

BYLAWS

KEMPTON PARK OWNERS ASSOCIATION

BY-LAWS
OF
KEMPTON PARK OWNERS ASSOCIATION, INC.

DATED:
OCTOBER 4, 2001

BY-LAWS OF
KEMPTON PARK OWNERS ASSOCIATION, INC.

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OF
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ARTICLE I

NAME AND LOCATION

Section 1.01. Name and Location: The name of the corporation is KEMPTON PARK OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located in the City of Virginia Beach or the City of Suffolk, in the State of Virginia.

ARTICLE II

DEFINITIONS

As used in these By-Laws, the following terms shall be defined as:

Section 2.01. Declaration: The document entitled "Declaration of Covenants, Conditions, Restrictions and Easements (Kempton Park Owners Association, Inc.)", dated October 3, 2001 imposed by the Declarant on the "Property", as defined below, as it may from time to time be supplemented or amended in the manner provided for in said Declaration.

Section 2.02. Declarant: Tate Terrace Realty Investors, Inc., a Virginia corporation.

Section 2.03. Lot: Any plot of land shown upon any recorded subdivision plat of the Properties with the exception of the Common Areas.

Section 2.04. Member: The Owner of a Lot subject to the Declaration, whether or not such Owner actually occupies part of the Property.

Section 2.05. Owner: The record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.06. Property or Properties: That certain real property described in and subject to the Declaration.

ARTICLE III

MEMBERS

Section 3.01. Membership in the Association: The Members of the Association shall be the Owners of all Lots on the Property; provided, that any person or entity holding such interest merely as security for the performance of an obligation shall not be a Member.

Section 3.02. Right of Declarant to Assign: The Declarant may, in accordance with the Declaration, assign its membership in the Association to any other Owner. Memberships in the Association shall not otherwise be transferable or assignable.

Section 3.03. Voting Rights: Voting shall be in accordance with the provisions of the Declaration. Any Member who is in violation of the Declaration, as determined by the Board of Directors of the Association, shall not be entitled to vote during any period in which such violation continues. Any Member who fails to pay any dues or special assessment established by the Association, shall not be entitled to vote during any period in which any such dues or assessments are due but unpaid.

Section 3.04. Voting Regulations: The Board of Directors of the Association may make such regulations, consistent with the terms of the Declaration, the Articles of Incorporation, these By-Laws, and the Nonstock Corporation Law of the State of Virginia as it deems advisable for any meeting of the Members in regard to proof of membership in the Association, evidence of right to vote, the appointment and duties of inspectors of votes, registration of Members for voting purposes, the establishment of representative voting procedures and such other matters concerning the conduct of meetings and voting as it shall deem appropriate.

Section 3.05. Corporate Members: Any votes of a corporate member may be cast by an appropriate officer of such corporation and any votes of a limited liability company may be cast by a manager or authorized member of such limited liability company.

Section 3.06. Joint or Common Ownership: Any one joint or common owner of a lot shall be entitled to cast the vote with respect to the Lot so owned.

Section 3.07. Absentee Ballots: On any matter submitted to the Members for vote, other than the election of Directors of the Association, any Member entitled to vote may cast a vote without attending the meeting in question by filing a written statement with the Board of Directors prior to the meeting in question, specifying the issue on which the Member intends to vote and that the Member votes for or against the same. Members unable to attend a meeting at which Directors of the Association are to be elected shall be entitled to file an absentee ballot if so provided by the Board of Directors or may vote by a proxy which shall be in writing and shall be filed with the Secretary of the Association.

ARTICLE IV

MEETINGS OF MEMBERS

Section 4.01. Annual Meeting: There shall be an Annual Meeting of the Members on the second Wednesday in October at the hour of 7:30 p.m., or at such other date and time and at such place convenient to the Members as shall be designated by the Board of Directors, which meeting shall be for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. Failure to hold an Annual Meeting at the designated time shall not, however, invalidate the corporate existence or affect otherwise valid corporate acts.

Section 4.02. Special Meetings: Special Meetings of the Members may be called at any time by the President, or by the Board of Directors, or at the request in writing of Members of the Association holding not less than one-third (1/3) of the votes entitled to be cast at the meeting.

