

**Bylaws Madison Chase Condominium
Association, Inc.**

Bylaws

AMENDMENT 2002-1 TO THE BYLAWS
OF
MADISON CHASE CONDOMINIUM ASSOCIATION, INC.
(Insurance)

This AMENDMENT TO THE BYLAWS is made this 18th day of November, 2002, by Madison Chase Condominium Association, Inc., hereinafter called "The Association."

WITNESSETH

WHEREAS, Hampton Roads Homes, Inc. (the "Declarant"), a Virginia corporation, submitted to record various restrictive covenants by Declaration of Condominium (the "Declaration") and Bylaws recorded in the Clerk's Office of the Circuit Court of the City of Hampton, Virginia, in Deed Book 946 at Page 327 which have been amended from time to time; and

WHEREAS, there is a unit owner other than the Declarant; and

WHEREAS, it is in the best interest of the Association to amend the insurance provisions of the Bylaws; and

WHEREAS, the Bylaws may be amended pursuant to Article 11 of the Bylaws, Amendment to Bylaws, Section 11.1, which requires amendment in accordance with Section 55-79.72 of the Condominium Act, which provision was repealed by the General Assembly of the Commonwealth of Virginia in 1993 and replaced with Section 79-79.71, entitled Amendment of condominium instruments; and

Parcel Id Numbers:	See Exhibit A Attached
Prepared By:	Kaufman & Canoles, P.C. 1200 Old Colony Lane Williamsburg, VA 23188

WHEREAS, Section 55-79.71.B of the Condominium Act allows amendment of the condominium instruments, which means the bylaws, by the agreement of the owners of units to which two-thirds of the votes in the unit owners' association appertain; and

WHEREAS, pursuant to 55-79.71.D of the Condominium Act, this Amendment shall become effective when the certification required by this provision and the amendment are duly recorded with the Clerk's Office of the Circuit Court of the City of Hampton, Virginia.

NOW, THEREFORE, the Association does hereby amend its Bylaws in the following manner:

1. Article 6, entitled Insurance, Section 6.1, Authority to Purchase; Notice, subsection (e), shall be amended by removing the last sentence of the subsection relating to insurance policy deductibles, the amended subsection to read as follows:

(e) The cost of obtaining all insurance policies pursuant to this Article, excluding only such insurance policies as may be purchased by individual Unit Owners, is declared to be a Common Expense, together with any other fees or expenses incurred by the Association which may be necessary or incidental to carry out the provisions hereof.

2. Article 6, Insurance Section 6.2, Physical Damage Insurance, subsection (a), shall be amended by removing the requirement of the Association to insure the Units, the amended subsection to read as follows:

(a) The Board of Directors shall obtain and maintain a blanket, "all risk" form of physical damage insurance policy which shall afford protection with extended coverage against loss or damage by fire or other hazard including, without limitation, vandalism, malicious mischief; windstorm, debris removal, cost of demolition, plate glass, water damage and leakage, and war damage and war risk, insuring the Common Elements, Limited Common Elements and all personal property owned by the Association. The Association shall not provide insurance on the Units and Limited Common Elements for which the Unit Owner has maintenance and repair responsibility, as such are defined by the Declaration of Condominium (hereinafter "Declaration") and reprinted herein below, said Declaration recorded in the Clerk's Office of the Circuit Court of the City of Hampton, Virginia, in Deed Book 946 at Page 327. Such physical damage insurance policy shall be in an amount equal to one hundred percent of the maximum insurable replacement value of the Property in accordance with the original plans and specifications and as originally constructed and equipped by Declarant, exclusive of the Land, excavations, foundations and other items

normally excluded from such coverage, without deduction or allowance for depreciation, as determined annually by the Association in consultation with the Managing Agent and the insurance company affording the coverage. The payment of proceeds under such physical damage insurance policy shall be subject to the loss payment and adjustment provisions in favor of the insurance trustee contained in Section 6.6 of these Bylaws.

3. Article 6, Insurance, Section 6.2, Physical Damage Insurance, subsection (b)(4), shall be amended by removing the subsection in its entirety.

4. Article 6, Insurance, Section 6.5, Separate Insurance, shall be amended by removing the Section in its entirety to be replaced with a new Section 6.5 to read as follows:

(a) Condominium Unit Owners Insurance. Each Unit Owner shall obtain insurance, at his own expense, affording coverage upon his own Unit and Limited Common Elements, as such are defined in Article 2 and Article 3 of the Association's Declaration, said definition incorporated herein, his own property and for his own liability and living expenses as he deems advisable. All such insurance shall contain the same waiver of subrogation that is referred to herein and shall waive any right to contribution. Reference is made to Article 2 of the Declaration and Article 5 of the Bylaws, incorporated herein, which make certain provisions for Unit Owner liability for repairs and damages to other Units and the Common Elements; the provisions are reprinted in Section 6.5(b) and Section 6.5(c) below. In the event that the Master Insurance Policy provides coverage for the primary purpose of repairing or restoring damage to the Common Elements originating from one or more Units, the Unit Owner(s) from whose Unit(s) the damage originated shall pay the policy deductible on a pro rata basis, rendering Unit Owners financially responsible for all damage to the Unit up to the level of the deductible. The Unit Owner is hereby expressly responsible for damage to the Unit's interior surfaces, including, but not limited to, carpet, tile, wallpaper and paint. If such deductible is not paid within thirty (30) days from the date of settlement for same is rendered, such amount shall be a lien on the pertinent Unit and shall be enforced in accordance with Article 10, Section 10.2, of these Bylaws and Section 55-79.84 of the Code of Virginia, 1950, as amended.

(b) Definitions. Reprinted from Article 2, Buildings and Unit Boundaries, and Article 3, Common Elements and Limited Common Elements, of the Declaration and applicable to these insurance provisions, are the following definitions of Common Elements, Limited Common Elements and Units:

Section 3.1. Common Elements. The locations of the Common Elements are set forth in the Plat and the Plans. The Common Elements

include the Limited Common Elements and consist of all parts of the Property, other than the Units, as shown on the Plat and Plans. All the Common Elements except for the Limited Common Elements may be used by all Unit Owners. The Common Elements include, but are not limited to, the following.

(a) Land, driveway areas, sidewalks, curbs, gutters, roofs, exterior walls including exits, and interior walls without decoration or covering except those non-load bearing partition walls wholly within the Unit;

(b) The foundations and structural members, including columns, girders, beams and supports;

(c) All Utility Lines and Equipment, except those Utility Lines and Equipment described in Sections 2.3(c) and 3.2 of this Declaration as Limited Common Elements or parts of Units.

The Common Elements shall remain undisturbed and no person shall have any right of action for partition or division of the whole or any part thereof, except as provided by law or by the Condominium Instruments. Except as otherwise expressly set forth in this Declaration and the Bylaws, the costs of maintenance, repair, renovations, restoration and replacement of the Common Elements shall be the responsibility of the Unit Owners Association as specified in the Bylaws.

Section 3.2. Limited Common Elements.

(a) The Limited Common Elements are Common Elements of the Condominium that have been or may be assigned to one or more of, but less than all, the Units. The use of the Limited Common Elements is restricted to the Unit Owners who own the Units to which the Limited Common Elements have been assigned. Without limited the generality of the foregoing and except as otherwise set forth in the Condominium Instruments, all shutters, awnings, doorsteps, porches, patios, and any other apparatus designed to serve a single Unit, but located outside the boundaries thereof, shall be deemed a Limited Common Element appertaining exclusively to that Unit. All other Limited Common Elements and the Unit or Units to which they are assigned are shown on the Plat and the Plans.

(b) The cost of maintenance, repair, renovation, restoration and replacement of the various Limited Common Elements shall be borne as follows: (1) maintenance, repair, renovation, restoration, and replacement of any portion of the Utility Lines and Equipment serving only one Unit shall be at the sole expense of the Unit Owner whose unit is served thereby;

(2) maintenance, repair, renovation, restoration, and replacement of Utility Lines and equipment serving more than one Unit shall be Common Expenses; (3) except as set forth below and in Article 5 of the Bylaws, maintenance repair, renovation, restoration and replacement of all Limited Common Elements shall be Common Expenses; and (4) maintenance, repair, renovation, restoration, and replacement of Limited Common Element heating and air conditioning equipment and apparatus shall be at the sole expense of the Unit Owner whose unit is served thereby as set forth in Article 5 of the Bylaws.

Section 2.2. Units. The location of the Units within the buildings and structures constituting the Condominium, the identifying numbers of the Units, and the dimensions of the Units are shown on the Plat and the Plans. Each Unit Owner shall own, as an appurtenance to his Unit, as undivided interest in the Common Elements...

Section 2.3. Unit Boundaries. The boundaries of each Unit are as follows:

(a) Upper and Lower (horizontal) Boundaries: The upper and lower boundaries of each Unit shall be the following boundaries extended to an intersection with the vertical (perimetric) boundaries):

(1) Upper Boundary: The plane of the bottom of the roof rafters of the ceiling of the upper level in each Unit; and

(2) Lower Boundary: The plane of the top surface of the floor slab of the lower level of each Unit.

(b) Vertical (perimetric) Boundaries: The vertical boundaries of the Unit shall be the plane of the inner surfaces of the studs and framing of the perimeter walls extending to the intersection with each other and with the upper and lower boundaries.

(c) Notwithstanding the foregoing description of the boundaries of the Units:

(1) Any portion of the Utility Lines and Equipment which serves more than one unit or which serves any Common Element shall be a Common Element, whether located within or without, or partially within and partially without, the boundaries of the Unit. Any portion of the Utility Lines and Equipment serving only one Unit which is located outside the Unit or located partially without and partially within the Unit is a Limited Common Element appurtenant to that Unit. Any portion of the Utility Lines and

Equipment located entirely within the Unit and serving only one Unit is a part of that Unit.

(2) Load -bearing interior walls, columns, floors or other structures within the boundaries of a Unit are Common Elements except for the unfinished exterior surfaces of such load -bearing walls, columns, floors, or other structures. Non -load bearing interior walls, partitions or columns within the boundaries of a Unit are part of the Unit.

43) Each Unit shall include as a part of that Unit all doors, windows, frames, casings, glass or sliding doors, and other similar components, and the maintenance, repair, renovation, restoration, and replacement of all such components shall be the responsibility of the Unit Owner subject to the provisions of this Declaration and Bylaws concerning the application of insurance proceeds in the event of the partial or total destruction of the Unit and subject further to the requirement that all such maintenance, repairs, renovation, restoration, and replacement shall be substantially similar to the original construction and installation of such components, and shall be of first-class quality, but may be done with contemporary building materials and equipment.

(c) Maintenance and Repair Responsibilities. Reprinted from Article 2, Buildings and Unit Boundaries, of the Declaration, Article 3, Common Elements and Limited Common Elements, of the Declaration and Article 5, Operation of the Property, of the Bylaws and applicable to these Insurance provisions, are the following maintenance and repair responsibility provisions:

Section 2.4. Maintenance Responsibilities. The provisions of the Condominium Act and the Condominium Instruments shall govern the division of maintenance and repair responsibilities between each Unit Owner and the Unit Owners Association.

Section 3.2. Limited Common Elements.

(b) The cost of maintenance, repair, renovation, restoration, and replacement of the various Limited Common Elements shall be borne as follows: (1) maintenance, repair, renovation, restoration, and replacement of any portion of the Utility Lines and Equipment serving only one Unit shall be at the sole expense of the Unit Owner whose Unit is served thereby; (2) maintenance, repair, renovation, restoration, and replacement of Utility Lines and Equipment serving more than one Unit shall be Common Expenses; (3) except as set forth below and in Article 5 of the Bylaws, maintenance, repair, renovation, restoration, and replacement of all Limited Common Elements shall be Common Expenses; and (4) maintenance, repair, renovation, restoration, and replacement of

Limited Common Element heating and air conditioning equipment and apparatus shall be at the sole expense of the owner whose Unit is served thereby as set forth in Article 5 of the Bylaws.

Section 16. Maintenance. Repair. Replacement and Other Common Expenses.

(a) By the Unit Owners Association. Except for Limited Common Element heating and air conditioning apparatus serving only one Unit but located outside of such Unit's boundaries, which shall be operated, maintained, repaired, renovated, restored and replaced by the Owner of the Unit served exclusively thereby, the Unit Owners Association shall be responsible for the maintenance, repair, renovation, restoration and replacement of all of the Common Elements, including the Limited 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. Notwithstanding the foregoing, (i) if in the opinion of not less than two-thirds (2/3rds) of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit Owner, or the agent, employees, lessee, occupants, invitees, or family members of a Unit Owner, the Unit Owner shall be responsible for the cost and expense of maintenance, repair, renovation, restoration, and replacement of such Common Element or Limited Common Element, and (ii) Limited Common Element parking spaces, the cost of which is a Common Expense, shall be maintained by the Unit Owners Association. Each Unit Owner shall perform normal maintenance on the Limited Common Elements appurtenant to his Unit and any portion of the remaining Common Elements which the Board of Directors, pursuant to the Condominium Rules and Regulations, has given such Unit Owner permission to utilize, including without limitation the items enumerated in subsection (b) below.

(b) By the Unit Owner.

) Each Unit owner shall keep his unit and its equipment, appliances and appurtenances in good order, condition and repair in a clean and sanitary condition, and shall do all redecorating, painting and other upkeep or maintenance that may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements and/or the Limited Common Elements resulting from his failure or negligence to make any of the repairs required by this section. Each Unit Owner shall perform his duties and responsibilities under this section in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Unit Owners Association is responsible.

