The coverage provided to the Declarant under the insurance policies obtained in compliance with this Article shall not be deemed to protect or be for the benefit of any contractor engaged by the Declarant nor shall such coverage be deemed to protect the Declarant against liability for (or waive any rights with respect to) Warranty claims.

Article VII

Condemnation.

Upon any taking of all or any portion of the Condominium pursuant to the exercise of the power of eminent domain or any sale thereof under threat of such an exercise, the award for such taking shall be paid, and the interests of Unit Owners shall be adjusted, as provided in the Condominium Act. Each Unit Owner hereby irrevocably constitutes and empowers to act the Insurance Trustee as its attorney-in-fact, with full power of substitution, with authority to represent such Unit Owner in all proceedings, negotiations, settlements and agreements as to any such exercise or sale in lien thereof for which the Association is, pursuant to the Condominium Act, to be paid the condemnation award (each such taking or sale in lien thereof being hereinafter called a "Taking"), including the authority to execute all instruments and file all documents requisite to undertaking such representation. If the award upon a Taking (the "Award") exceeds \$25,000.00, then the Board of Directors shall pay the Award in trust to the Insurance Trustee for payment as hereinafter provided in Article VIII.

Article VIII

Repair And Reconstruction After Fire Or
Other Casualty or Condemnation.

Section 1. When Repair And Reconstruction Are Required.

Subject to the provisions of Section 4 of this Article VIII, in the event of damage or destruction to all or any of the Buildings, the Common Elements or the Limited Common Elements as a result of fire or other casualty or in the event of a Taking of all or any portion of the Common Elements, the Board of Directors (under the direction of the Insurance Trustee) shall arrange for and supervise the

proper repair and restoration of (i) the Buildings (including any damaged Units, kitchen or bathroom fixtures and appliances initially installed therein by Declarant, and replacements thereof installed by Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners in the Units), the Common Elements and the Limited Common Elements in the case of fire or other casualty or (ii) the Common Elements in the event of a Taking. In addition, each Unit Owner shall have the right to supervise the interior redecorating of his own Unit.

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty or a Taking causing damage to any Building or the Common Elements or Limited Common Elements, the Board of Directors (under the direction of the Insurance Trustee) shall obtain reliable and detailed cost estimates for the repair and restoration of such improvements (including any damage in Units and any floor coverings and kitchen and bathroom fixtures and appliances initially installed by Declarant, and the replacements thereof installed by Declarant, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owner in the Units) Common Elements and Limited Common Elements, in the case of a fire or other casualty, or the Common Elements in the case of a Taking, to a condition as good as that existing before such casualty or Taking. Such costs may also include professional fees and premiums for any bonds that the Insurance Trustee determines to be necessary or desirable.

(b) Assessments. If the proceeds of insurance or the Award are insufficient to defray such estimated costs of reconstruction and repair as hereinabove contemplated, or if upon completion of reconstruction and repair, the funds for the payment of the cost thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserves or shall be declared by the Board of Directors to be a Common Expense and a special assessment therefor shall be levied against all Unit Owners.

(c) Plans and Specifications. To the extent possible, any such reconstruction or repair shall be substantially in accordance with the original construction of the Property.

(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 substantially in accordance with the Building Plans pursuant to which the Property was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed Building(s) shall stand.

Section 3. Disbursements of Construction Funds.

The proceeds of insurance, the Award and the sums received by the Board of Directors or the Insurance Trustee from collection of assessments against Unit Owners to supplement such proceeds and Award, shall constitute a construction fund which shall be disbursed by the Insurance Trustee or the Board of Directors, as the case may be, in payment of the cost of reconstruction and repair in the following manner:

(1) If the estimated cost of reconstruction and repair is less than \$25,000.00, then the construction fund shall be disbursed upon order of the Board of Directors.

(2) If the estimated cost of reconstruction and repair is \$25,000.00 or more, then the construction fund shall be disbursed upon approval of an architect licensed to practice in Virginia and employed by the Insurance Trustee to supervise such work, with payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and any other person who has rendered services or furnished materials in connection with the work and stating that:

(a) The sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished;

(b) There is no other outstanding indebtedness known to the architect for the services and materials described; and

Section 4. When Reconstruction is Not Required.