Section 4.03. Notice of Meetings: Not less than fourteen (14) days or more than thirty (30) days before the date of any Annual or Special Meeting of Members, the Association shall give to each Member entitled to vote at such meeting written or printed notice stating the time and place of the meeting, and, in the case of a Special Meeting, indicating that it is being issued by or at the direction of the person or persons calling the meeting and the purpose of purposes for which the meeting is called. Such notice

shall be delivered either by mail, or by presenting it to the Member personally, or by hand delivery to such Member's address as shown on the records of the Association. Notwithstanding the foregoing provision, a waiver of notice in writing, signed by the person or persons entitled to such notice, whether before or after such meeting is held, or actual attendance at the meeting in person, shall be deemed equivalent to the giving of such notice to such persons. Any meeting of Members, Annual or Special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 4.04. Quorum: Except as may otherwise be provided in these By-Laws, the presence in person or by proxy of Members having one-third (1/3) of the total authorized votes of all Members shall constitute a quorum at any meeting of Members. If any meeting of Members cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may, without notice other than announcement to those physically present, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called, and from time to time thereafter,

until a quorum shall be present in person or by proxy. The quorum required in each reconvened meeting shall be one-half of the quorum required for the previous meeting. The act of a majority of the Members present at a Meeting at which a quorum was present shall be the act of the Members unless the act of a greater or lesser number is required by law, or by the Articles of Incorporation of the Association, the Declaration, or these By-Laws.

Section 4.05. Waiver and Consent: Wherever the vote of the membership is required by law, or by the Articles of Incorporation of the Association, the Declaration, or these By-Laws, to be taken in connection with any action of the Association, the meeting and vote of the membership may be dispensed with if all Members who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such action being taken.

ARTICLE V

BOARD OF DIRECTORS

Section 5.01. Number and Qualification of Directors: The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors shall consist of not less than three (3) nor more than five (5) persons. The number of Directors to serve for the ensuing year shall be established by

the Board then serving at the time it causes the notice of the annual meeting to be provided to Members. Until one hundred percent (100%) of the Lots within the Property are sold to persons other than the Declarant, or until January 1, 2008, whichever event shall first occur, the members of the Board shall be designated by the Declarant, who may replace and remove members at will. Members designated by the Declarant need have no specific qualifications, but elected members shall be (i) Lot Owners, (ii) spouses of Lot Owners, (iii) mortgagees of Lots, (iv) partners or employees of a partnership Owner, (v) officers, directors, shareholders, employees or agents of a corporate Owner, (vi) member or managers of a limited liability company Owner, or (vii) fiduciaries or officers, agents or employers of such fiduciaries.

Section 5.02. Nominations: Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall consist of a chairman, who may or may not be a Director, and two (2) or more other Members of the Association. Nominations may also be made from the floor at the annual meeting of the Association. The members of the Nominating Committee shall be appointed by the Board of Directors at least thirty (30) days prior to each Annual Meeting of the Members and shall serve only

to make the nominations for Directors to be elected at that meeting.

The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its sole discretion, determine, but not less than the number of vacancies that are to be filled.

Section 5.03. Elections: At the first Annual Meeting after the Declarant no longer has the right to designate members of the Board as set out in Section 5.01 above, the Members shall elect three (3) Directors for a term of one (1) year each. At any such meeting all Lot Owners shall have one vote for each vacancy. Cumulative voting is now allowed. At each Annual Meeting thereafter, the Members shall elect the Directors. Unless dispensed with by the unanimous vote of all those attending the Annual Meeting, voting shall be by secret written ballot which shall:

- a. Set forth the number of directors to be elected;
- b. Set forth the names of those nominated by the Nominating Committee to be Directors; and
- c. Contain space for a write-in for each director. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 5.04. Vacancies: Except for (i) Directors appointed or elected by the Declarant who shall be replaced by the Declarant and (ii) Directors elected by the Lot Owners other than the Declarant, who shall be replaced by the majority vote of the remaining Directors similarly elected, or, if none, by a special election by Lot Owners other than the Declarant, any vacancy occurring in the Board of Directors may be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining Directors or by a sole remaining Director and, if not previously filled, shall be filled at the next succeeding meeting of the Members of the Association. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of the Director whose vacancy such person was elected to fill.

Section 5.05. Removal: At any meeting of Members duly called at which a quorum is present the Members may, by the affirmative vote of not less than two-thirds (2/3) of all Members, remove any Director or Directors without cause, and may elect the successor or successors to fill any resulting vacancies for the remaining term or terms of the removed Director or Directors. In addition, the other Directors may, by the affirmative vote of not less than two-thirds of the other Directors, declare the position

of the Director vacant in the event the person filling such position shall be absent from three (3) consecutive meetings.