14) Th Unit Owner - 01'131y Unit to which a -----

Limited Common Element patio or deck is appurtenant shall perform the normal maintenance for such Limited Common Element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water, and shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All structural repair or replacement of the Limited Common Elements shall be made by the Unit Owners Association as a Common Expense, except for Limited Common Element heating and air conditioning apparatus which shall be repaired and replaced by the Unit Owner of the Unit served exclusively thereby. Each Unit Owner shall cause repairs to Limited Common Element heating and air conditioning apparatus to be made only by authorized servicemen using factory authorized parts and materials and shall replace Limited Common Element heating and air conditioning apparatus with parts, materials, and/or units with the same size, capacity, and specifications including, without limitation, noise control or suppression features as the apparatus originally installed by the Declarant.

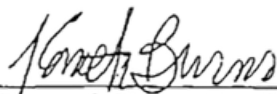
(3) Any Unit permitted by the Board of Directors to use a specific portion of the Common Elements for storage shall be responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

5. All provisions of the Bylaws not expressly amended herein shall be and remain in full force and effect.

The undersigned President of the Association does hereby certify that this Amendment has been adopted by agreement of unit owners of units to which two-thirds votes in the unit owners' association in accordance with Section 55-79.71.B of the Code of Virginia, 1950, as amended (the Condominium Act), as evidenced by their signatures on file with the. -Association.

EXECUTED on the date first written above by the duly authorized officer of the Association.

MADISON CHASE CONDOMINIUM
ASSOCIATION, INC.,
A Virginia Nonstock Corporation

By: 
Kenneth Burns, President

CERTIFICATION PURSUANT TO VIRGINIA CODE SECTION 55-79.71.D

COMMONWEALTH OF VIRGINIA,
CITY OF VIRGINIA BEACH, to wit:

The foregoing instrument was acknowledged this 21st day of November, 2002, before me, the undersigned Notary Public, by Kenneth Bums, President of Madison Chase Condominium Association, Inc., who did state the requisite number of the unit owners had ratified the aforesaid amendment by signing a document so stating.

Lamberlee James Bonilla
Notary Public

My Commission Expires: 10/31/05

AMENDMENT 2002-1 TO THE BYLAWS
OF
MADISON CHASE CONDOMINIUM ASSOCIATION, INC.

EXHIBT A - PARCEL ID NUMBERS

06M001 13B00002	06M001 07 00059
06M001 14B00003	06M001 08 00060
06M001 13B00004	06M001 07 00061
06M001 14B00005	06M001 06 00065
06M001 13A00006	06M001 06 00067
06M001 14A00007	06M001 06 00069
06M001 13A00008	06M001 06 00071
06M001 14A00009	06M001 05 00072
06M001 12C00013	06M001 06 00073
06M001 12C00015	06M001 05 00074
06M001 12800017	06M001 06 00075
06M001 12B00019	06M001 05 00076
06M001 1200021	06M001 05 00078
06M001 1200023	06M001 04 00081
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06M001 08 00056	06M001 01 00115
06M001 07 00057	06M001 01 00117
06M001 08 00058	06M001 01 00119

JAMES P. BOHNAKER
CLERK OF THE COURT

02 DEC -3 AM 8:39

BOOK # _____ PAGE # _____
CITY OF HAMPTON, VA.

INSTRUMENT #020024869
RECORDED IN THE CLERK'S OFFICE OF
HAMPTON ON
DECEMBER 3, 2002 AT 08:39AM
JAMES P. BOHNAKER, CLERK

BY: *James P. Bohnaker* (DC)

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BYLAWS
OF
MADISON CHASE CONDOMINIUM ASSOCIATION

ARTICLE 1

General Provisions

Section 1.1. Identity and Definitions. These are the Bylaws of Madison Chase Condominium Association, an unincorporated association of the Unit Owners of Madison Chase Condominium. As provided in Section 55-79.50(a) of the Condominium Act, terms not otherwise defined in these Bylaws, the Declaration, or the Plat or the Plans shall have the meanings specified in Section 55-79.41 of the Condominium Act, unless the context otherwise requires. Capitalized words and phrases or other terms used in these Bylaws without definition shall .have the same meanings as such words and phrases have in the Declaration unless the context otherwise requires.

Section 1.2. Purpose. The Association shall act for and on behalf of the Unit Owners for the purpose of governing the affairs of Madison Chase Condominium, pursuant to the requirements of Article 3 of the Condominium Act.

Section 1.3. Bylaws Subject to Other Documents. The provisions of these Bylaws are expressly subject to the definitions, terms, provisions and conditions contained in the Declaration of Condominium of Madison Chase Condominium. The Declaration has been recorded in the Clerk's Office of the Circuit Court of the City of Hampton, Virginia, simultaneously with these Bylaws, in order to submit the property on which the Condominium is located to condominium ownership.

Section 1.4. Application of Bylaws. The provisions of these Bylaws are applicable to the Condominium and the occupancy and use thereof. All present and future Unit Owners, and their agents, employees, lessees, licensees, invitees, and family members, and all Mortgagees and other Persons who use the Condominium or the Property, or any part thereof, are subject to these Bylaws, the Declaration, and the Condominium Rules and Regulations. The acceptance of a deed of conveyance to a Unit, the entering into of a lease with respect to a Unit, the occupancy of a Unit or the voluntary entry upon the Property shall conclusively establish the acceptance and ratification of these

Bylaws, the Declaration, and the Condominium Rules and Regulations, as they may be amended from time to time, by each Person so acquiring, leasing, or occupying a Unit or entering upon the Property and shall constitute and evidence an agreement by such Person to comply therewith.

Section 1.5. Office. The office of the Condominium, the Association, and the Board of Directors of the Association shall be located at the Condominium or at such other place designated from time to time by the Board of Directors of the Association.

ARTICLE 2

Unit Owners Association

Section 2.1. Composition and Organization. The Unit Owners Association shall consist of all the Unit Owners of the Condominium. For all purposes the Unit Owners Association shall act as agent for the Unit Owners as a group. The Unit Owners Association shall have the responsibility of administering the affairs of the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium, and performing any and all other acts that may be required or permitted to be performed by the Association under the Condominium Instruments and the Condominium Act. Except as to those matters which the Condominium Act specifically requires to be approved, ratified or confirmed by the vote of the Association, the foregoing responsibilities shall be performed by the Board of Directors or the Managing Agent as more particularly set forth in Article 3 of these Bylaws. The Unit Owners Association shall be organized by the Declarant and shall come into existence upon the conveyance of a Unit to a Person other than the Declarant. Meetings of the Unit Owners Association shall be held at least once each year after the formation of the Association.

Section 2.2. Annual Meeting. The annual meeting of the Association shall be held at least seventy-five (75) days before the beginning of each fiscal year, as defined in Section 5.2, below, on a date other than a Saturday, a Sunday or a legal holiday. At the annual meeting of the Association, the Unit Owners shall elect the Board of Directors of the Association in accordance with the requirements of Section 3.4 of these Bylaws. Notwithstanding the foregoing, during the Declarant Control Period, the Declarant shall be entitled to designate members of the Board of Directors pursuant to Section 2.4 and Section 3.3 of these Bylaws.

Section 2.3. Place of Meetings. Meetings of the Unit Owners Association shall be held at the principal office of the Association or at such other place as may be designated by the Board of Directors from time to time.

Section 2.4. Special Meetings.

(a) The President of the Unit Owners Association shall call a special meeting of the Unit Owners Association if so directed by resolution of the Board of Directors or, after

the termination of the Declarant Control Period, upon a petition signed and presented to the Secretary of the Association by Unit Owners possessing not less than twenty-five (25) percent of the votes in the Unit Owners Association. The notice

of any special meeting shall state the time, place and purpose or purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Not later than the termination of the Declarant Control Period, a special meeting of the Unit Owners Association shall be held at which a majority of the Directors shall be elected by the Unit Owners, including the Declarant if the Declarant owns one or more Units. If such election is held prior to the termination of the Declarant Control Period, the Directors elected at such election shall not take office until the earlier of: (1) the termination of the Declarant Control Period or (2) resignation of a Director appointed by the Declarant without appointment of a replacement within ten (10) days. The Directors so elected shall assume office in the order of the highest number of votes received. Any remaining Directors designated by the Declarant shall continue to serve until the earlier of their resignation or the expiration of their terms.

Section 2.5. Notice of Meetings. The Secretary of the Unit Owners Association shall mail to each Unit Owner a notice of each regular or special meeting of the Unit Owners Association. Notice of each annual or regularly scheduled meeting shall be mailed at least twenty-one (21) days prior to such meeting, and notice of each special meeting shall be mailed at least seven (7) days prior to such meeting. Each such notice shall state the time, place and purpose of the meeting. Notice shall be sent by United States mail, postage prepaid, to all Unit Owners of record at the address of their respective Units and to such other addresses as any Unit Owner may have provided to the Secretary. Notice may also be hand-delivered to a Unit Owner by the Secretary of the Association, provided that the Secretary certifies in writing that such notice was delivered to the person of the Unit Owner.

Section 2.6. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit Owners holding twenty-five (25) percent or more of the votes in the Unit Owners Association shall constitute a quorum at all meetings of the Unit Owners Association. The joinder of a Unit Owner in the action of a meeting by signing and concurring in the minutes thereof, within ten (10) days from the date of such meeting, shall constitute the presence of such person for the purpose of determining a quorum.

:Section 2.7. Adjourned Meetings. If any meeting of the Unit Owners Association cannot be convened because of the lack of a quorum, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting from time to time, to a time certain, until a quorum is present. Valid proxies for such adjourned meeting shall continue to be valid until a quorum is present.

Section 2.8. Order of Business. The order of business at all meetings of the Unit Owners Association shall be as follows:

- (a) Roll call, proof of quorum and certification of proxies;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceeding meeting;
- (d) Reports of officers, Board of Directors and Committees;
- (e) Election or appointment of vote tellers (when so required);
- (f) Election of members of the Board of Directors (when so required);
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

Section 2.9. Conduct of Meetings. The President shall preside over all meetings of the Unit Owners Association and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted at such meetings, as well as a record of all transactions occurring at such

meetings. The President may appoint a person to serve as parliamentarian at any meeting of the Unit Owners Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Condominium Act or the Condominium Instruments. All votes shall be tallied by tellers appointed by the President or other officer presiding over the meeting.

Section 2.10. Voting.

(a) Voting at all meetings of the Unit Owners Association shall be on a percentage basis and each Unit Owner shall have an equal number of votes in the Unit Owners Association. Where the ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote 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, or, in the absence of such named Person from the meeting, or in the absence of such filed certificate, the Person who shall be entitled to cast the vote of such Unit shall be the Person owning such Unit who is present; provided, however if more than one such Person is present, such vote shall be cast only in accordance with the unanimous agreement of such Persons pursuant to Section 55-79.77(c) of the Condominium Act. Such certificate shall be valid until revoked by a subsequent, validly executed certificate filed with the Secretary. Subject to the requirements of Section 55-79.72 of the Condominium Act, whenever the approval or disapproval of a Unit Owner is required by the Condominium Act or the Condominium Instruments, such approval or disapproval shall be made only by the Person who would be entitled to cast the vote of such Unit at any meeting of the Unit Owners Association.

(b) Except where a greater number is required by the Condominium Act or the Condominium Instruments, a Majority Vote is required to adopt resolutions or take other actions at any meeting of the Unit Owners Association, except that in the elections of Directors, those Persons receiving the greatest number of votes shall be deemed elected even though not receiving a majority.

(c) If the Declarant or any other Person owns or holds title to more than one Unit, the Declarant or such other Person shall have the right at any meeting of the Unit Owners Association to cast the votes to which such Unit or Units are entitled.

(d) Notwithstanding any other provision of these By-laws, no Unit Owner may vote at any meeting of the Unit Owners Association or be elected to, or serve on, the Board of Directors if payment of the assessment on the Unit owned by such Unit Owner is delinquent more than thirty (30) days and the amount necessary to bring the account of such Unit Owner current has not been paid at the time of such meeting or election.

(e) Cumulative voting is expressly prohibited. The votes allocated to each Unit shall be the Common Element Interests assigned to that Unit. The vote of each Unit shall not be divisible.

(f) If fifty (50) percent or more of the votes in the Unit Owners Association appertain to twenty-five (25) percent or less of the Units, then in any case where a Majority Vote is required by the Condominium Act or the Condominium Instruments, the requirement for such a Majority Vote shall be deemed to include, in addition to the specified majority of the votes, assent by the Unit Owners of a like majority of the Units.

(g) No votes in the Unit Owners Association shall be deemed to appertain to any Unit during such time as the Unit Owner thereof is the Association.

Section 2.11. Proxies. A vote may be cast in person or by proxy. Proxies may be granted by any Unit Owner in favor of another Unit Owner, the Declarant, any Mortgagee, a Unit Owner's attorney, the Managing Agent or, in the case of a non-resident Unit Owner, the lessee' or occupant of the Unit owned by such Unit Owner. Proxies shall be in writing, shall be duly executed by or on behalf of a Unit Owner, or, in cases where the Unit Owner is more than one Person, by or on behalf of all such Persons, and shall be filed with the Secretary of the Association before the scheduled time of such meeting. proxy shall be revocable except by actual notice to the Person presiding over the meeting, given by the Unit Owner or by any of the Persons owning a Unit, that such proxy 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 Persons executing the proxy have not been witnessed by a person signing his full name and address. The proxy of any Person shall be void if the proxy is not signed by a Person having authority, at the time of the execution of the proxy, to execute deeds on behalf of that Person. Any proxy shall terminate automatically upon the adjournment of the first meeting of the Association held on or after the date of that proxy.