In the event of insubstantial damage to the Common Elements or the Limited Common Elements and if the Board of Directors shall elect not to repair the same, then in such event any insurance proceeds received on account of such damage shall be distributed among all Unit Owners in proportion to their respective Percentage Interests in the Condominium. If the Condominium shall be terminated pursuant to the Act, the net assets of the Condominium, together with the net proceeds of all insurance policies, if any, shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among all Unit Owners in proportion to their respective Percentage Interests in the Condominium, after first paying out of the share of each Unit Owner, to the extent sufficient therefor, the amount of any unpaid liens on his Unit in the order of priority of such liens.

Article IX

Mortgages and Deeds of Trust.

Section 1. Notice to Board of Directors.

A Unit Owner who mortgages his Unit 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. For the purposes of these By-Laws, the term "Mortgage" shall be deemed to mean either a mortgage or a deed of trust. Any insurer or guarantor of a Mortgage shall have the right to ask the Board of Directors in writing to copy it on all notices sent by the Board of Directors to the Mortgagee as to that Mortgage. In each such request, such insurer or guarantor must set forth its name and address and the Unit number or address of the Unit that is encumbered by such Mortgage. After receiving such a request, the Board of Directors shall send copies of all such notices to the insurer or guarantor that made that request.

Section 2. Notice of Default, Casualty or Condemnation.

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, any first Mortgagee, or insurer or guarantor of such mortgage, will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first mortgage held, insured or guaranteed by such Mortgagee or insurer or guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by the Owner of a Unit subject to a first mortgage held, insured or guaranteed by such first Mortgagee or insurer or guarantor of such mortgage, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of first Mortgagees of Units as specified in Section 5 below.

For purposes of this Section only, when notice is to be given to a Mortgagee (or insurer or guarantor of such mortgage), the Board of Directors shall also give notice to the Federal Home Loan Mortgage Corporation, the Veterans Administration, the Federal Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guaranteeing mortgages of Units in the Condominium if the Board of Directors has notice of such participation.

Section 3. Notice of Amendment of Declaration or By-Laws.

The Board of Directors shall give notice to all Mortgagees seven days before the date on which the Unit Owners, in accordance with the provisions of these By-Laws, materially amend the Declaration or these By-Laws in a way that adversely affects such Mortgagees.

Section 4. Notice of Change in Managing Agent.

The Board of Directors shall give notice to all Mortgagees thirty days prior to undertaking self-management or changing the Managing Agent. If any Mortgagee requires professional management of the Condominium as a prerequisite for such loan and mortgage, the Board of Directors shall not undertake self-management without the prior written consent of such Mortgagee.

Section 5. Mortgage Approvals.

Except as otherwise provided in the Condominium Act in case of condemnation or substantial loss to the Units and/or the Common Elements unless at least two-thirds of the Mortgagees holding first liens on Units (based on one vote for each first mortgage owned) and, except to the extent that a greater percentage is required pursuant to the terms of Article XI, Unit Owners to which at least two-thirds of the votes of the Association are allocated (which shall include at least two-thirds of the votes allocated to Units not owned by the Declarant) shall have given their written approval, neither the Association nor any Unit Owner shall:

(a) By act or omission seek to abandon or terminate the Condominium project except in the case of condemnation or substantial loss to the Units and/or Common Elements.

(b) Change the undivided share or obligations of any individual Condominium Unit (except to the extent necessary to allow for the creation of additional phases in accordance with the Condominium Instruments) for the purpose of:

(i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or

(ii) determining the prorata share of ownership of each Condominium Unit in the Common Elements.

(c) Partition or subdivide any Condominium Unit.

(d) By act or omission seek to abandon, partition, subdivide, encumber, sell, exchange or transfer all or any portion of the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.)

(e) Use hazard insurance proceeds for losses to any Condominium Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such Condominium Property.

(f) Make any material amendment to the Condominium Instruments which would establish, provide for, or govern or regulate any of the following:

- (1) Voting;
- (2) Assessments, assessment liens or subordination of such liens;
- (3) Reserves for maintenance, repair and replacements of the Common Elements;
- (4) Insurance or Fidelity Bonds;
- (5) Rights to use of Common Elements;
- (6) Responsibility for maintenance and repair of the Units' Common Elements and Limited Common Elements.
- (7) Boundaries of any Unit;
- (8) The interest in the Common Elements or Limited Common Elements;
- (9) Leasing of Units;
- (10) Any provisions which are for the express benefit of Mortgagees holding a first lien on Units or insurers or guarantors of such mortgages.