Section 5.06. Compensation: Directors shall not receive any compensation or salary for their services. Any Director may be reimbursed for his actual expenses incurred in the performance of his duties. No Director may serve the Association in any other capacity (except as an Officer), or receive compensation therefor.

Section 5.07. Regular Meetings: Regular meetings of the Board of Directors shall be held at least quarterly without additional notice at such place and at such times convenient to the Directors as may be designated from time to time by resolution of the Board of Directors. Should such meeting date fall on a legal holiday, that meeting shall be held at the same time on the next day that is not a legal holiday. One of the regular meetings shall be held immediately following the Annual Meeting of the Members.

Section 5.08. Special Meetings: Special Meetings of the Board of Directors may be called at any time at the request of the President or any two Directors after not less than two (2) days notice to each Director. The person or persons authorized to call such Special Meeting of the Board may fix any place convenient to the Directors as a place for holding such Special Meeting. Any

Director may, in writing, signed by such Director, before or after the time of the Special Meeting stated therein, waive notice of any Special Meeting. The attendance of a Director at any Special Meeting shall constitute a waiver of notice of such Special Meeting. Neither the business to be transacted at, nor the purpose of, any Special Meeting, need be specified in the notice or waiver of notice of such meeting, unless specifically required by law, by the Articles of Incorporation of the Association or by these By-Laws.

Section 5.09. Quorum and Voting: A majority of the entire Board of Directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors. Except in cases in which it is provided otherwise by statute, by the Articles of Incorporation, or by the By-Laws, a vote of a majority of such quorum at a duly constituted meeting shall be sufficient to pass any measure. In the absence of a quorum, the Directors present may adjourn the meeting from time to time by majority vote and without further notice, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted as originally called.

Section 5.10. Informal Action by Directors: Any action required or permitted to be taken at a meeting of the Board of Directors or of any committee thereof may be taken without a meeting, provided a written consent to such action is signed by all members of the Board of Directors or of such committee, as the case may be; provided, such written consent is filed with the minutes of proceedings of the Board or committee; and provided such action complies with the laws of the Commonwealth of Virginia.

Section 5.11. Powers and Duties: The Board of Directors may exercise all the powers of the Association, except such as are conferred upon or reserved to the Members by statute or by the Articles of Incorporation or the By-Laws. The powers, duties and authority of the Board of Directors shall specifically include, but shall not be limited to the following:

(a) Determine, levy and collect the assessments and common charges as provided for in the Declaration.

(b) Collect, use and expend the assessments and charges collected for the maintenance, care, preservation and operation of the property of the Association as permitted by the Declaration.

(c) Procure and maintain adequate liability insurance covering the Association, its Directors, officers, agents and

employees, to procure and maintain adequate hazard insurance on such of the Association's real and personal properties as it deems appropriate, and to procure other insurance as it may deem necessary or as may be required by law, including fidelity bonds or insurance on all persons handling or having access to the funds of the Association.

(d) Repair, restore or alter the properties of the Association after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

(e) Adopt and publish rules and regulations governing the use of Association Property and facilities, and the personal conduct of the Members and other guests thereon, and establish penalties for infractions thereof in accordance with and as authorized by Section 55-513 of the Virginia Code.

(f) Collect delinquent assessments by suit or otherwise, to abate nuisances, and to enjoin or seek damages from Members for violations of the provisions of the Declaration or of any rules or regulations of the Association.

(g) Pay all taxes owing by the Association.

(h) Suspend the voting rights of a Member during any period in which such Member shall be in default for the payment of any assessment levied by the Association. Such voting rights may also

be suspended, after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules or regulations.

(i) Declare the office of a member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive meetings of the Board of Directors.

(j) Keep a complete record of the actions of the Board of Directors and the corporate affairs of the Association and to present a statement thereof to the Members at the annual meeting of Members, or at any special meeting of Members when such a statement is requested in writing by not less than one-fourth (1/4) of the Members entitled to vote, or as provided by law.

(k) Issue, or cause to be issued, upon demand by any person an "Assessment Certificate", setting forth the status of payment of assessments for any Lot or a "Disclosure Packet".

(l) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these By-Laws, the Articles of Incorporation or the Declaration

(m) To prepare and adopt an annual budget, and maintain adequate accounting records and ledgers to reflect the receipts, disbursements, capital reserves and other transactions as may be necessary.

(n) Exercise and perform architectural and building control of the improvements proposed by the Owners of the Lots and to adopt and amend architectural and building guidelines in accordance with the provisions of the Declaration.