ARTICLE 3

Board of Directors

Section 3.1. General. The affairs of the Unit Owners Association shall be governed by an executive organ known as the Board of Directors which shall be elected by the Unit Owners as set forth' in these Bylaws subject to the right of the Declarant, during the Declarant Control Period, to elect the members of the Board of Directors. During the Declarant Control Period, the Declarant shall have the right, exerciseable in its sole discretion to remove members of the Board of Directors with or without cause, to remove Officers of the Association with or without cause, and to exercise powers and responsibilities otherwise assigned by the Condominium Instruments and the Condominium Act to the Board of Directors, the Association, or the Officers of the Association.

viSection 3.2. Management of Association; Powers and Duties. The Board of 'Directors shall have all of the power and authority necessary for the administration of the affairs of the Unit Owners. Association and the Condominium, and may do all such acts and things in connection therewith that are not required by .the Condominium Act or the Condominium Instruments to be exercised and dgne or approved and ratified by the Unit Owners Association. vThe Board of Directors shall have the power and authority to adopt and amend from time to time any rules and regulations and to make from time to time any determinations necessary for the use and enjoyment of the Condominium; provided, however, that such rules and regulations and such determinations which shall be in conflict with the Condominium Act or the Condominium Instruments shall be void. The Board of Directors may delegate to one or more of its members such authority as the Board of Directors deems appropriate to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent, if any, which may arise between the meetings of the Board of Directors. In addition to the duties 'imposed by these Bylaws or by.any resolution of the Unit Owners Association that may hereafter be adopted; the Board of Directors, on behalf of the Association, shall:

(a) Prepare and adopt the annual budget of the Association, which shall reflect the assessments to be made against each Unit Owner for the Common Expenses.

(b) Make assessments against each Unit Owner to cover the costs and expenses of the. Condominium, establish the means and methods of collecting such assessments from the Unit Owners, and establish the period, if other than monthly, of the

installment payments of the annual assessment for Common Expenses.

(c) Provide for the operation, maintenance, repair, renovation, restoration, replacement, improvement and management of all of the property and services of the Condominium, whenever and wherever the same are required to be done and accomplished by the Association for the benefit of the Unit Owners.

(d) Designate, hire and dismiss the personnel necessary to operate, maintain, repair, renovate, restore and replace the Common Elements and the Property, and provide services for the Condominium and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed to be the assets and property of the Association.

(e) Collect the assessments made against the Unit Owners, deposit the proceeds thereof in institutional depositories designated by the Board of Directors, and use the proceeds to carry out the operation and administration of the affairs of the Condominium.

(f) Adopt and amend the Condominium Rules and Regulations governing the details of the operation, use, and enjoyment of the Property and the Condominium including the Units and the Common Elements, so long as such Condominium Rules and Regulations and the amendments thereto do not conflict with the rights, privileges, restrictions and limitations which may be placed on the use of the Property under the Condominium Act or the Condominium Instruments.

(g) Open bank accounts on behalf of the Unit Owners Association and designate the signatories thereon.

(h) Make, or contract for the making of, repairs, additions, and improvements to, or alterations of, the Property, and repairs to and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings, or otherwise.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws, and the Condominium Rules and Regulations, act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding, and

(o) Notwithstanding the borrowing limitations set forth in subsection 3.1(n) of these Bylaws, acquire, operate, lease, manage, hold, dispose of and otherwise deal with property, real and personal, including Common Elements and Units in the Condominium, on behalf of the Association, and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Board of Directors.

(p) Furnish, in connection with resales of a Unit by any Unit Owner other than the Declarant, the statement required by Section 55-79.97 of the Condominium Act, within ten (10) days after the receipt of a written request therefor from any Unit Owner. The Association may charge a fee not to exceed the maximum amount specified in Section 55-79.97(b) of the Condominium Act, for issuance of this certificate.

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

(r) Approve or disapprove on behalf of the Association leases of Units and exercise or waive the Association's right to disapprove the leasing of any Unit in the manner specified in the Condominium Instruments.

(s) Contract on behalf of the Association and delegate such powers and duties of the Association as the Board of Directors deems appropriate.

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

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

(v) Grant exclusive licenses, easements, permits, leases or privileges to any Person, including non -Unit Owners, which affect the Common Elements and alter, add to, relocate, or improve the Common Elements, when determined to be in the best interests of the Unit Owners.

(w) Make available to Unit Owners, Mortgagees and other lenders, insurers and contract purchasers of the Units upon and at the request of any such Person, current copies of the Condominium Instruments, the Condominium Rules and Determinations, and other books, records and financial statements of the Association.

(x) Do such other things and acts not inconsistent with the Condominium Act or the Condominium Instruments which the Board of Directors may be authorized to do by a resolution of the Unit Owners Association.

The foregoing enumerated powers are not exclusive, and the Board of Directors shall have the power and authority to do, to perform, and to undertake any and all such acts and things as are permitted by the Condominium Act and the Condominium Instruments.

Section 3.3. Number and Term of Office.

(a) Initial Board of Directors. The initial Board of Directors shall consist of three (3) persons, all of whom shall be elected by the Declarant. The terms of office of the Directors shall be staggered so that the terms of office of one (1) of the Directors shall expire at the next annual meeting of the Board of Directors and the terms of office of two (2) of the Directors shall expire at the second annual meeting of the Board of Directors. The initial term of each Director elected by the Declarant shall be fixed by the Declarant. At the first annual meeting after the end of the Declarant Control Period and so long as there are at least eighteen Units in the Condominium, the number of Directors shall increase to five (5). The additional Director elected with the higher number of votes shall serve for a term of two (2) years and the other director shall serve an initial term of one (1) year.

(b) Election at the Special Meeting of the Association. At the special meeting of the Unit Owners Association required by subsection 2.4(b) of these Bylaws, a number of the Directors elected by the Declarant shall resign if necessary so that a majority of the Directors shall have been elected by the Unit Owners in accordance with subsection 2.4(b). The persons so elected to serve as Directors in accordance with subsection 2.4(b) shall serve for the remainder of the terms of office of the resigning Directors whom such persons replace, or if no resignation was required, for the terms of office necessary so that the terms of office of two (2) of the Directors shall expire at the first annual meeting and the terms of office of three (3) of the Directors shall expire at

the second annual meeting of the Board of Directors the The Directors receiving the greatest number of votes st elected for the longest available.terms. -At the expiratik," the term of office of all the Directors elected by the Declarant or elected by the Unit Owners Association at the special meeting held pursuant to subsection 2.4(b), all future Directors shall be elected to serve for staggered terms of two years.

(c) Regular Elections. Following the expiration of the Declarant Control Period and providing there are at least eighteen (18) Units in the Condominium, the Board of Directors shall be composed of five (5) persons, all of whom shall be elected by the Unit Owners, and all of whom shall be Unit Owners, Mortgagees (or designees of Mortgagees) or designees of the Declarant. Except for resignation or removal, each Director shall hold office for a term of two years or until their respective successors shall have been elected by the Unit Owners Association.

Section 3.4. Election.

(a) Elections Committee. At least ninety (90) days prior to the special meeting of the Unit Owners Association required by subsection 2.4(b) of these Bylaws and at least ninety (90) days prior to each annual meeting of the Unit Owners Association, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board of Directors whose term is not then expiring and at least two other Unit Owners. The Elections Committee shall develop election procedures and shall administer such procedures as are approved by the Board of Directors.

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

(1) Any Unit Owner may submit to the Secretary of the Association a nominating petition signed by Unit Owners owning at least five (5) Units, accompanied by a statement signed by the nominee stating that the nominee is willing to serve on the Board of Directors, and a biographical sketch of the nominee. Nominating petitions must be filed with the Secretary of the Association on or before the date for such filing set forth in the notice of the meeting called for the election of Directors; or

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy

The Section 3.7. Initial Meeting and Annual Meetings. first meeting of the Board of Directors shall be held within thirty (30) days of the formation and organization of the Association at such time and place as shall be established by the Declarant*. Annual meetings of the Board of Directors shall be held immediately following the annual meeting of the Unit Owners Association, and it shall not be necessary to give newly -elected. Directors notice of such meeting, providing a majority of the entire Board of Directors is present at the annual meeting. The purpose of the annual meeting shall be to appoint or reappoint a Managing Agent, if desired, to elect Officers of the Association, and to take up such other business as may come before the meeting.

Section 3.8. Regular Meetings. Regular meetings of .the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but such meetings shall be held at least once every four months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given'to each Director, personally. or by mail, telegraph or telephone, at least two (2) business days prior to the date of such meeting. Meetings shall be open to all Unit. Owners And notice thereof shall be posted conspicuously'on the Property at least two (2) days in advance, except in an emergency.

Section 3.9. Special. Meetings. Special meetings of the Board of Directors may be called by the President of the Association. Notice of special meetings of the Board of Directors shall be given to each Director, personally or by mail, telegraph or telephone, at least two (2) business days prior to the date of such meeting, which notice shall state the time, place and purpose of such meeting. No notice shall be required in an emergency. Special meetings of'the Board of Directors shall be called by any officer of the Association in like manner and on like notice upon the written request of at least.a majority of the members of the Board of Directors.

Section 3.10. Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice to such Director. Attendance by a Director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice of such Director of the time, place and purpose of such meeting unless such Director attends for the specific purpose of challenging such notice. .If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.11. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If any meeting of the Board of Directors cannot be convened because a quorum is not present, or because a greater percentage of the Directors required to constitute a quorum for a particular purpose is not present, (wherever such greater percentage of attendance may be required as set forth in the Condominium Instruments), the Directors present at such meeting may adjourn the meeting, from time to time, until a quorum, or the required percentage of attendance, if greater than a majority, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for all purposes including determination of a quorum, provided that such joinder occurs within ten (10) days from the date of the meeting.

Section 3.12. Compensation. No Director shall receive any compensation from the Association for acting as a Director, nor shall any Director, except as permitted by Section 3.18 of these Bylaws, engage in, conduct or contract with the Association for any business or services for which such Director shall receive compensation or services.

Section 3.13. Conduct of Meetings. The President of the Association shall preside over all meetings of the Board of Directors. In the absence of a presiding Officer, the Directors present shall designate one of the Directors to preside. The Secretary of the Association shall keep a minute book of the meetings of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The

then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Condominium Instruments or the Condominium Act.

Section 3.14. Action without a Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the Directors 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 3.15. Board of Directors as Attorney -in -Fact. The Board of Directors is hereby irrevocably appointed as agent and attorney -in -fact for all the Unit Owners, and for each of

them, to manage, control and deal with the interests of each Unit Owner in the Common Elements of the Condominium in order to permit the Board of Directors to fulfill all of its duties, obligations and responsibilities. The Board of Directors is hereby irrevocably appointed as agent and attorney -in -fact for each Unit Owner, each Mortgagee, (other than the Declarant's construction lender), other named insureds and their beneficiaries, and any other holder of a lien or other interest in the Condominium or the Property (i) to adjust, negotiate, and settle all claims arising under insurance policies purchased by the Board of Directors or from the condemnation or taking in eminent domain of all or any portion of the Condominium and (ii) to execute and deliver releases upon the payment of claims; provided, however, that the consent of the Declarant's construction lender and of any other Mortgagee shall be required if such Mortgagee gives written notice to the Board of Directors within thirty (30) days after receipt of the notice of damage pursuant to subsection 6.2(c) of the Bylaws or notice of a taking in condemnation or by eminent domain. The powers hereby granted shall be in addition to any rights granted by Section 55-79.80(b1) of the condominium Act.

Section 3.16. Liability..

(a) The Officers and Directors of the Association, shall not be personally liable to the Unit Owners Association or to any Unit Owner for any act or for any omission or failure to act in the due exercise of their duties and responsibilities, except for their individual willful misconduct or bad faith or their deliberate failure or refusal to abide by the provisions of the Condominium Instruments and/or the Condominium Act. The Unit Owners Association shall indemnify and hold harmless any Person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such Person is or was an Officer or Director of the Association, from and against any demand, claim, suit, judgment, fine, penalty, liability, loss, costs or expenses of any kind including, without limitation, attorney's fees, incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest of the Association and the Condominium and except to the extent that such liability is satisfied by directors and officers liability insurance, if any.

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

(c) Except as may be covered by any insurance policy maintained by the Unit Owners Association, the Unit Owners Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to person or property caused by acts of God, the weather or the elements or by the Unit Owner of any Unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. Except as may be covered by any insurance policy maintained by the Unit Owners Association, the Unit Owners Association shall not be liable to

any Unit Owner for loss or damage, by theft or otherwise, of Common Elements. No diminution or abatement of any assessments articles which may be stored in, about, or upon any of the Common Elements shall be claimed by or allowed to any Unit Owner for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Unit Owners Association to comply with any law, ordinance or with the order or directive of any governmental authority.

Section 3.17. Fidelity Bonds. As required by subsection 6.4(a) of these Bylaws, the Unit Owners Association shall purchase and maintain fidelity bonds for any Person, including, or responsible for funds of the Association. All such fidelity bonds without limitation, the Directors of the Association, handling bonds shall be in an amount equal to the greater of (i) the maximum funds that are in the custody of the Association or the Managing Agent or (ii) the sum of three months' assessments for

all Units, plus the amount of the Association's reserve funds, and shall be in such form, issued by such bonding companies, and in such greater amounts as shall be deemed appropriate by the Board of Directors or required by the Mortgagees or any of the Condominium Agencies. The premiums on such bonds shall constitute a Common Expense.