To the extent permitted by applicable secondary market requirements, a Mortgagee who receives a written request to approve additions or amendments to the Condominium Instruments and who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section 6. Other Rights of Mortgagees.

All Mortgagees and their representatives shall be entitled to attend and speak at meetings of the Association and, upon request, shall have the right to receive written notice of all meetings. All Mortgagees shall have the right to examine the books of account and records of the Condominium, to receive copies of the Declaration, Bylaws, Rules and Regulations and the annual report filed by Declarant pursuant to the Act and to require the submission of annual financial reports and other reasonable budgetary

information. Upon the written request to the Association of any holder, insurer or guarantor of any indebtedness secured by a first deed of trust lien against any Unit, the Association shall, at its expense, provide such requesting entity the Association's financial statement for the then preceding year.

Article X

Compliance and Default.

Section 1. Relief.

Each Unit Owner shall comply with all of the terms of the Declaration, these By-Laws, all Rules and Regulations and the Act as any of the foregoing may be amended from time to time. In addition to the remedies provided in the Act, a default by a Unit Owner shall entitle the Association, acting through its Board of Directors or the Managing Agent, to the following relief:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repairs or replacements rendered necessary by his action, failure to act, neglect or carelessness or the action, failure to act, neglect or carelessness of any member of his family or of his employees, agents 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 casualty insurance rates occasioned by the 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 Attorneys' Fees. In any proceeding arising out of any alleged default by a Unit Owner, the Board of Directors, Declarant or the Managing Agent, as the case may be, shall be entitled to recover the cost of such proceedings together with all reasonable attorneys' fees.

(c) No Waiver of Rights. The failure of the Association, the Board of Directors, Declarant or a Unit Owner to enforce any right, provision, covenant or condition which may be granted or otherwise contained in the Act, the Declaration, the By-Laws or any Rules and Regulations, shall not constitute a waiver of the right of the foregoing to enforce such right, provision, covenant or condition in the

future. All rights, remedies and privileges granted to the Association, the Board of Directors, Declarant or any Unit Owner pursuant to any term, provision, covenants or condition of the Act, the Declaration, the By-Laws or any 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, nor shall it preclude any party exercising the same from exercising such other rights, remedies and privileges as may be granted to such party by the Act, the Declaration, these By-Laws and any Rules and Regulations or at law or in equity.

(d) Interest. In the event of a default by any Unit Owner in paying any sum assessed against his Unit other than for Common Expenses which continues for a period in excess of fifteen (15) days, the principal amount unpaid shall bear interest at the rate of the higher of (i) twelve percent (12%) per annum, or (ii) one percent (1%) over the prime lending rate of Sovran Bank, Richmond, Virginia or (iii) the highest rate permitted by law.

(e) Abating and Enjoining Violations by Unit Owners. The violation or breach of any of the Rules and Regulations adopted by the Board of Directors, these By-Laws, the Declaration or the Act shall give the Board of Directors the right, in addition to any other right set forth in these By-Laws:

(i) To enter the Unit in which, or as to which, such violation or breach exists and to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the provisions of the applicable instrument, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or

(ii) To enjoin, abate or remedy, by appropriate legal proceedings, either at law or in equity, the continuation of any such breach.

(f) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these By-Laws, the Rules and Regulations or the Act shall be grounds for relief, including, without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these By-Laws or any combination thereof and

any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent, or, if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

(g) Rights of Aggrieved Unit Owner. Nothing hereinabove provided shall in any way limit the remedies available in law and in equity to any aggrieved Unit Owner (including but not limited to the right to sue for specific performance and the right to recover damages and reasonable attorneys' fees) against the Association for its decisions made under, and against any Unit Owner for its failure to comply with, the provisions of these By-Laws, the Declaration or any laws, ordinances, rules, regulations and other instrument as to the Condominium.

Section 2. Lien for Assessments.