(o) Delegate any of its powers to appropriate committees, agents, personnel, management company(ies) or other entities.

ARTICLE VI

OFFICERS

Section 6.01. Officers: The officers of the Association shall be the President (who shall be a Member of the Board of Directors), one or more Vice Presidents, (the number thereof to be determined by the Board of Directors), the Secretary and the Treasurer. The Board of Directors may elect such other officers as it shall deem desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Board of Directors. Two or more offices may not be held by the same person.

Section 6.02. Election: The election of officers shall take place at the first meeting of the Board of Directors following each Annual Meeting of the Members.

Section 6.03. Term and Vacancies: The officers of the Association shall be elected annually by the Board of Directors

and each shall hold office until his or her successor shall have been duly elected, unless he or she shall sooner resign, or shall be removed or otherwise be disqualified to serve. The vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 6.04. Resignation and Removal: Any officer may be removed by the Board of Directors, with or without cause, whenever, in the judgment of the Board, the best interests of the Association will be served thereby. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.05. President: The President shall be the chief executive officer, shall supervise the work of the other officers, shall preside at all meetings of Members, and if there is no Chairman of the Board, shall preside at all meeting of Directors, and shall perform such other duties and functions as may be assigned to him or her. He or she may sign, in the name of the

Association, any and all contracts or other instruments authorized by the Board or these By-Laws.

Section 6.06. Vice President: Any Vice President shall be capable of performing all of the duties of the President. He or she may sign, in the name of the Association, any and all contracts or other instruments authorized by the Board, and shall perform such other duties and functions as may be assigned to him or her by the President or the Board.

Section 6.07. Secretary: The Secretary shall cause notices of all meetings to be served as prescribed in these By-Laws, shall record the votes and keep the minutes of all meetings, shall have charge of the seal, if any, and corporate records of the Association, shall keep records of the members of the Association and the mortgagees of any portion of the Property, and shall perform such other duties as are assigned to him or her by the President and the Board. Any Assistant Secretary shall be capable of performing all of the duties of the Secretary.

Section 6.08. Treasurer: The Treasurer shall have the custody of all monies and securities of the Association and shall keep or cause to be kept regular books and records. He or she shall account to the President and the Board, whenever they may require it, with respect to all of his or her transactions as

Treasurer and of the financial condition of the Association, and shall perform all other duties that are assigned to him or her by the President, the Board or these By-Laws. If the Association has employed a professional manager the Treasurer may delegate to the manager the primary responsibility for collecting assessments and disbursing funds as authorized by the Board.

Section 6.09. Other Officers: Such other officers as the Board may appoint shall perform such duties and have such authority as the Board may determine.

ARTICLE VII

COMMITTEES

Section 7.01. Committees of Directors: The Board of Directors by resolution adopted by a majority of the Directors in office, may designate one or more committees, to the extent provided in the resolution, which shall have and exercise the authority of the Board of Directors in the management of the affairs of the Association; provided, however, that no such committee shall have the authority of the Board of Directors to approve an amendment to the By-Laws, or a plan of merger or consolidation.

Section 7.02. Committees of Members: The committees of the Association shall be the Architectural Committee, the Nominating

Committee and such other committees as the Board of Directors shall deem desirable. Each committee shall consist of a Chairman and two (2) or more members. The Architectural Committee shall have the duties and functions described for such committee in the Declaration.

Section 7.03. Rules: Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE VIII

FINANCE

Section 8.01. Checks: All checks, drafts, and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Association shall, unless otherwise provided by resolution of the Board of Directors, be signed by the President, or Treasurer, and counter-signed by one Director of the Association, provided that the President or Treasurer and Director so signing are not the same person.

Section 8.02. Fiscal Year: The fiscal year of the Association shall be the twelve (12) calendar months ending December 31 of each year.

Section 8.03. Annual Reports: There shall be a full and correct statement of the financial affairs of the Association including a balance sheet and a financial statement of operation for the preceding fiscal year. Such report shall be distributed to all Members and to all mortgagees of Lots who have requested the same, after the end of each fiscal year.

Section 8.04. Record Keeping: The Secretary of the Board of Directors shall be responsible for keeping minutes of the meetings of the Board of Directors and minutes of the meetings of the Members. The Treasurer shall be responsible for keeping financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each Lot which, among other things, shall contain the amount of each regular or special assessment of common charges against such Lot, the dates when installments of assessments are due, the amounts paid thereon, and the balance remaining unpaid.