Section 3.18. Common or Interested Directors. Each Director shall exercise his powers and duties in good faith and with a view to the best interests of the Association and the Condominium. No contract or other transaction between the Unit Owners Association and any of its Directors, or between the Association and any corporation, firm or association (including the Declarant) in which any of the Directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such Director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because the vote of such Director is counted for such purpose, if any of the conditions specified in any of the following subsections exist:.

(a) The fact of, the common directorate or interest is disclosed or known to the Board of Directors, and a majority of the disinterested members of 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 directorate or interest is disclosed or known to at least a majority of 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 Unit Owners Association at the time it is authorized, ratified, approved or executed.

Any common or interested Directors may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote, subject to the qualification set forth above, at the meeting to authorize any contract or transaction with like force and effect as if such Director of the Unit Owners Association were not an officer or director of such other corporation, firm or association or were not so interested.

Section 3.19. Managing Agent. The Board of Directors, in the exercise of its discretion, may employ for the Condominium a Managing Agent at a compensation to be established by the Board of Directors.

(a)' Requirements. The Managing Agent shall be a bona fide business enterprise, unaffiliated with the Declarant, which manages residential condominium communities. Such firm shall have such experience in real estate community management as the Board of Directors shall deem appropriate and shall employ persons possessing a high level of competence in the technical skills necessary to the proper management of the Condominium. The Managing Agent shall maintain for the benefit of the Unit Owners Association a fidelity bond subject to the same terms and conditions set forth in Section 6.4(a) for the fidelity bond purchased by the Association and other applicable requirements of any of the Condominium Agencies.

(b) Duties. The Managing Agent shall perform such duties' and services as the Board of Directors shall direct. Such duties and services may include, but are not limited to, the duties listed in subsections 3.2(a), (c), (d), (e), (h), (k), (1), (m), (p)-; (q): (u), (v), and (x) of these By-laws. 'The Board of Directors may, Additionally, delegate to the Managing Agent any and all of the powers granted to the Board of Directors by these Bylaws, or by the Condominium Act 'or the Condominium Instruments other than the powers set forth in subsections 3.1(b), (f), (g), (i), (n), (o), (s), and (w) of these Bylaws. The Managing Agent shall perform all obligations, duties and services relating to the management of the Property and the Condominium, the rights of Mortgagees, and the maintenance of reserve funds in compliance with the provisions of the Condominium Instruments and the Condominium Act.

(c) Standards. The Board of Directors shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board of Directors, the Managing Agent shall comply with the following standards:

(1) The accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to more than one but less than all Unit Owners shall be accounted for separately;

(2) Two or more persons shall be responsible for handling cash in order to maintain adequate financial control procedures;

(3) Cash accounts of the Unit Owners Association shall not be commingled with any other accounts;

14) No remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Unit Owners Association whether in the form of commissions, finder's fees, service fees or otherwise; any discounts received shall benefit the Association;

(5) Any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Unit Owners Association shall be disclosed promptly to the Board of Directors; and

(6) A monthly financial report shall be prepared for the Unit Owners Association containing:

(A) an "income statement" reflecting all income and expense activity for the preceding month on an accrual basis;

(B) an "account activity statement" reflecting all receipt and disbursement activity for the preceding month on a cash basis;

(C) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(D) a "balance sheet" reflecting the financial condition of the Unit Owners Association on an unaudited basis;

(E) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten (10) percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and

(F) a "delinquency report" listing all Unit Owners who are delinquent in paying condominium assessments and describing the status of any actions to collect such assessments.

(d) Limitations. During the Declarant Control Period, the Board of Directors may employ a Managing Agent for a term not to exceed two (2) years. If professional management of the Condominium has been previously required by one or more

of the Condominium Agencies and/or one or more Mortgagees, the Unit Owners Association and the Board of Directors shall not undertake "self -management* or fail to employ a Managing Agent without the consent of the Unit Owners owning Units to which two-thirds (2/3rds) of the Common Element Interests appertain and the consent of first Mortgagees together holding first mortgages on Units to which fifty-one (51) percent of the Common Element Interests appertain. Any contract with a Managing Agent, entered into either during or after the Declarant Control Period, must provide that it may be terminated, without payment of a termination fee or other penalty, without cause on not more than ninety (90) days' written notice.

ARTICLE 4

Officers

Section 4.1. Designation. The principal Officers of the Unit Owners Association shall be the President, the Secretary and the.. Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint a vice-president and such other Officers as in its judgment may be necessary. Except for those Officers appointed by the Declarant, the President shall be a Unit Owner, either alone or with one or more Persons or as officer of a corporation or general partner of a partnership owning a Unit, and a member of the Board of Directors.* All other Officers shall be Unit Owners and may, but need not, be members of the Board of Directors.

Section 4.2. Election. The Officers of the Unit Owners Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 4.3. Removal. 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. A successor to any Officer who has been removed 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 and shall serve until the next annual meeting of the Board of Directors.

Section 4.4. President. The President shall be the chief executive Officer of the Unit Owners Association; shall preside at all meetings of the Association and the Board of Directors; shall have general and active management of the business of the Association; shall see that all orders and resolutions of the Board of Directors are carried into effect; and shall have such

other powers and duties as are customarily vested in the office of the President, subject to the control and supervision of the Board of Directors. The President shall be a member of the Board of Directors.

Section 4.5. Vice President. The Vice President, if any, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint a member of the Board of Directors to act in the place of the President on an interim basis. "The Vice President shall also generally assist the President and exercise such other powers and perform such other duties as shall from time to time 'be imposed by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; shall keep a book of the resolutions passed by the Board of Directors; shall have charge of such books and papers as the Board of Directors may direct; shall the Association; shall maintain a register setting forth the give or cause to be given all notices required to be given by place to which All notices to Unit Owners and -Mortgagees shall be delivered; shall keep the nonfinancial records of the Association and, in general, shall perform all the duties incident to the office of secretary of an Association and as may be required by the Board of Directors or the President.

Section 4.7. Treasurer. The Treasurer, together with the Managing Agent, shall be responsible for Unit Owners Association funds, securities and evidences of indebtedness; shall keep full and accurate financial records and books of account showing all receipts and disbursements; shall prepare all required financial data; shall deposit all monies and other valuable effects in the name of the Association, in such depositories as may from time to time be designated by the Board of Directors; shall keep the assessment rolls and accounts of the Unit Owners and the books of the Association in accordance with good accounting practice and shall perform all other duties incident to the office of Treasurer.

Section 4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Unit Owners Association for expenditures or obligations and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors; provided,

however, that the Board of Directors may authorize, in the exercise of its discretion, the execution of checks and

instruments and the incurrence of expenditures and obligations of less than One Thousand Dollars (\$1,000.00) by any one Officer of the Association or by such other person as may be designated by the Board of Directors.

Section 4.9. Compensation. No Officer shall receive any compensation from the Unit Owners Association for acting as an Officer without the express written approval of a majority of the disinterested members of the Board of Directors.

ARTICLE 5

Operation of the Property Common Expenses; Common Profits.

Section 5.1. Each Unit shall share in the Common Profits and shall be liable for the Common Expenses in the same proportion as the votes in the Unit Owners Association. The right to share in the Common Profits does not include the right to withdraw or to require payment or distribution of the Common Profits or any surplus arising therefrom except upon termination and dissolution of the Condominium.

Section 5.2. Determination of Common Expenses and Assessments against Unit Owners.

(a) General Authority. The Association shall have the power and the obligation to make, levy and collect (i) regular and special assessments for Common Expenses, Limited Common Expenses, all other expenses determined and declared by the Board of Directors of the Association to be Common Expenses from time to time, and (ii) such other assessments as are provided for by the Condominium Act and the Condominium Instruments. Each Unit Owner, including the Declarant for so long as the Declarant is the owner of a Unit in the Condominium, shall be liable for the payment of assessments as provided in these Bylaws commencing at the time of the closing of the sale of the first Unit in the Condominium.

(b) Fiscal Year. The fiscal year of the Unit Owners Association shall be January 1 through December 31 unless otherwise determined by the Board of Directors, except that in the initial year of the Condominium's operation, the fiscal year shall commence with the closing of the sale of the first Unit in the Condominium and shall end on December 31.

(c) Preparation and Approval of Budget.

(1) At least forty-five (45) days before the beginning of each fiscal year except in the initial year of the Condominium's operation, the Board of Directors shall adopt a budget for the Unit Owners Association containing an estimate of the total amount considered necessary to pay: (i) the cost of operation, management, maintenance, repair, renovation, restoration, and replacement of the Common Elements and those parts of the Units, if any, which it is the responsibility of the Association to maintain, repair and replace, and (ii) the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, the Condominium Instruments or a resolution of the Board of Directors of the Association and which will be required during the ensuing fiscal year for the operation, management, maintenance, repair, renovation, restoration, and replacement of the Property and the provision to the Unit Owners of all necessary services. The budget shall reflect the separate assessment of Limited Common Expenses. During the initial year of the Condominium's operation, the initial budget shall be adopted pursuant to Section 5.2(d).

(2) The Board of Directors of the Association shall include in the budget and the assessments for Common Expenses a sum to be collected as a reserve fund for the replacement of Common Elements for the purpose of enabling the Association to replace structural elements, mechanical equipment, and other personal property of the Association and/or the Condominium, the maintenance and repair of which are the responsibility of the Association.

(3) The Board of Directors of the Association shall include in the budget and the assessments for Common Expenses a sum, including, without limitation, funds to cover the deductible amounts under any insurance policy, to be collected and maintained as a working capital fund for the Association and the Condominium. Sums deposited in the working capital fund may be used to meet deficiencies from time to time occurring as a result of delinquent payments of assessments by Unit Owners or as a result of emergencies.

(4) At least thirty (30) days before the beginning of each fiscal year after the initial year of the Condominium's operation, the Board of Directors shall send to each Unit Owner a copy of an itemized budget that sets forth the amount of the Common Expenses, the amount of the assessments necessary to cover the Common Expenses, and any special assessment payable by a Unit Owner. Such budget shall constitute the

basis for determining each Unit Owner's assessment for the Common Expenses of the Condominium. Such budget shall separately set forth the Limited Common Expenses payable by each Unit Owner.

(d) Assessment and Payment of Common Expenses. Subject to the provisions of Section 10.1(a) of these Bylaws, the total amount of the estimated funds required to pay the Common Expenses, as set forth in the budget adopted by the Board of Directors shall be assessed against each Unit Owner, including the Declarant for so long as the Declarant is the owner of one or more Units, in equal amounts, according to the votes in the Unit Owners Association. Notwithstanding the foregoing, Limited Common Expenses shall be assessed against those Unit Owners who benefit from the incurrence of such Limited Common Expenses in proportion to the relative Common Element Interest appertaining to the Units owned by such Unit Owners inter se. Assessments for Common Expenses and Limited Common Expenses shall be a lien against the Unit owned by each Unit Owner as provided in Section 10.2 of these Bylaws. Should the Association be the owner of any Unit, the assessment which would otherwise be due and payable to the Association by the owner of such Unit shall be a Common Expense. On or before the day of the first month 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 Association, without demand, one-twelfth of the annual assessment for the Unit owned by that Unit Owner. Monthly installments of the annual assessments for each Unit shall be paid, at the direction of the Board of Directors, directly to the Managing Agent. Within ninety (90) days after the end of each fiscal year, the Board of Directors or the Managing Agent shall supply to all Unit Owners, and to each Mortgagee requesting the same, an itemized accounting of the Common Expenses actually incurred and paid during the preceding fiscal year, together with a tabulation of the assessments and other amounts collected pursuant to the budget adopted by the Board of Directors or otherwise for such fiscal year. The itemized accounting of the Common Expenses shall show the net amount over or under budgeted expenditures plus deposits to reserves and the working capital fund. Any amount accumulated in excess of the amount required for actual expenditures and deposits to reserves and the working capital fund, at the discretion of the Board of Directors, (i) shall be deposited in the reserve accounts, (ii) shall be deposited in the working capital fund, or (iii) shall be credited according to each Unit Owner's votes in the Unit Owners Association to the next monthly installment due from the Unit Owner under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with

their votes in the Unit Owners Association and shall be payable, as determined by the Board of Directors in the exercise of their sole discretion, either (1) in full with the payment of the next monthly assessment due or (2) in no more than six (6) equal monthly installments.

(e) Extraordinary Expenditures; Emergencies. Extraordinary expenditures not originally included in the annual budget which may become necessary during the fiscal year shall be charged first against the appropriate reserve fund or the working capital fund, as the Board shall determine in the exercise of its sole discretion. If the appropriate reserve fund or the working capital fund is inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may at any time levy further assessments, which shall be assessed against the Unit Owners according to their respective votes in the Unit Owners Association, and which may be payable in a lump sum or in installments as the Board of Directors shall determine. The Board of Directors shall give the Unit Owners written notice of any such further assessment, stating the amount and reasons therefor, and such further assessment, unless otherwise specified in the notice, shall be payable together with the next regular monthly assessment which is due more than ten (10) days after the delivery of such notice of such further assessment. All Unit Owners so notified shall be obligated to pay the regular monthly assessment, plus the amount of such further assessment. Such further assessment shall be a lien on the Unit owned by each Unit Owner as of the date notice of such assessment is given by the Board of Directors.