(a) The sum of (i) the total annual assessment of each Unit Owner for Common Expenses (including any special assessment made pursuant to these By-Laws) and (ii) the amount of all costs, late charges, attorneys' fees and interest that shall accrue and be payable pursuant to Section 1 of this Article X, is hereby declared to be a lien levied against the Condominium Unit of such Unit Owner as provided in the Act, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Condominium and, as to special assessments, on the first day of the next month which begins more than seven days after delivery to the Unit Owner of notice of such special assessment. The Board of Directors or the Managing Agent may file or record such other or further notice of any such lien, or such other or further document, as may be required by the Act or by the laws of the Commonwealth of Virginia to confirm or perfect the establishment and priority of such lien.

(b) In any case where an assessment against a Unit Owner is payable in installments, upon a default by the Unit Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire balance of the annual assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner and his Mortgagee, by the Board of Directors or the Managing Agent.

(c) The lien for assessments, either annual or special, may be enforced and foreclosed in the manner provided by the laws of the Commonwealth of Virginia by an action in the name of the Board of Directors, or the Managing Agent, acting on behalf of the Association. During the pendency of such action, the applicable Unit Owner shall be required to pay a reasonable rental for the Condominium 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 proceedings shall have the right to the appointment of a receiver, if available, under the then laws of the Commonwealth of Virginia.

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

(e) Each delinquent assessment shall be the personal obligation of the persons who owned the Unit at the time the assessment became delinquent and shall not be the obligation of successors in title to such persons, unless such successors expressly agree to assume the obligation to pay such delinquent assessment.

Section 3. Subordination and Mortgagee Protection.
Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any Unit (and any penalties, interest on assessments, late charges or the like) shall be subject to, and shall in no way affect the rights of a first Mortgagee on a Unit so long as such mortgage or deed of trust was made in good faith for value received. Such liens shall not be affected by a sale or transfer of the Unit, except as provided in Section 55-79.84(h) of the Condominium Act, and except that a sale or transfer pursuant to a foreclosure of a first mortgage or deed of trust shall extinguish a subordinate lien for assessments which became payable prior to such sale or transfer.

Article XIAmendments to By-Laws.

Section 1. Amendments and Termination. Except as otherwise provided in these Bylaws or in the Condominium Act, the Declaration or these Bylaws may not be modified, amended or terminated except as provided in Va. Code Ann. Section 55-79.72, which requires sixty-seven percent (67%) of the Unit Owners' votes to amend and eighty percent (80%) of the Unit Owners' votes to terminate. Except to the extent expressly permitted or expressly required by other provisions of the Condominium Act, or agreed to as provided in Va. Code Ann. Section 55-79.72(e) by 100% of the Unit Owners, no amendment to the Condominium Instruments shall change (a) the boundaries of any Unit, (b) the undivided interest in the Common Elements appertaining thereto, (c) the liability for Common Expenses or rights to common profits appertaining thereto, or (d) the number of votes in the Association appertaining thereto.

Section 2. Method of Amending.

(a) Unless otherwise provided in these Bylaws or in the Condominium Act, the Declaration and these Bylaws may be amended in the following manner: An amendment or amendments may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Directors, or by a majority of the Unit Owners whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments being proposed by the Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other Officer of the Association in the absence of the President, who shall thereupon call a special meeting of the members of the Association. It shall be the duty of the Secretary to give to each member written or printed notice of the special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form. Any member may by written waiver of notice signed by such member waive such notice, and such waiver when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the amendment or amendments shall be adopted only by the affirmative vote of Unit Owners to which sixty-seven (67%) of the votes in the Association appertain. Thereupon such amendment or amendments shall be

transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, certified and executed by the number of Unit Owners required under Section 55-79.49 of the Condominium Act shall be recorded in the Clerk's Office, Circuit Court of the County of Loudoun, Virginia within ten (10) days from the date on which the same were approved by the Unit Owners, such amendment or amendments to specifically refer to the recording date identifying the Declaration or Bylaws which are affected by such amendment or amendments. Thereafter, a copy of the amendment or amendments in the form in which the same were placed of record by the Officers of the Association shall be delivered to all the Owners, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of the amendment or amendments. At any meeting held to consider the amendment or amendments, the written vote of any members of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting. Instead of calling the special meeting described above the President may prepare an agreement of the Unit Owners approving the amendment, and when signed by the requisite number of Unit Owners such agreement shall have the same effect as if such Unit Owners had approved the amendment by voting at such special meeting.