Section 8.05. Separate Account for Capital Reserve Funds: Any funds of the Association collected or designated as reserves for the replacement of capital items may be segregated from all other funds of the Association in one or more separate accounts. This shall not preclude the Association from segregating other

portions of its funds in separate accounts for a specific purpose (e.g., reserves for non-capital items) or otherwise. All reserve funds shall be noted as separate line items on all balance sheets and other financial statements of the Association.

ARTICLE IX

BOOKS, RECORDS AND LEGAL DOCUMENTS

Section 9.01. Books, Records and Legal Documents: The Board of Directors shall make available for inspection upon reasonable notice and during normal business hours, to existing and prospective Owners, tenants, title insurers, mortgagees, mortgage insurers and mortgage guarantors, current copies of the Declaration, By-Laws, Articles of Incorporation, rules and regulations, budget, schedule of assessments, balance sheet and any other books, records and financial statements of the Association except for those items authorized to be withheld pursuant to Section 55-510 of the Virginia Code. The Board of Directors may furnish copies of such documents to such parties and may charge a reasonable fee to cover the cost of furnishing such copies.

ARTICLE X

CORPORATE SEAL OPTIONAL

Section 10.01. Corporate Seal Optional: If decided by the Board of Directors, the Association shall have a seal in circular form having within the circumference thereof the full name of the Association.

ARTICLE XI

AMENDMENTS

Section 11.01. Alteration, Repeal or Amendment: These By-Laws may be modified, altered, repealed, amended or added to at any regular or special meeting of the Members provided that:

(a) a notice of the meeting containing a full statement of the proposed modification, alteration, repeal, amendment or addition has been sent to all Members and Lot mortgagees as listed on the records of the Association, not less than ten (10) nor more than forty (40) days prior to the date or initial date set for the canvass of the vote thereon; and

(b) a majority of a quorum of Members present at the meeting in person or by proxy approve the change; and

(c) prior to the date or initial date for the canvass of the vote thereon, the Association has not received written notification of opposition to the change from mortgagees of more

than 50% of Lots on which there are mortgages as shown on the records of the Association.

During Declarant's period of control of the Association, these By-laws shall not be amended without the consent of the Declarant.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Notices: All notices hereunder shall be in writing and sent by mail by depositing same in a U.S. Postal Service post office or letter box in a postpaid sealed wrapper, addressed, if to go to the Board of Directors, at the office of the Board of Directors, and if to go to a Member or Lot mortgagee, to the address of such Member or mortgagee at such address as appears on the books of the Association. All notices shall be deemed to have been given when received in the case of the Association and when mailed in the case of any Member. Whenever any notice is required to be given under the provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 12.02. Conflict with Articles of Incorporation or with Declaration: In the case of any conflict between the

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

Section 12.03. No Waiver for Failure to Enforce: No restrictions, conditions or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 12.04. Management Agreement: The Association may enter into an agreement with any person, firm or entity for the administration, maintenance and repair of the property of the Association and management of the Association, and may delegate to such contractor or manager such of the powers and duties of the Association as the Association and such person, firm or entity shall agree.

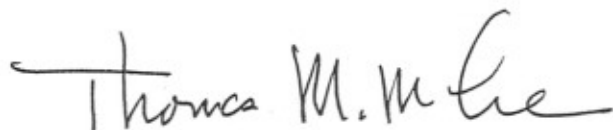
Section 12.05. Gender: The use of the masculine gender in these By-Laws shall be deemed to include the masculine, feminine or neuter and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 12.06. 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 12.07. Severability: Should any part of these By-Laws be deemed void or become unenforceable at law or in equity, the validity, enforceability or effect of the balance of these By-Laws shall not be impaired or affected in any manner.

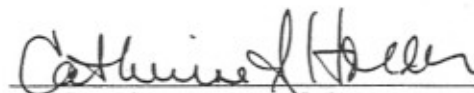
IN WITNESS WHEREOF, the undersigned Directors of Kempton Park Owners Association, Inc., being all of the Directors of the Association, have adopted the foregoing By-Laws and have set their hands unto the same as of October 4, 2001; Tate Terrace Realty Investors, Inc., as the Declarant, and being the only owner of any lots or land within the jurisdiction of the Association, has joined in the adoption of these By-Laws to evidence its consent hereto.



Thomas M. McKee



Debra A. Dietz



Catherine A. Holder

Tate Terrace Realty Investors, Inc.,
a Virginia corporation, Declarant

By: _____
Name: _____
Title: _____

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