(f) Initial Capital Payment.

(1) Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall adopt a budget for the Association and the Condominium for the period commencing thirty (30) days after such election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be made pursuant to the budget and shall become a lien against the Unit owned by the Unit Owners as provided in these Bylaws.

(2) The Declarant, on behalf of the Board of Directors, will collect from each initial purchaser at the time of closing on each Unit, an "initial capital payment" equivalent to three (3) times the estimated monthly installment for Common Expenses for such purchaser's Unit, plus the purchaser's pro rata portion of any regular monthly installment then due. The Declarant will deliver the funds so collected to the Board

of Directors to provide the necessary working capital for the Unit Owners Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs, and other start-up costs, and for such other purposes as the Board of Directors may determine, including the payment of Common Expenses.

(g) Reserves. The Board of Directors shall establish and maintain an adequate reserve for working capital and an adequate reserve for maintenance, repairs, restorations, and/or replacement of the Common Elements and:for unexpected contingencies. The amount of such reserves shall be established by the. Board of Directors in the exercise of its discretion. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds of the Association. If the Board of Directors deems it appropriate, funds accumulated for each type of reserve established and maintained by -the Board of Diredtors shall be kept in a separate bank account, identified by reference to the specific category of reserve. .Extraordinary expenditures not originally included in the annual budget which may become necessary during the fiscal.year shall be charged against the appropriate reserve. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Elements, reserves accumulated for one purpose may not be expended for any Other purpose, unless approved by the Board of Directors.

(h) .Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his proportionate share of the Common Expenses as provided in these Bylaws whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay monthly installments at the rate established for the previous fiscal year until notice is delivered to the Unit Owner of the adoption by the Board of Directors of a new or adjusted budget and a new monthly payment, which is due more than ten (10) days after such new or adjusted budget shall have been adopted.

(i) Accounts; Separate Property. All monies collected by the Association shall, unless the same is collected for the benefit of others, be the separate property of the Association. Such monies may be applied by the Association to the payment of any expense of operating and managing the Association and the Condominium, or to the proper undertaking of all acts and duties imposed upon the Association by virtue of

the provisions of the Condominium Instruments or the Condominium Act. All monies received from assessments may be commingled with other monies held by the Association. All assessments received by the Association shall be for the benefit of the Unit Owners. No Unit Owner shall have the right to assign, hypothecate, pledge or in any manner transfer his interest therein, except as an appurtenance to his Unit. Such funds shall not be subject to attachment or levy by a creditor or judgment creditor of a Unit Owner. When the owner of a Unit shall cease to be a member of the Association by the divestment of his ownership of such Unit by whatever means the Association shall not be required to account to such owner for any share of the funds or assets of the Association.

(j) Books and Records. The Board of Directors shall cause to be maintained as required by these Bylaws detailed books and records of account reflecting the payment of all costs and expenses of operating and maintaining the Condominium and the collection of all assessments and charges due from the Unit Owners. All such books and records shall be available for examination by the Unit Owners and the contract purchasers of a Unit, and their respective attorneys, accountants, Mortgagees and authorized agents during regular business hours on business days at the times and in the manner established and announced by the Board of Directors. All such books and records shall be kept in accordance with generally accepted accounting practices.

Section 5.3. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses, including Limited Common Expenses, assessed by the Board of Directors against the Unit owned by that Unit Owner pursuant to the provisions of Section 5.2 of these Bylaws. No Unit Owner shall be exempt or excused from liability for the assessment of Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his such Unit Owner of such Unit to another Unit Owner. Prior to Unit subsequent to the date of recordation of a conveyance by or at the time of any such conveyance, all liens, unpaid charges and assessments against the Unit being conveyed shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the Unit being sold without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor. Any purchaser of a Unit in the Condominium shall be entitled to receive a statement, setting forth the amount of the unpaid assessments against the Unit being sold by the selling Unit

Owner, within five (5) business days following receipt of a written request therefor and of payment of a fee, not to exceed the maximum amount specified in Section 55-79.84 of the Condominium Act, and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. Notwithstanding the foregoing, each Mortgagee who acquires title to a Condominium Unit by virtue of an Involuntary Sale shall not be liable for the share of Common Expenses assessed against such Unit, and shall take the Condominium Unit free of any claims for unpaid assessments against such Unit which accrue prior to the time of such Involuntary Sale, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit. Nothing contained in these Bylaws shall be construed as releasing the Person liable for such delinquent assessments from the payment thereof or the collection of delinquent assessments by means other than foreclosure. Following acquisition of a Unit, all Unit Owners of any nature, including, without limitation, a purchaser at an Involuntary Sale, shall be liable for all assessments made against the Unit while such persons are Unit Owners.

Section 5.4. Collection of Assessments. The payment of any assessment to the Association shall be in default if such payment is not made to the Association when due. If the payment of any assessment is in default for more than ten (10) days, the delinquent assessment shall bear interest at the rate equal to the maximum rate then allowed to be charged to individuals in the Commonwealth of Virginia. The Board of Directors, or the Managing Agent at the request of the Board of Directors, shall take prompt action to collect any assessment for Common Expenses, for Limited. Common Expenses, or special expenses, which remains unpaid for more than ten (10) days from the date such assessment first became due and payable. In the event that any Unit Owner is in default in the payment of any assessments, such Unit Owner shall be liable for all costs of collecting the same, including reasonable attorney's fees and court costs. If a Unit Owner fails to pay any assessment or other money due the Association within ten (10) days from the date such assessment first became due and payable (any such assessment or money due being referred to in this paragraph as a "Delinquent Payment"), there shall automatically be assessed a late charge equal to not less than Ten Dollars (\$10.00) and not more than twenty-five percent (25%) of the amount of such Delinquent Payment as determined by the Board of Directors. Only one late charge shall be assessed against a Unit Owner for each such Delinquent Payment; provided, however, that a separate late charge shall be assessed for each such Delinquent Payment.

Section 5.5. Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner, Mortgagee, or contract purchaser of a Unit so requesting the same in writing with a written statement of all unpaid assessments due from such Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement, not to exceed the maximum amount specified in Section 55-79.84 of the Condominium Act.

Section 5.6. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Unit Owners Association. Except for Limited Common Element heating and air conditioning apparatus serving only one Unit but located outside of such Unit's boundaries, which shall be operated, maintained, repaired, renovated, restored and replaced by the owner of the Unit served exclusively thereby, the Unit Owners Association shall be responsible for the maintenance, repair, renovation, restoration and replacement of all of the Common Elements, including the Limited 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. Notwithstanding the foregoing, (i) if in the opinion of not less than two-thirds (2/3rds) of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit Owner, or the agents, employees, lessee, occupants, invitees, or family members of a Unit Owner, the Unit Owner shall be responsible for the cost and expense of maintenance, repair, renovation, restoration, and replacement of such Common Element or Limited Common Element, and (ii) Limited Common Element parking spaces, the cost of which is a Common Expense, shall be maintained by the Unit Owners Association. Each Unit Owner shall perform normal maintenance on the Limited Common Elements appurtenant to his Unit and any portion of the remaining Common Elements which the Board of Directors, pursuant to the Condominium Rules and Regulations, has given such Unit Owner permission to utilize, including without limitation the items enumerated in subsection (b) below.

(b) By the Unit Owner.

(1) 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 other upkeep or maintenance that may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or

to the Common Elements and/or the Limited Common Elements resulting from his failure or negligence to make any of the repairs required by this section. Each Unit Owner shall perform his duties and responsibilities under this section in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Unit Owners Association is responsible.

(2) The Unit Owner of any Unit to which a Limited Common Element patio or deck is appurtenant shall perform the normal maintenance for such Limited Common Element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water and shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All structural repair or replacement of the Limited Common Elements shall be made by the Unit Owners Association as a Common Expense, except for Limited Common Element heating and air conditioning apparatus which shall be repaired and replaced by the Unit Owner of the Unit served exclusively thereby. Each Unit Owner shall cause repairs to Limited Common Element heating and air conditioning apparatus to be made only by authorized servicemen using factory authorized parts and materials and shall replace Limited Common Element heating and air conditioning apparatus with parts, materials, and/or units with the same size, capacity, and specifications including, without limitation, noise control or suppression features as the apparatus originally installed by the Declarant.

(3) Any Unit Owner permitted by the Board of Directors to use a specific portion of the Common Elements for storage shall be responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(c) Manner of Repair and Replacement. Except as set forth in subsection 5.6(b), all repairs and replacements of Common Elements and Limited Common Elements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment. The method of approving payment vouchers for all such repairs and replacements shall be determined by the Board of Directors.

i Section 5.7. Additions, Alterations or Improvements by the Board of Directors. Except during the Declarant Control Period, whenever in the judgment of the Board of Directors, the

Common Elements shall require additions, alterations or improvements costing in excess of Ten Thousand Dollars (\$10,000.00) during any period of twelve (12) consecutive months, and for which appropriate reserves shall not be available, the Unit Owners' by a Majority Vote shall approve the making of such additions, alterations or improvements and the Board of Directors shall proceed with such additions, alterations or improvements and shall assess the Unit Owners for the cost thereof as a component of the Common Expenses. Any additions, alterations or improvements costing Ten Thousand Dollars (\$10,000.00) or less during any period of twelve (12) consecutive months may be made by the Board of Directors without the approval of the Unit Owners and the cost thereof shall constitute a part of the Common Expenses. Notwithstanding the foregoing, the Board of Directors, in the exercise of its discretion, may assess as a Limited Common Expense the cost of such additions, alterations or improvements against the Unit Owners benefited thereby.

Section 5.8. ,Additions, Alterations or Improvements by the Unit Owner. 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's:3r alter the exterior of his Unit, including doors and windows, nor shall any Unit Owner paint or alter the exterior of any structure or other improvements constituting a portion of the Condominium, without the prior written consent of the Board of Directors. The Board of Directors shall be obligated to respond to any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in or to such Unit Owner's Unit within forty-five (45) days after such request, and failure by the Board of Directors to do so within forty-five (45) days after such request 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 or other approval to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Unit Owners Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by an authorized officer; provided, however, that the preparation and filing of such application shall be made without cost and expense to the Association and the Unit Owner shall indemnify and hold the Board of Directors and the Association harmless from and against any claim, suit, damage, liability or loss of any kind including, without limitation, attorney's fees by any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or by any person having any claim for injury to person or

damage to property arising therefrom or in connection therewith. The provisions of this section shall not apply to Units owned by the Declarant until deeds of conveyance of such Units shall have been recorded, and Declarant shall have the right to make alterations or improvements without the consent of the Board of Directors.

Section 5.9. Liability of Unit Owners. Should a Unit Owner undertake unauthorized additions and modifications to his Unit, or refuse to maintain and make repairs as required, or should a Unit Owner cause any damage to the Common Elements, the Association may undertake such repairs, replacements or maintenance, and levy a special assessment for the cost thereof against such Unit Owner. Without limiting the generality of the foregoing, each Unit Owner shall be responsible for the cost and expense of any maintenance, renovation, restoration or repairs made by the Unit Owners Association for or on behalf of such Unit Owner, whether made in the absence of a Unit Owner during an emergency or otherwise. In the event a Unit Owner threatens to or violates the provisions of the Declaration or these Bylaws, the Association shall also have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof.

Section 5.10. Restrictions on Use of Units.

(a) Restrictions. Each Unit Owner shall use the Unit owned by such Unit Owner and the Common Elements subject to the following restrictions, rules, and regulations.

(1) No Unit shall be used for other than residential purposes and the related common purposes for which the Property was designed and intended. The Board of Directors in its discretion may permit reasonable, temporary non-residential uses from time to time subject to such terms and conditions as it may determine to be appropriate. Nothing in these Bylaws shall be construed to prohibit the Declarant from using any Unit owned or leased by the Declarant for promotional, marketing or display purposes or from using any appropriate portion of the Common Elements for settlement of sales of Units and for customer service purposes.

(2) No Unit Owner shall do or keep, or permit to be done or kept, in any Unit or in the Common Elements anything which will increase the rate of insurance for the Property without the prior written consent of the Board of Directors. No waterbeds shall be permitted in any Unit except in Master Bedrooms. No Unit Owner shall do or keep, or permit to be done or kept, in his Unit or in the Common Elements anything that

will or may result in the cancellation of insurance, on the Property or any part thereof or which would be in violation of any law, ordinance, regulation or administrative ruling. No waste of the Common Elements shall be permitted to occur.

(3) No Unit Owner shall make any immoral, improper, offensive or unlawful use of the Property or any part thereof, and each Unit Owner shall observe all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof, at his own expense, subject only to the obligations of the Association to maintain the Common Elements.

(4) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place, or permit to be placed, anything on or in any of the Common Elements, except those areas designated for such storage by the Condominium Instruments or the Board of Directors, without the approval of the Board of Directors. The Common Elements shall not be altered, nor shall anything be constructed on or removed from the Common Elements, except with the prior written consent of the Board of Directors.

(5) 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.

(6) No Unit shall be rented for transient or hotel purposes or in any event for an initial period of less than six (6) 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: (i) requiring the lessee to comply with the Condominium Instruments and the Condominium Rules and Regulations and (ii) providing that failure to comply with the Condominium Instruments and the Condominium Rules and Regulations constitutes a default under the lease. Each Unit Owner of a Condominium Unit, following the execution of any lease of a Condominium Unit, shall promptly forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this paragraph, except the restriction against use for hotel or transient purposes, shall not apply to the Declarant, or to a Mortgagee in possession of a Unit as a result of an Involuntary Sale.