(b) No amendment in the percentage of ownership in Common Elements appurtenant to each Condominium Unit or amendment that would change Unit boundaries or amendment to the basis of sharing Common Expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or amendment to the basis of ownership of any reserve funds, shall be made without the written approval of first Mortgagees as set forth in Article IX, Section 5 of the Bylaws.

(c) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of a Mortgagee shall be made without prior written consent of such Mortgagee being first had and obtained.

(d) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant shall be made without the written consent of the Declarant being first had and obtained.

Section 3. Termination.

(a) Except as otherwise provided in these Bylaws or in the Condominium Act, termination of the Condominium may be effected only by an agreement of eighty percent (80%) of the Unit Owners and only after a termination agreement has been executed by such Unit Owners and recorded in the Clerk's Office, Circuit Court of the County of Loudoun, in accordance with Va. Code Ann. Section 55-79.72. In addition to the foregoing, termination shall not be allowed unless each of the holders of all mortgages or deeds of trust that are liens on the Condominium or any of its Units consent in the aforesaid termination agreement that their liens may be transferred to the Unit and its appurtenant interests on which their lien rests once that Unit becomes separated and owned as a tenancy in common by operation of law due to the termination or, in the event of a termination due to casualty, that their liens may be satisfied as set forth in Article VIII, Section 4.

(b) In the event of termination where there is no casualty as set forth in Article VIII, Section 4, the Unit Owners shall, as previously stated, own the Condominium as tenants in common in undivided shares with any holders of mortgages or deeds of trust having a lien on such undivided shares. Such undivided share of each Owner shall be in the entire Condominium in proportion to that Owner's undivided share in the Common Elements immediately prior to recording an instrument terminating the Condominium. So long as the tenancy in common lasts, each Unit Owner or his heirs, successors or assigns shall have an exclusive right of occupancy of that portion of the Property which formerly constituted his Unit. All funds held by the Association, including insurance proceeds, if any, shall be held for the Unit Owners in the same proportion as their former shares. Any costs incurred by the Association in connection with the termination shall be considered a Common Expense.

(c) Following termination, the Property that was formerly the Condominium may be partitioned and sold upon the application of any Unit Owner. Following a termination if the Board of Directors determines by not less than a majority vote to accept an offer for the sale of the Property, each Unit Owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such form as the Board of Directors directs. In such event, any action for partition or other division of the Property shall be held in abeyance

pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

(d) The members of the Board of Directors acting collectively as agent for all Unit Owners, shall continue to have such powers as are granted in this Article notwithstanding the fact that the Association itself may be dissolved upon termination.

Article XII

Miscellaneous.

Section 1. Notices.

All notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if either delivered personally or if sent by United States mail, postage prepaid (or otherwise as the Act may permit), (a) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary of the Association or, if no such address is designated, at the address of the Unit of such Unit Owner, or (b) if to the Association, the Board of Directors or to the Managing Agent, at the principal office of the Association, or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this section. If a Unit is owned by more than one person, each such person (but no more than three) who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 2. Captions.

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

Section 3. Gender.

The use of the masculine gender in these By-Laws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires.

Section 4. Inconsistency.

In the event of any inconsistency between the By-Laws and the material they intend to summarize, the latter will control.

Section 5. Joinder.

As Declarant of the Condominium, Amurcon Rolling Ridge Corporation joins in the execution of this document in order to provide that the terms, provisions and conditions of these By-Laws apply to the Condominium.

Section 6. Validity.

In the event that any provision of these By-Laws shall be held to be invalid or unenforceable, the remaining provisions of these By-Laws shall nevertheless remain in full force and effect.

WITNESS the following signature:

AMURCON ROLLING RIDGE DEVELOPMENT CORPORATION, a Virginia corporation

By: Michael R. McNamara
Title: Treas

STATE OF VIRGINIA,

STATE AT LARGE, to-wit:

The foregoing instrument was acknowledged before me in the City of Richmond, Virginia, this 18th day of October, 1988, by Michael R. McNamara as Treasurer of Amurcon Rolling Ridge Development Corporation, a Virginia corporation, on behalf of the corporation.

My commission expires: March 5, 1990.

