

State of West Virginia



Certificate

*I, Betty Ireland, Secretary of State of the
State of West Virginia, hereby certify that*

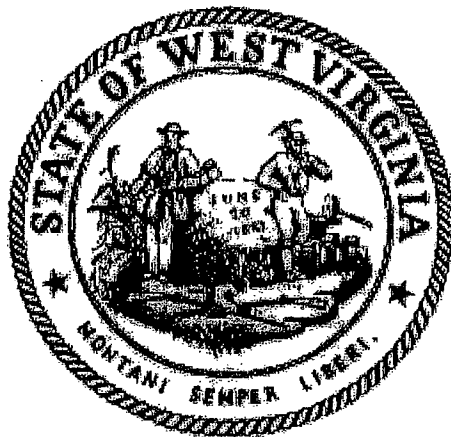
DEMORY FARM HOMEOWNERS ASSOCIATION, INC.

Control Number: 75044

has filed its application for "Certificate of Incorporation" in my office according to the provisions of the West Virginia Code. I hereby declare the organization to be registered as corporation from its effective date of April 8, 2005 until a certificate of dissolution has been filed with Secretary of State.

Therefore, I hereby issue this

CERTIFICATE OF INCORPORATION



*Given under my hand and the
Great Seal of the State of
West Virginia on this day of
April 8, 2005*

Betty Ireland

Secretary of State

ARTICLES OF INCORPORATION

OF

DEMORY FARM HOMEOWNERS ASSOCIATION, INC.

FILED

APR 08 2005

**IN THE OFFICE OF
SECRETARY OF STATE**

**ARTICLE I
NAME**

The name of the corporation is Demory Farm Homeowners Association, Inc.

**ARTICLE II
DURATION**

The corporation shall have perpetual duration.

**ARTICLE III
APPLICABLE STATUTE**

The corporation is organized pursuant to the provisions of the West Virginia Non-Profit Corporation Code.

**ARTICLE IV
PURPOSES AND POWERS**

The corporation does not contemplate pecuniary gain or profit, direct or indirect, to its members.

(a) In way of explanation and not of limitation, the purposes for which it is formed are:

(i) To be and constitute the Association to which reference is made in the Declaration of Covenants, Conditions and Restrictions for Demory Farm Subdivision (hereinafter the "Declaration") establishing a plan of development recorded or to be recorded in the Office of the Clerk of the County Commission of Berkeley County, West Virginia, to perform all obligations and duties of the Association and to exercise all rights and powers of the Association, as specified therein, in the By-Laws and as provided by law; and

(ii) To provide an entity for the furtherance of the interest of the Owners of property subject to the Declaration (such property as hereinafter referred to as the "Development").

(b) In furtherance of its purposes, the corporation shall have the following powers, which, unless indicated otherwise by the Declaration or By-Laws, may be exercised by the Board of Directors:

(i) All the powers conferred upon non-profit corporations by common law and the statutes of the State of West Virginia in effect from time to time;

(ii) All of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the By-Laws or the Declaration, including, without limitation, the following:

(1) To fix and collect assessments or other charges to be levied against the Properties;

(2) To manage, control, operate, maintain, repair, improve property subject to the Declaration or any other property for which the corporation by rule, regulation, declaration or contract has a right or duty to provide such services;

(3) To enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under any Declaration or By-Laws;

(4) To engage in activities which will actively foster, promote and advance the common interest of all Owners;

(5) To buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal in and with real, personal and mixed property of all kinds and any rights or interest therein or any purpose of the Corporation;

(6) To borrow money for any purpose as may be limited in the By-Laws;

(7) To enter into, make, perform or enforce contracts of every kind or description, and to do all other acts necessary, appropriate or advisable in carrying out any purposes of the Association with or in association with any association, corporation, or other entity or agency, public or private;

(8) To act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interest in such corporations, firms, or individuals;

(9) To adopt, alter and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such By-Laws may not be inconsistent with or contrary to any provisions of the Declaration; and

(10) To provide any and all supplemental municipal services as may be necessary or proper.

(11) The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article IV are independent powers not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article IV.

**ARTICLE V
MEMBERSHIP**

The corporation shall be a membership corporation without certificates or shares of stock. Each person, firm or entity designated in the Declaration is a member and shall be entitled to vote as set forth in the Declaration.

**ARTICLE VI
BOARD OF DIRECTORS**

The business and affairs of the Corporation shall be conducted, managed, and controlled by a Board of Directors. The initial Board shall consist of three (3) members. The names and addresses of the initial Board of Directors are as follows:

| <u>NAME</u> | <u>ADDRESS</u> |
|---------------------|------------------------------------------------------------------------|
| Stephen A. Mitchell | 31 Willow Spring Drive, Suite 300 Charles Town, West Virginia 25414 |
| Mark D. Trostle | 3701 Pender Drive Fairfax, Virginia 22030 |
| Darla Alexander | 3701 Pender Drive Fairfax, Virginia 22030 |

The method of election and term of office, removal and filling of vacancies shall be as set forth in the By-Laws. The Board may delegate such operating authority to such companies, individuals or committees as it, in its discretion, may determine.