(7) Recreational vehicles, motorhomes, trailers, campers, boats, trucks other than pickup trucks and other large vehicles may be parked on the Property only if expressly permitted by the Condominium Rules and Regulations and only in

such parking areas, if any, as may be designated for such purpose by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements. Vehicle repairs other than ordinary light maintenance are not permitted on the Property. In the event that a Unit Owner does not observe the requirements of this paragraph, the Board of Directors and the Managing Agent are authorized to take corrective measures, without liability to the Unit Owner in connection therewith, including, without limitation, having improperly parked or licensed and inoperable vehicles towed from the Property at such Unit Owner's cost and expense.

(8) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds) is permitted, subject to the Condominium Rules and Regulations and each pet shall be registered and inoculated as required by law. Notwithstanding the foregoing, such pets may not be kept or maintained for commercial purposes or for breeding and any pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten (10) days' written notice from the Board of Directors: 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 indemnify and agree to hold the Unit Owners Association, each Unit Owner; and the Declarant harmless from and against any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining a pet within the Condominium.

(9) 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 without the prior written approval of the Board of Directors. The foregoing provisions of this paragraph shall not apply to a Mortgagee in possession of a Unit as a result of the Involuntary Sale of a Unit.

(10) A Unit Owner shall not permit his ownership interest to be divided among any type of time-sharing estate, which shall be defined to include all interests in which title, use, occupancy or possession circulates among owners of time shares according to a fixed or floating time schedule on a periodic basis occurring over any period of time.

(b) Changes to Rules and Regulations. Each Unit and the Common Elements shall be occupied and used in compliance with the Condominium Rules and Regulations that may be adopted, promulgated and amended by the Board of Directors from time to time. Copies of the Condominium Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner and Mortgagee. Changes to the Condominium Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner upon request.

Section 5.11. Right of Access. By acceptance of the deed of conveyance to a Unit, each Unit Owner thereby grants a right of access to the Unit owned by such Unit Owner, as provided by Section 55-79.79(a) of the Condominium Act and in Article 4 of the Declaration, to the Board of Directors, the Managing Agent, and/or any other Person authorized by the Board of Directors or the Managing Agent for the purpose of enabling the Board of Directors, the Managing Agent, and/or such other authorized Person to exercise and discharge their respective powers and responsibilities under the Condominium Act and the Condominium Instruments, including, without limitation, making inspections, correcting any condition originating in such Unit or in a Common Element to which access is obtained through such Unit and threatening another Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or electrical systems or the Common Elements in such Unit or elsewhere in the Property or to correct any condition which violates any mortgage; provided, however, that requests for entry shall be made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, regardless whether the Unit Owner is present. To the extent any damage is inflicted on the Common Elements and/or any Unit in connection with the exercise of such right of entry and such damage is caused by the Board of Directors, the Managing Agent, and/or such authorized Person, the Association and/or the Managing Agent shall be liable for the prompt repair thereof.

Section 5.12. Utility Charges. The cost of utilities serving an individual Unit and recorded on a meter separately for that Unit will be charged directly to that Unit and will be payable directly by the owner of that Unit. The cost of all other utilities serving the Condominium, and not charged directly to a Unit Owner, shall be Common Expenses allocated pursuant to Section 5.2 of these Bylaws.

Section 5.13. Parking Spaces. Each Unit in the Condominium will ultimately be assigned two (2) parking spaces reserved

for that particular Unit. Units with garages will have one space in the garage and the other space will be exterior as a Limited -Common Element. All other assigned parking spaces will be 'a Limited Common Element. During the time that Units are being constructed and sold by the Declarant, parking spaces assigned to a Unit that has not been sold by the Declarant to a Unit Owner will be generally available for parking on an unrestricted basis and no more than three (3) parking spaces may be restricted for the Declarant's use for sales purposes.

Section 5.14. 'Apportionment of Taxes.

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

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

ARTICLE 6

Insurance

Section 6.1. Authority to Purchase; Notice.

(a) Except as otherwise provided in Section 6.5 of these Bylaws, all insurance policies relating to the Property shall be purchased by the Board of Directors. The Board of Directors including the individual members thereof, the Managing Agent, and the Declarant shall not be liable for failure to obtain any insurance coverage required under this Article or for any loss or damage resulting from such failure if such failure is -due to the unavailability of such insurance coverage from reputable insurance companies, or if such insurance coverage is available only at demonstrably unreasonable cost and expense. The Board of Directors shall promptly furnish to each Unit Owner and their Mortgagees written notice of the procurement of, subsequent changes in, or termination of insurance coverage obtained on behalf of the Unit Owners Association in compliance with Section 55-79.81(b) of the Condominium Act. All

Mortgagees shall, if they so request, have the right to reasonably approve the form, content, and amount of, and the insurance companies issuing, such insurance policies. In the event -the Board -of. Directors shall .fail or refuse -to provide any of the insurance coverage for which this Article pkovides, the Declarant or any Mortgagee, including the Declarant's construction lender, shall have the right to obtain and pay the premiums for such insurance coverage and shall be subrogated to the assessment and lien rights of the Association as herein provided against all the Units in order to recover the amount of such insuranc premiums. So long as all or any portion of the Declarant's construction loan remains outstanding, the insurance companies issuing the insurance policies for which this Article provides, the form and content of such insurance policies and the amounts and deductibles for such insurance coverage shall be satisfactory to the Declarant's construction lender.

(b) Each such insurance policy shall provide that:

(1) The insurance company waives any right to claim by way of subrogation against the Unit Owners Association, the Board of Directors, the Managing Agent or the Unit Owhers, and their respective -agents, employees, invitees and, in the case of the Unit Owners, their lessees and family members:

(2) Such insurance policy shall not be cancelled, invalidated or suspended due to the conduct of any Unit Owner, including his agents, employees, lessees, licensees, invitees and family members, any member of the Board of Directors, any officer or employee of the Association or the Managing Agent, without a prior demand in writing that the Board of Directors or the Managing Agent remedy such conduct and such conduct shall not have been remedied within sixty 160) days after such demand.

(3) Such policy may not be cancelled or substantially modified, including cancellation for nonpayment of premium, without at least sixty (60) days' prior written notice to the Board of Directors and the Managing Agent and', in the case of physical damage and flood insurance, to all Mortgagees.

(c) The Declarant, so long as the Declarant shall own any Unit, shall be protected as a Unit Owner by all such insurance policies. The insurance coverage provided to the Declarant, under the insurance policies obtained pursuant to this Article shall not be deemed to protect or to be for the benefit of any general contractor engaged by the Declarant nor shall

such insurance coverage be deemed to protect the Declarant against liability for, or waive any rights with respect to, warranty claims.

(d) All insurance policies obtained pursuant to this Article shall be written by reputable companies licensed to do business in the Commonwealth of Virginia. Physical damage policies shall be in form and substance and with carriers acceptable to the first Mortgagees holding a majority of the first mortgages, and acceptable to the Declarant's construction lender so long as all or any portion of the Declarant's construction loan remains outstanding.

(e) The cost of obtaining all insurance policies pursuant to this Article, excluding only such insurance policies as may be purchased by individual Unit Owners, is declared to be a Common Expense, together with any other fees or expenses incurred by the Association which may be necessary or incidental to carry out the provisions hereof. The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a Common Expense; provided, however, that the Association may, pursuant to subsection 10.1(a) of these By-laws, assess any deductible amount necessitated by the negligence, misuse or neglect of a Unit Owner against such Unit Owner.

(f) All such insurance policies shall be purchased for the benefit of the Association, the Unit Owners and their respective Mortgagees, as their interests may appear, and shall provide for the issuance of certificates of insurance and mortgage endorsements with appropriate loss payee clauses to any or all of the holders of first mortgages on the Units.

(g) Each Unit Owner shall have the right to request an increase in the coverage allocated to his Unit by reason of improvements made solely to his Unit, but any additional premium for such increase in coverage or any other special coverages requested by such Unit Owner shall be paid by such Unit Owner.

(h) Each Unit Owner and the Association hereby agree to waive any claim against each other and against the other Unit Owners for any loss or damage for which insurance coverage is obtained pursuant to this Article where the insurance carrier has waived its rights of subrogation.

(i) Each Unit Owner shall be deemed to have appointed irrevocably the Board of Directors as the agent for each of the Unit Owners and for each Mortgagee of a Unit to adjust all claims and to collect all proceeds under insurance

policies obtained by the Board of Directors, subject to the provisions of Section 6.6 below.

Section 6.2. Physical Damage Insurance.

(a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form of physical damage insurance policy which shall afford protection with extended coverage against loss or damage by fire or other hazard including, without limitation, vandalism, malicious mischief, windstorm, debris remov-

al, cost of demolition, plate glass, water damage and leakage, including the structures and all other insurable improvements and war damage and war risk, insuring the entire Property, upon the Land, all of the Units as originally constructed, furnished and equipped by the Declarant, the Common Elements, and all personal property owned by the Association but excluding furniture, wall coverings, and other personal property installed or furnished by Unit Owners. Such physical damage insurance policy shall be in an amount equal to one hundred percent of the maximum insurable replacement value of the Property in accordance with the original plans and specifications and as originally constructed, furnished and equipped by the Declarant, exclusive of the Land, excavations, foundations and other items normally excluded from such coverage, without deduction or allowance for depreciation, as determined annually by the Association in consultation with the Managing Agent and the insurance company affording the coverage. The payment of proceeds under such physical damage insurance policy shall be subject to the loss payment and adjustment provisions in favor of the insurance trustee contained in Section 6.6 of these Bylaws.

(b) Such physical damage insurance policy shall also provide:

(1) A waiver of any right of the insurance company to repair, -rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so.

(2) The following endorsements (or equivalent):
 (A) "no control" -- to the effect that insurance coverage shall not be prejudiced by any act or neglect of (i) any Unit Owner or his agents, employees, lessees, licensees, or invitees, or family members when such act or neglect is not within the control of the insured, or (ii) the Unit Owners collectively, nor by any failure of the Association, or the Unit Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the Association, or the Unit Owners collectively, have no control; (B) "demolition costs"; (C) "contingent liability from operation of building

laws or code"; (D) "increased cost of construction" or "condominium replacement cost"; and (E) "agreed amount" or elimination of co-insurance clause.

(3) That any "no other insurance" clause shall expressly exclude from its operation individual insurance policies purchased by the Unit Owners so that the physical damage insurance policy purchased by the Board of Directors shall be deemed primary coverage and any individual insurance policies purchased by the Unit Owners 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 coverage purchased by individual Unit Owners or their Mortgagees, unless otherwise required by law.

(4) A maximum deductible amount equal to the lesser of \$10,000, one (1) percent of the policy face amount, or such other amount as the Condominium Agencies may permit unless a higher maximum amount is required under applicable state law.

(5) That any insurance trust agreement will be recognized.

(c) At least thirty (30) days prior to the expiration of any physical damage insurance policy, a duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurance company to any Mortgagee requesting the same, and to the Declarant's construction lender so long as all or any portion of the Declarant's construction loan remains outstanding. All Mortgagees shall be notified promptly of any event giving rise to a claim under such physical damage insurance policy arising from damage to the Common Elements in excess of one percent of the current replacement cost of the Property. The Mortgagee of a Unit shall be notified promptly of any event giving rise to a claim under such physical damage insurance policy arising from damage to such Unit.

Section 6.3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general public liability, including libel, slander, false arrest, and invasion of privacy insurance coverage and errors and omissions insurance coverage for directors, if available, and bodily injury and property damage insurance in such limits as the Board of Directors may determine from time to time, insuring the Unit Owners

Association, the Board of Directors, the Managing Agent, each Officer and Director of the Association, each Unit Owner and other persons entitled to occupy Units, the Declarant, and the Mortgagees against any liability to the public or to the Unit Owners, and their agents, employees, lessees, licensees, invitees, and family members arising out of, or incident to the ownership and/or use of the Common Elements. Such liability insurance coverage shall be issued on a comprehensive liability basis and shall contain: (i) a cross-liability endorsement under which the rights of a named insured under the insurance policy shall not be prejudiced with respect to his action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Unit Owners Association or by a Unit Owner with the prior written consent of the Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Unit Owners Association; (v) a "severability of interest" endorsement which shall preclude the insurance company from denying liability to a Unit Owner because of negligent acts of the Unit Owners Association or of another Unit Owner; and (vi) coverage for legal liability that results from lawsuits related to employment contracts to which the Association is a party. The Board of Directors shall review such limits once each year, but in no event shall such insurance coverage be less than One Million Dollars (\$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 shall also be obtained in an amount not less than One Million Dollars (\$1,000,000.00).