Elizabeth M. Owens.
Notary Public

EXHIBIT A TO BYLAWS

PROXY
ROLLING RIDGE CONDOMINIUM ASSOCIATION

As a member of Rolling Ridge Condominium Association (the Association), I hereby appoint _____ as my proxy, for and in my name, with full power of substitution, and with all powers I would possess if personally present, in my place to (a) attend the meeting of the Association to be held at the Condominium on _____, 19__, and any adjournments of such meeting, and (b) cast all votes that I, if present there, would be entitled to cast on any of the following.

1. The election of directors of the Association.
2. Such other business as may properly come before such meeting or adjournments.

This proxy shall not be revocable unless actual notice of its revocation is given by me to the person presiding over such meeting or adjournments.

WITNESS the following signatures as of this _____ day of _____, 19__.

UNIT OWNER:

Signature

WITNESS:

Signature

Address

EXHIBIT B TO BYLAWS
CERTIFICATE OF RESALE
FOR

ROLLING RIDGE CONDOMINIUM ASSOCIATION

The undersigned, being the President of Rolling Ridge Condominium Association, hereby states on behalf of Rolling Ridge Townhome Condominium (the "Condominium") that as of this ___ day of _____, 19___, the following facts exist.

1. The unpaid assessments currently levied against Unit Number _____ are as follows:
2. It is anticipated that there shall be within the current or the next succeeding two fiscal years capital expenditures in the amount of \$_____ for _____.
3. The nature and amount of all assessments and other fees and charges currently imposed by Rolling Ridge Condominium Association (the Association) in connection with the purchase, disposition and maintenance of Unit Number _____ and the use of the Common Elements are as follows:
4. There are currently funds in reserve for replacement of Common Elements of the Condominium in the amount of \$_____. _____% of this fund is further reserved for the following projects:
5. Attached hereto is a copy of the statement of the financial condition of the Association for the last fiscal year for which such statement is available.
6. The Association is a party to the following pending litigation, or litigation in progress:
7. The Association is a party to the following judgments:
8. The Association provides the following insurance coverage for all Unit Owners:

The Association recommends that each Unit Owner obtain insurance coverage on his carpeting, flooring, wall coverings, fixtures, furniture, furnishings and other

personal property, as well as coverage for liability exposure not covered by the Unit Owners Association policy. Prospective Unit Ownrs should seek competent insurance advice prior to obtaining individual insurance coverage since the Association hereby declares that it will not be held liable for any reliance by a prospective Unit Owner on the suggestion contained in this paragraph pertaining to what insurance a Unit Owner should buy.

9. All improvements and alterations made to Unit Number _____ or to the Limited Common Elements assigned to that Unit by the Owner as of this date are not in violation of the Bylaws and Rules and Regulations of the Condominium. This paragraph presupposes, however, that the current Owner has, in accordance with the Bylaws provisions, disclosed to the Association any improvements and alterations that may be a violation of the aforesaid Bylaws and Rules and Regulations.

10. Attached hereto is a copy of the current Bylaws and Rules and Regulations of the Association and the amendments thereto.

IN WITNESS WHEREOF, the undersigned, on behalf of the Association, hereby sets his hand and seal.

ROLLING RIDGE CONDOMINIUM ASSOCIATION

By _____ (SEAL)
President

STATE OF VIRGINIA

STATE AT LARGE, to-wit:

The foregoing instrument was acknowledged before me in the _____ of _____, Virginia, this _____ day of _____, 19____, by _____, the President of Rolling Ridge Condominium Association.
My commission expires: _____.

Notary Public

EXHIBIT G

TO

DECLARATION OF ROLLING RIDGE TOWNHOME CONDOMINIUM

Description of Additional Land

ALL that certain lot, piece or parcel of land, with all improvements thereon and appurtenances thereunto belonging, lying, being and situated in the Sterling Election District, Loudoun County, Virginia, containing approximately 18.4862 acres and more particularly described by reference to a certain plat (the Plat) prepared by Christopher Consultants, Ltd., Engineering-Surveying-Land Planning, dated October 14, 1988, styled "Rolling Ridge Townhome Condominium, Phase I" as follows:

Beginning at a point on the eastern line of East Frederick Drive at the western terminus of a curve having a length of 57.37 feet forming the intersection of the eastern line of East Frederick Drive and the northern line of Thomas Jefferson Drive (60 feet r/w); thence N 53° 12' 25" W a distance of 299.17 feet to a point; thence along the eastern line of East Frederick Drive in a northerly direction along a curve to the right having a radius of 1,146.23 feet a distance of 137.69 feet to a point; thence continuing along the eastern line of East Frederick Drive in a northerly direction along a curve to the left having a radius of 1,206.23 feet a distance of 141.50 feet to a point; thence N 29° 58' 26" E a distance of 418.74 feet to a point; thence N 14° 15' 25" E a distance of 710.29 feet to a point; thence S 70° 44' 21" E a distance of 312.84 feet to a point; thence N 80° 14' 40" E a distance of 141.14 feet to a point; thence N 24° 14' 02" W a distance of 170.00 feet to a point on the southern line of East Charlotte Street; thence in an easterly direction along the southern line of East Charlotte Street along a curve to the left having a radius of 210.94 feet a distance of 50.12 feet to a point; thence S 24° 14' 02" E a distance of 333.11 feet to a point; thence S 50° 41' 11" E a distance of 290.45 feet to a point on the northern line of Thomas Jefferson Drive; thence S 32° 52' 51" W a distance of 698.44 feet to a point; thence along a curve to the right forming the intersection of the northern line of Thomas Jefferson Drive and the eastern line of Hillcrest Drive having a radius of 25.00 feet a distance of 39.27 feet to a point; thence N 57° 07' 09" W a distance of 224.36 feet to a point; thence along a curve to the right having a radius of 500.44 feet a distance of 90.76 feet to a point; thence N 46° 43' 40" W a distance of 5.00 feet to a point;

thence along a curve to the right having a radius of 25.00 feet a distance of 22.39 feet to a point; thence along a curve to the left having a radius of 55.00 feet a distance of 271.31 feet to a point; thence along a curve to the right having a radius of 25.00 feet a distance of 22.39 feet to a point; thence S 46° 43' 40" E a distance of 5.00 feet to a point; thence along a curve to the left having a radius of 550.44 feet a distance of 99.83 feet to a point; thence S 57° 07' 09" E a distance of 22.36 feet to a point; thence S 37° 55' 50" W a distance of 112.00 feet to a point; thence S 12° 45' 10" E a distance of 121.09 feet to a point; thence S 57° 07' 09" E a distance of 150.30 feet to a point; thence S 32° 52' 51" W a distance of 233.17 feet to a point; thence along a curve to the right forming the intersection of the north line of Thomas Jefferson Drive and the east line of East Frederick Drive having a radius of 35.00 feet a distance of 57.37 feet to the point of beginning.