Section 6.4. Other Insurance. The Board of Directors shall obtain and maintain:

(a) Adequate fidelity bond coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Unit Owners Association, the Managing Agent, and all others who handle, or who are responsible for handling, funds of the Association, regardless whether such Persons serve with or without compensation. Such fidelity bonds shall: (i) name the Unit Owners Association as an obligee; (ii) be written in an amount equal to the greater of (i) the maximum funds that are in the custody of the Association or the Managing Agent or (ii) the sum of three months' assessments for all Units, plus the amount of the Association's reserve funds, or such amount required by the Mortgagees or any of the Condominium Agencies, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

(b) If all or any portion of the Condominium is in a special flood hazard area, flood insurance in an amount equal to 'the lesser of 100 percent of the maximum insurable replacement value of the Property exclusive of the Land, excavations, foundations, and other items normally excluded from such coverage, without deduction or allowance for depreciation, or the maximum coverage available under the appropriate National Flood Insurance Administration Program subject to the maximum deductible amounts established by any of the Condominium Agencies unless a higher maximum amount is required under applicable state law'; a separate flood insurance policy for each building containing one or more Units in the Condominium shall be obtained;

(c) If otherwise required by any of the Condominium Agencies apart from the requirements set forth in subsection 6.4(b), flood insurance in accordance with the applicable regulations of such agency;

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

(e). Broad form machinery and pressure vessel explosion insurance (if applicable) in an amount equal to the lesser of One Million Dollars (\$1,000,000.00) or the insurable value of the buildings housing such equipment per accident per location; and

(f) Directors and officers liability insurance, if available,, in an amount not less than One Million Dollars (\$1,000,000.00); and

(g) Such other insurance as the Board of Directors may determine or as may be requested by the Unit Owners Association from time to time by Majority Vote.

Section 6.5. Separate Insurance. Each Unit Owner shall have the right, at his expense, to obtain real and personal property, hazard and liability insurance for his Unit and for his personal property and personal liability under insurance coverage normally called "improvements and betterments coverage"; 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, 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 waivers of

subrogation. No Unit Owner shall obtain separate insurance policies on the Condominium except as provided in this section.

Section 6.6. Insurance Trustee.

(a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners Association, the Unit Owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that all proceeds of such policies, in excess of Twenty-Five Thousand Dollars (\$25,000.00), payable to the Association as a result of any insured loss, except as specifically excluded by these Bylaws, shall be paid in trust to a bank, trust company, or savings and loan association with trust powers, doing business in the City of Hampton, Virginia, as "Insurance Trustee" to be applied pursuant to the terms of Article 7 of these Bylaws. All proceeds of such policies not in excess of Twenty-five Thousand Dollars (\$25,000.00) shall be paid to the Board of Directors in trust to be applied pursuant to the terms of Article 7.

(b) The Insurance Trustee shall be selected by the Board of Directors, subject to the reasonable approval by the Mortgagee holding the greatest dollar amount of first mortgages on the Units. The Board of Directors may enter into an insurance trust agreement with the insurance trustee upon such terms and conditions as the Board of Directors shall deem appropriate; provided, however, that such insurance trust agreement shall not contain any term, provision or condition inconsistent with the Condominium Instruments or the Condominium Act. Such insurance trust agreement shall provide that the insurance trustee shall not be liable for the payment of premiums, the renewal of insurance policies, the sufficiency of insurance coverage, the form or content of insurance policies, the correctness of any amounts received on account of the proceeds of any such insurance policies or for failure to collect the insurance proceeds. The sole duties of the insurance trustee shall be to receive any proceeds of the physical damage or flood insurance policies purchased by the Unit Owners Association, as paid, and to hold and disburse such proceeds, in trust and in accordance with the provisions of the Condominium Instruments and the Condominium Act, for the benefit of the Declarant, the Unit Owners Association, the Unit Owners and their respective Mortgagees.

ARTICLE 7

Repair and Reconstruction After Fire or Other Casualty

Section 7.1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 7.4 of these Bylaws, in the event of damage to or destruction of all or any part of the structures and other improvements as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair, renovation, restoration, and/or replacement thereof including, without limitation, any damaged Units, as originally constructed, furnished and equipped by the Declarant. Notwithstanding the foregoing, the Board of Directors shall not be obligated to repair, renovate, restore, and/or replace any furniture, furnishings, fixtures, or equipment installed by a Unit Owner, and each Unit Owner shall have the right to supervise the redecoration of his Unit, subject,

however, to the written concurrence of any Mortgagee(s) of such Unit. Section 7.2. Procedure for Repair and Reconstruction.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of the structures or other improvements comprising the Condominium, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing, renovating, restoring, and/or replacing such damaged portion including, without limitation, any damaged Units as originally constructed, furnished and equipped by the Declarant, to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Assessments. If the insurance proceeds are not sufficient to cover such estimated costs of repair and reconstruction, or if at any time during such repair and reconstruction, the insurance proceeds are insufficient to cover the estimated costs of such repair and reconstruction, or if upon completion of repair and reconstruction, the insurance proceeds are insufficient to pay the actual costs of such repair and reconstruction, the amount necessary to complete such repair and reconstruction shall be immediately obtained from the appropriate reserve for replacement funds and/or shall be deemed a Common Expense and the Board of Directors shall immediately levy a special assessment therefor. The proceeds from such reserves and special assessments shall be deposited with the insurance trustee, if the costs of such repair and reconstruction and repair exceed \$25,000.00, for disbursement by such insurance trustee.

(c) Plans and Specifications. Any such repair and reconstruction shall be substantially in accordance with the original construction of the Property, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible.

Section 7.3. Disbursements of Construction Funds.

(a) Construction Fund and Disbursement. The insurance proceeds collected as a result of casualty, and the sums received by the insurance trustee from the appropriate reserve fund and/or collections of assessments against Unit Owners as a result of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(1) If the total estimated cost of reconstruction and repair is less than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors; provided, however, that upon the request of the Declarant's construction lender and for as long as all or any portion of the Declarant's construction loan remains outstanding or upon the request of twenty (20) percent of the Mortgagees, based upon one vote for each mortgage, such fund shall be disbursed pursuant to paragraph (2) below.

(2) If the estimated cost of reconstruction and repair is Fifty Thousand Dollars (\$50,000.00) or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the Board of Directors to supervise such work, with payment to be made from time to time as the work progresses upon submission of the written approval of such architect and the other documents required hereby to the insurance trustee. Such architect shall be required to furnish statements or invoices from the various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work, together with a certificate giving a brief description of the services and materials furnished by such contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that:

(i) 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; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as

estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. The first monies disbursed in payment of the cost of repair and reconstruction shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of repair and reconstruction for which the fund is established, such balance, in the discretion of the Board of Directors, shall be (i) deposited in the appropriate reserve fund as a reserve for future repair and replacement costs, (ii) credited in one or more installments against future monthly installments of assessments to be paid by the Unit Owners, or (iii) divided among all Unit Owners and their Mortgagees, as their interests may appear, in proportion to the Common Element Interests of the Unit Owners and shall be distributed in accordance with the priority of interests of the Mortgagees in each Unit.

(c) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements which enclose and service the Units, then to the cost of repairing the other Common Elements, and thereafter to the cost of repairing the Units.

(d) Certificate. The insurance trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary of the Unit Owners Association, certifying: (i) whether the damaged Property is required to be repaired and reconstructed; (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund where surplus funds to be distributed are less than the assessments paid by the Unit Owners; and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the insurance trustee promptly after request by the insurance trustee.

Section 7.4. Determination to Reconstruct the Condominium after Casualty. If any casualty shall damage any portion of the Condominium or the Property including, without limitation, any Unit or any part of the Common Elements, the following principles shall govern whether or not the damaged improvements shall be reconstructed:

(a) If the damaged portion of the Condominium is a Common Element, the damaged Common Element shall be repaired,

renovated, restored, and/or replaced; provided, however, that if the Board of Directors shall determine that such damage is insubstantial and shall elect not to repair such damage, the Board of Directors shall remove all remains of the damaged Common Element and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds shall be deposited into the appropriate reserve fund.

(b) If any casualty shall render fifty (50) percent or less of the Units uninhabitable in the opinion of the Board of Directors, or if an independent appraisal report, to be obtained and paid for by the Board of Directors immediately after the casualty loss, shall establish that the cost to repair, renovate, restore and/or replace the damaged portion of the Condominium is equal to or less than fifty (50) percent of the full replacement value of the Condominium, exclusive of the Land, excavations and foundations, then the damaged portion of the Condominium shall be repaired, renovated, restored, and/or replaced unless, in a meeting of the Unit Owners Association which shall be called within thirty (30) days of the date on which the Unit Owners Association received the casualty appraisal report: (i) the Condominium shall be terminated as provided in the Condominium Instruments or (ii), eighty percent (80%) of the Unit Owners in a building including each Unit Owner and Mortgagee of a Unit or assigned Limited Common Element that is damaged vote not to rebuild. If the Condominium, or a building constituting a portion thereof, is not so terminated, such repair, renovation, restoration and/or replacement shall be commenced within a reasonable time after the occurrence of the casualty and in no event later than ninety (90) days after the occurrence of the casualty, and shall be completed within a reasonable time, as determined by the Board of Directors, with provision to be made in the construction contract for liquidated damages to the Unit Owners Association in the event of any failure to complete the work within the time specified therein.

(c) If any casualty shall render more than fifty (50) percent of the Units in each building constituting a portion of the Condominium uninhabitable in the opinion of the Board of Directors, or if an independent appraisal report, to be obtained and paid for by the Board of Directors immediately after the casualty loss, shall establish that the cost to repair, renovate, restore, and/or replace the damaged improvements is greater than fifty (50) percent of the full replacement value of the Condominium, exclusive of the Land, excavations and foundations, then the Condominium shall be terminated unless in a meeting of the Unit Owners Association

which shall be called within thirty (30) days after the date on which the Unit Owners Association received the casualty appraisal report, the Unit Owners of the Units to which at least four-fifths (4/5ths) of the votes of the Unit Owners Association appertain shall agree to reconstruct the Condominium. Notwithstanding the foregoing, until the payment in full of the Declarant's construction loan, the Declarant's construction lender shall have the right to require the repair, renovation, restoration, and/or replacement of the damaged portion of the Condominium if the Declarant's construction lender shall notify the Unit Owners Association of its refusal to consent to the termination of the Condominium within thirty (30) days after the Declarant's construction lender has received the casualty appraisal report of the damage to the Condominium. The Board of Directors shall forward a copy of any casualty appraisal report to the Declarant's construction lender by certified mail, return receipt requested, immediately upon its receipt by the Board of Directors so long as all or any portion of the Declarant's construction loan remains outstanding. If the Declarant's construction lender shall fail to notify the Board of Directors of its refusal to consent to the termination of the Condominium within thirty (30) days after the Declarant's construction lender shall have actually received the casualty appraisal report, such failure on the part of the Declarant's construction lender shall be deemed to constitute the irrevocable consent of the Declarant's construction lender to the termination of the Condominium.

(d) Certificate. The insurance trustee may rely upon a certificate of the Association executed by its President and Secretary as to whether any damaged portion of the Condominium is to be reconstructed, repaired or replaced.

(e) Replacement of Less Than Entire Property. The insurance proceeds attributable to a Unit and Limited Common Elements that are not rebuilt must be distributed to the owner of the Unit and the owner of the Unit to which the Limited Common Elements were allocated, or to the appropriate Mortgagees, as their interests may appear. If the Unit Owners vote not to rebuild a building containing Units, the Allocated Interests of the Units in the building shall be reallocated upon the vote as if the Unit had been condemned under S 55-79.44 of the Condominium Act and Section 9 of these By-laws, and the Association promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.

Section 7.5.N) Termination of the Condominium. If the Condominium shall be terminated pursuant to Section 55-79.72 of the Condominium Act, the net assets of the Condominium together

with the net proceeds of insurance policies, if any, shall be divided by the insurance trustee among all Unit Owners in proportion to their respective Common Element Interests, after first paying from the share of each Unit Owner, to the extent sufficient therefor, the amount of any unpaid liens and mortgages on the Unit owned by such Unit Owner in the order of priority of such liens and mortgages.

ARTICLE 8

Mortgages

Section 8.1. Notice to Board of Directors. A Unit Owner who places a mortgage upon the Unit owned by such Unit Owner shall notify the Board of Directors of the name and address of the Mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors. To be entitled to receive any notice provided hereunder, the Mortgagee (including any insurer, or guarantor) must send a written request to the Unit Owners' Association stating both its name and the address and the Unit number or address of the Unit on which it has (or insures or guarantees) the mortgage.

Section 8.2. Notice of Default, Casualty or Condemnation. The Board of Directors, when giving notice to any Unit Owner of a default in payment of any assessment for Common Expenses or any other default, shall simultaneously send a copy of such notice to each Mortgagee, if any, of such Unit. Each Mortgagee shall also be promptly notified (i) of any casualty when required by subsection 6.2(c) hereof, (ii) of all actions taken under Article 7, (iii) of any taking in condemnation or by eminent domain and the actions of the Unit Owners Association or Board of Directors with respect thereto, and (iv) of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Unit Owners Association. For purposes of this section only, when notice is to be given to a Mortgagee, the Board of Directors shall also give such notice to the Condominium Agencies and any other public or private secondary mortgage market entity participating in purchasing or guarantying mortgages if the Board of Directors has notice of such participation.

Section 8.3. Notice of Amendment of Condominium Instruments. The Board of Directors shall give notice to all Mortgagees seven (7) days prior to the date on which the Unit Owners, in accordance with the provisions of these Bylaws, materially amend the Condominium Instruments, and shall obtain prior approval of the Mortgagees.

Section 8.4. Notice of Change in Managing Agent. The Board of Directors shall give notice to all Mortgagees thirty (30) days prior to changing the Managing Agent.

Section 8.5. Approvals of Mortgagees.