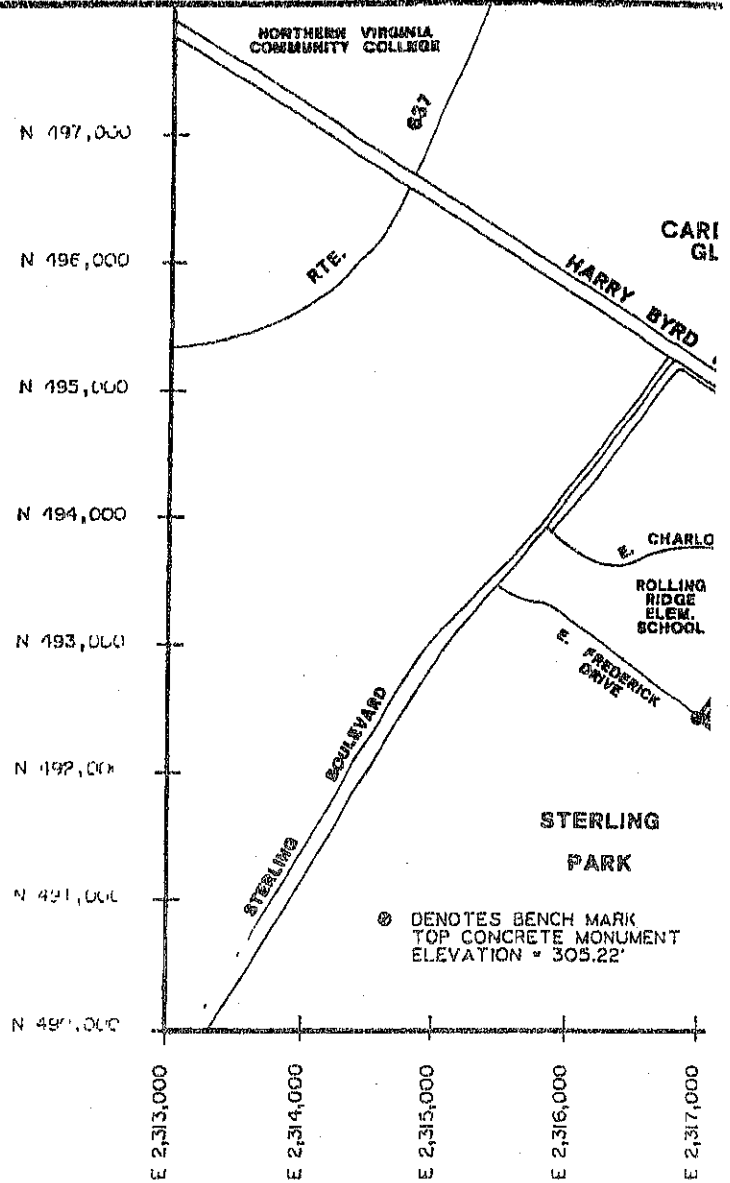
RECORDED - NO CERTIFICATE ANNEXED

1988 OCT 25 AM 10:21

LIBRARY

CLERK

CHORD
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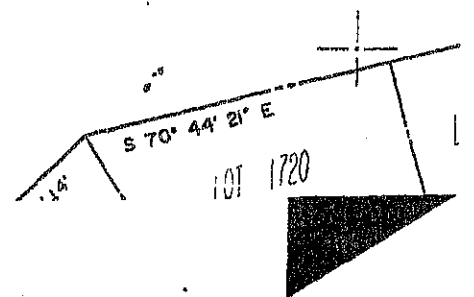


VICINITY
 SCALE: 1"

AX MAP 81 F

MATCH LINE

ADDITIONAL LAND
18.4862 ACRES



FREDERICK DRIVE

(60' R/W)

30'

299.17'

(2)

(3)

N 482,461.12'
E 2,316,971'

ADDITIONAL LAND
18.4862 ACRES

N 29° 58' 26" E

418.74'

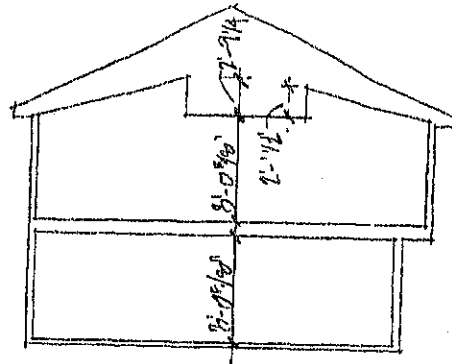
N 12° 55' 10" W
607.21'

121.09'

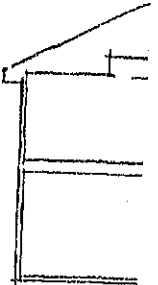
112.00'

37° 55' 50" E



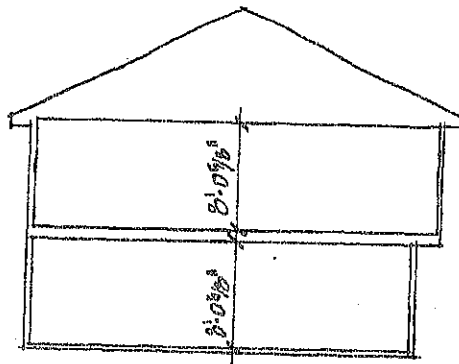


UNIT A

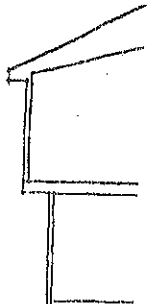


UNIT B

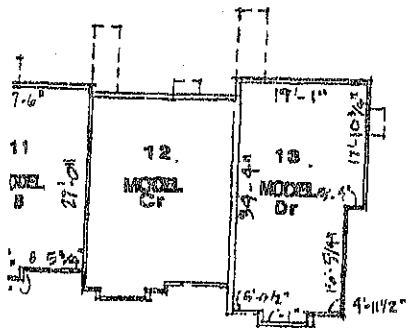
TYPICAL BLDG. SECTIONS



UNIT C



UNIT D



772-47.

600.00 SQ. FT.

ROLLING RIDGE TOWNHOME

PHASE 1
STERLING, VIRGINIA
EXHIBIT "C1"