(a) Unless first Mortgagees, including the Declarant's construction lender for so long as all or any portion of the Declarant's construction loan remains outstanding, holding first mortgages on Units to which at least two-thirds (2/3rds) of the votes in the Unit Owners Association appertain and Unit Owners owning Units to which at least two-thirds (2/3rds) of the votes in the Unit Owners Association appertain other than the Declarant, have given their prior written approval, the Unit Owners Association shall not: (a) change any Unit's Common Element Interest except as provided in Section 55-79.44 of the Condominium Act or following destruction of a portion of the Condominium that is not repaired pursuant to Section 7.4 of these Bylaws; (b) except as provided in Section 55-79.44 of the Condominium Act, partition, subdivide, abandon, encumber, sell or transfer the Common Elements of the Condominium, except for the granting of utility easements, etc., pursuant to Section 55-79.80(b) of the Condominium Act or following destruction of a portion of the Condominium that is not repaired pursuant to Section 7.4 of these Bylaws; (c) except as provided in Section 55-79.44 of the Condominium Act, by act or omission abandon or terminate the Condominium, or withdraw the submission of the Property to the Condominium Act, except as provided by Section 55-79.72 of the Condominium Act or following destruction of a portion of the Condominium that is not repaired pursuant to Section 7.4 of these Bylaws; (d) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; or (e) use physical damage insurance proceeds for losses to the Condominium for any purpose other than repair, renovation, restoration and/or replacement, except as provided in subsection 7.4(a) of these Bylaws.

(b) Unless first Mortgagees, including the Declarant's construction lender for so long as all or any portion of the Declarant's construction loan remains outstanding, holding first mortgages on Units to which at least fifty-one (51) percent of the votes in the Unit Owners Association appertain and Unit Owners owning Units to which at least two-thirds (2/3rds) of the votes in the Unit Owners Association appertain, other than the Declarant, have given their prior written approval, the Unit Owners Association shall not amend or supplement any material provisions of the Condominium Instruments that establish, provide for, govern, or regulate any of the following:

(i) voting rights; (ii) assessments, liens for assessments, or priority of such liens; (iii) reserves for maintenance, repair and replacement of the Common Elements or the Units, if applicable; (iv) insurance or fidelity bonds; (v) rights to use the Common Elements; (vi) maintenance and repair responsibility; (vii) expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; (viii) boundaries of any Unit; (ix) reallocation of the interests of each Unit in the Common Elements or Limited Common Elements; (x) leasing of Units; (xi) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey the Unit; (xii) a decision by the owners' association to establish self-management when professional management had been required previously by the project's documents or by an eligible mortgage holder; (xiii) restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; (xiv) any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or (xv) any provisions of the Condominium Instruments which are for the express benefit of Mortgagee, insurers or guarantors.

(c) Any amendment to the Condominium Instruments shall not be considered material if it is for the purpose of correcting a technical error or clarifying a provision of the Condominium Instruments. A Mortgagee who is notified of a non-material amendment and who has not delivered or mailed to the Person giving notice of such non-material amendment a negative response within thirty (30) days of such notice shall be deemed to have approved such non-material amendment. Any other amendment shall be impliedly approved by an eligible mortgagee when it fails to submit a response to any written proposal for an amendment within 30 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

Section 8.6. Other Rights of Mortgagees. All Mortgagees or their representatives shall have the right to attend and to speak at meetings of the Unit Owners Association. All Mortgagees shall have the right to examine the books and records of the Condominium, to receive the annual report filed by Declarant pursuant to Section 55-79.93 of the Condominium Act, to receive annual financial reports and other budgetary information, to receive notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond, and to receive notice of any condemnation or eminent domain proceeding filed or threatened with respect to the Condominium or the Property. To be entitled to receive this information, the

Mortgagee must send a written request to the Unit Owners Association, stating both its name and address and the unit number or address of the Unit on which it has the mortgage.

ARTICLE 9

Condemnation

In the event all or any portion of the Condominium shall be taken by condemnation or other exercise of the power of eminent domain, the rights and responsibilities of the Unit Owners and the Unit Owners Association shall be governed by and determined in accordance with Section 55-79.44 of the Condominium Act as now in effect and as amended from time to time; provided, however, that any award of damages payable to any Unit Owner for any taking shall be payable to such Unit Owner and his Mortgagee(s), if any, as their interests may appear.

ARTICLE 10,

Compliance and Default.

Section 10.1. Relief. Each Unit Owner, the Declarant, and all those persons entitled to occupy a Unit shall be governed by, and shall comply with, all of the terms of the Condominium Instruments and the Condominium Act as now in effect and as amended from time to time. In addition to the remedies provided in Section 55-79.53 of the Condominium Act, a default by a Unit Owner shall entitle the Unit Owners Association, acting through its Board of Directors or through the Managing Agent, to the following relief:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair, renovation, restoration, and/or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of his agents, employees, lessees, licensees, invitees, and family members but only to the extent that such expense is not covered by the proceeds of insurance policies obtained by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default, act, failure to act,

neglect, carelessness, or violation of the Condominium Act, the Condominium Instruments, or the Condominium Rules and Regulations by a Unit Owner, or the agents, employees, lessees, licensees, invitees, or family members of a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceedings including reasonable attorney's fees. In any action by or against the Declarant, where the Declarant is the prevailing party, the Declarant shall be entitled to recover all costs of the proceedings, including reasonable attorney's fees at all levels including the trial and appellate levels.

(c) No Waiver of Rights. The failure of the Unit Owners Association, the Board of Directors, the Managing Agent, the Declarant, or a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Instruments or the Condominium Act shall not constitute a waiver by such Person of the right to enforce such right, provision, covenant or condition in the future.

(d) Rights Cumulative. All rights, remedies and privileges granted to the Unit Owners Association, the Board of Directors, the Declarant, the Managing Agent, or any Unit Owner pursuant to any term, provisions, covenant or condition of the Condominium Instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more of such rights, remedies, and privileges shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Condominium Instruments, the Condominium Act, or at law or in equity. Each Unit Owner agrees in any proceeding brought pursuant to the provisions hereof not to plead or defend the same on the theory of "election of remedies."

(e) Abating and Enjoining Violation by Unit Owners. The violation of any of the Condominium Rules and Regulations adopted by the Board of Directors or the breach of any provision of the Condominium Instruments or the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; and (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

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

(g) Charges for Violations. The Board of Directors may levy reasonable charges against Unit Owners for violations of the Condominium Rules and Determinations, the Condominium Instruments, or the Condominium Act for which such Unit Owner or his agents, employees, lessees, occupants, invitees, and family members are responsible. No charges may be levied for more than the lesser of \$50.00 or one (1) percent of such Unit Owner's annual assessment for any one violation or for more than \$10.00 per day for any continuing violation. Before any charges are assessed, the Unit Owner shall be given an opportunity to be heard and to be represented by counsel before the Board of Directors. At least fourteen (14) days in advance of such hearing, notice thereof shall be hand delivered or mailed by registered or certified United States mail, return receipt requested, to such Unit Owner at the address or addresses required for notices of meetings under Section 2.5 of these

Bylaws. Such charges shall be special assessments and shall be collectible as such.

Section 10.2. Lien for Assessments.

(a) Lien. The total annual assessment of each Unit Owner for Common Expenses, any special assessment, and any other sum duly levied including, without limitation, charges for violations, interest, late charges, etc., made pursuant to these Bylaws, is hereby declared to be a lien in favor of the Association, against the Unit of such Unit Owner as provided in Section 55-79.84 of the Condominium 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 and other sums duly levied, on the first day of the next month which begins more than ten (10) days after delivery to the Unit Owner of notice of such special assessment or levy. 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 documents, as may be, required to confirm the establishment and priority of such lien. In the event that a Mortgagee shall come into possession of a Unit through an Involuntary Sale, such Mortgagee shall take the Unit free of the Association's lien and any other claim for assessments or charges accruing against the Unit prior to the time such Mortgagee takes possession, and such lien for unpaid assessments, even though perfected, shall be extinguished by such Involuntary Sale.

(b) Acceleration. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessment 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) Enforcement. The lien for assessments may be enforced and foreclosed in the manner provided for and permitted by the laws of the Commonwealth of Virginia by power of sale or action in the name of the Board of Directors or the Managing Agent acting on behalf of the Unit Owners Association. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available, under the laws of the Commonwealth of Virginia.

(d) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure proceeding may be maintained notwithstanding the pendency of any action to recover a money judgment.

Section 10.3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the Condominium Instruments or the Condominium Act, all of the Unit Owners may be required by the Declarant or the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by recording a declaration of trust in the land records where the Condominium Instruments are recorded, granting unto one or more trustees appropriate powers to the end that; upon default in the performance of such bond, such declaration of trust may be foreclosed by such trustees acting at the direction of the Board of Directors. In the event any such bonds have been executed and such declaration of trust is recorded, then any subsequent purchaser of a Unit shall take title subject thereto and shall assume the obligations provided for therein.

Section 10.4: Subordination and Mortgage Protection. Notwithstanding any provision of these Bylaws to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any Unit, together with any penalties, interest on assessments, late charges, fines, or the like, shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to an Involuntary Sale. An Involuntary Sale shall not relieve the purchaser of the Unit at such Involuntary Sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE 11

Amendments to Bylaws

Section 11.1. Amendments. These Bylaws may not be modified or amended except as provided in Section 55-79.72 of the Condominium Act; provided, however, that until the expiration of the Declarant Control Period, Sections 2.2, 2.10, 3.3, and 10.1 may not be amended without the prior written consent

of the Declarant. All amendments to the Bylaws shall be prepared and recorded by the Secretary.

Section 11.2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagee.

ARTICLE 12

Responsibility of Unit Owners for Liens and Taxes

Section 12.1. Liens and Taxes. All liens against a Unit, other than for permitted mortgages and taxes, shall be satisfied or otherwise removed within ten (10) days of the date the lien attaches. All taxes and special assessments upon a Condominium Unit shall be paid at least thirty (30) days before becoming delinquent or as provided in the Condominium Instruments, whichever is sooner.

Section 12.2. Notice to Association. A Unit Owner shall give notice to the Association of every lien upon his Unit, other than for permitted mortgages and taxes, within five (5) days after the attachment of the lien.

ARTICLE 13

Reports

Section 13.1. General. The Unit Owners Association shall make available, during regular business hours at the offices of the Association, to the Unit Owners and the Mortgagee of any Unit for so long as such Mortgagee is the owner or holder of a mortgage or deed of trust encumbering such Unit, current copies of the Condominium Instruments, the Condominium Rules and Regulations, and other books, records, and financial statements of the Unit Owners Association. The Unit Owners Association shall also make available, during regular business hours at the offices of the Association, to prospective purchasers of Units in the Condominium, current copies of the Condominium Instruments, the Condominium Rules and Regulations, and the most recent annual financial statement of the Association if such annual financial statement has been prepared.

Section 13.2. Insurance Reporting. In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the Unit Owners, the Association shall give notice of such exposure within a reasonable time to all Unit Owners who may be exposed to the liability and such Unit Owners shall have the right to intervene and defend. A copy of each insurance policy obtained by the Association shall be made available for inspection by Unit Owners at reasonable times.

ARTICLE 14

Miscellaneous

Section 14.1. Notices. All notices, demands, bills, statements or other communications to a Unit Owner under these Bylaws shall be in writing and shall be deemed to have been duly given if hand delivered, provided that the written certificate required by Section 55-79.75 of the Condominium Act is duly prepared, or sent by United States mail, postage prepaid, to the Unit Owner at the address of the Unit owned by such Unit Owner or to such other address as the Unit Owner shall designate in writing and file with the Secretary of the Association. If the notice relates to a default or the enforcement of a lien, notice shall be sent by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Unit Owners Association, the Board of Directors, or the Managing Agent, at the principal office of the Board of Directors and Managing Agent 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 who so designates an address in writing and files such address with the Secretary shall be entitled to receive all notices hereunder.

Section 14.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 14.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 14.4. Construction. are intended to comply with all of the applicable provisions of the Condominium Act and shall be so interpreted and applied. In particular, the Condominium Instruments shall be construed in accordance with the provisions of Section 55-79.51 of the Condominium Act.

Section 14.5. Severability. If any term or provision of these Bylaws, or the application thereof to any Person or circumstance, shall be determined to be invalid or unenforceable to any extent, the remainder of these Bylaws, or the application of such term or provision to Persons or circumstances other than those to which such term may be held invalid or unenforceable, shall not be affected thereby and each term and provision of these Bylaws shall be valid and enforceable to the fullest extent permitted by law.

Section 14.6. Assignment. The Declarant, upon conveyance of all or a portion of the Units it owns, may designate prior or subsequent to any such conveyance, the grantee thereof as a successor Declarant who shall then be deemed to have all rights granted and reserved to Declarant herein.

IN WITNESS WHEREOF, the Declarant, Hampton Roads Homes, Inc., a Virginia corporation, has executed these Bylaws of Madison Chase Condominium Association on the /711"" day of February, 1989.

HAMPTON ROADS HOMES, INC.,
a Virginia corporation

By [Signature]
Title: President

STATE OF Virginia
CITY/COUNTY OF Norfolk, to-wit:

The foregoing instrument was acknowledged before me this 17th day of February, 1989, by G. Wayne Brown, President of Hampton Roads Homes, Inc., on behalf of the corporation.

[Signature]
Notary Public

My Commission Expires: March 13, 1992

In the Clerk's Office of the Circuit Court of the City of Hampton, Virginia March 10
A.D. 1989 at 11:56 AM The foregoing instrument was this day presented in office
and upon certificate thereto annexed, admitted to record as the law directs.

Teste: Donald B. Gibson, Clerk

BY [Signature] in. Seal
Dep. Clerk