**ARTICLE VII
DISSOLUTION**

The Corporation may be dissolved only as provided in the Declaration, By-Laws and by the laws of the State of West Virginia.

**ARTICLE VIII
AMENDMENTS**

These articles may be amended as provided by the West Virginia Non-profit Corporation Code, provided that no amendment shall be in conflict with the Declaration, and further provided that no amendment shall be effective to impair or dilute any rights of members that are governed by such Declaration.

**ARTICLE IX
INCORPORATOR**

The name and address of the incorporator is as follows: Stephen A. Mitchell, 31 Willow Springs Drive, Suite 300, Charles Town, West Virginia 25414.

**ARTICLE X
REGISTERED AGENT AND OFFICE**

The initial registered principal office of the Corporation is 31 Willow Spring Drive, Suite 300, Charles Town, West Virginia 25414, and the initial registered agent at such address is Stephen A. Mitchell.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation.

DEMORY FARM HOMEOWNERS
ASSOCIATION, INC. a West Virginia
corporation

By: *Stephen A. Mitchell*
Stephen A. Mitchell, President

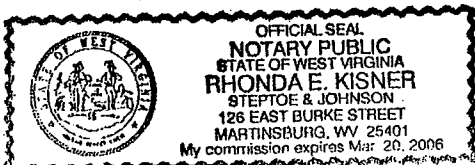
STATE OF WEST VIRGINIA,

COUNTY OF Berkeley, TO-WIT:

I, Rhonda E. Kisner, a notary public of said county, do certify that
STEPHEN A. MITCHELL, the President of DEMORY FARM HOMEOWNERS ASSOCIATION,
INC., a West Virginia corporation, who signed the writing hereto annexed, bearing date as of the
5th day of April, 2005, has this day in my said county, before me, acknowledged the same to be
the act and deed of said corporation.

Given under my hand this 5th day of April, 2005.

My commission expires: March 20, 2006.



Rhonda E. Kisner
Notary Public

(NOTARIAL SEAL)

ARTICLES OF INCORPORATION PREPARED BY: Kenneth J. Barton, Jr., Esquire, Steptoe & Johnson PLLC, 126 East Burke Street, Martinsburg, WV 25401.

BYLAWS
OF
DEMORY FARM HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1
Name and Location

The name of the corporation is DEMORY FARM HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The initial principal office of the corporation shall be located at 31 Willow Spring Drive, Suite 300, Charles Town, West Virginia but meetings of Members and Directors may be held at such places within or outside the State of West Virginia as may be designated by the Board of Directors.

ARTICLE 2
Definitions

Section 2.1. "Administrative Resolutions" are rules, policies and/or procedures, adopted by the Board of Directors, for implementing provisions of the Declaration, these Bylaws and the Articles of Incorporation of the Association, as more fully described in Article 8 of these Bylaws.

Section 2.2. "Annual Assessments" shall mean and refer to the assessments levied against all Lots within the Property to fund the Common Expenses, not including Special Assessments.

Section 2.3. "Assessments" shall mean and refer collectively to any Annual Assessment, Special Assessment and all other fees and charges, including all installments thereof, as may be levied by the Association in accordance with the Declaration.

Section 2.4. "Association" shall mean and refer to DEMORY FARM HOMEOWNERS ASSOCIATION, INC., a West Virginia non-stock corporation, its successors and assigns.

Section 2.5. "Common Area" shall mean and refer to all real property owned, leased or maintained by the Association (including the Community Facilities and all other Common Area improvements) for the common use and enjoyment of the Owners. Notwithstanding the foregoing, in the event the Association maintains all or any portion of any Lot(s), such property shall not be considered Common Area.

Section 2.6. "Community Facilities" shall mean and refer to any and all improvements and facilities located upon the Common Area including, without limitation, recreational facilities (if any), which are operated and maintained by the Association for the common use and enjoyment of the Owners.

Section 2.7. "Common Expenses" shall mean and refer to the actual and estimated expenses of operating the Association, including, without limitation, a reasonable reserve fund and expenses for the maintenance of the Common Area in accordance with Article 13 of the Declaration, all as may be found to be necessary or appropriate by the Board of Directors pursuant to the Declaration, these Bylaws and the Articles of Incorporation of the Association.

Section 2.8. "Declarant" shall mean and refer to SKYLINE FARMS, LLC, a West Virginia limited liability company, and its successors and assigns.

Section 2.9. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded among the Land Records for Jefferson County, West Virginia, including any amendments and supplements thereto.

Section 2.10. "Equity Resolutions" shall mean and refer to those actions of the Board of Directors, which create additional covenants, conditions and/or restrictions with respect to the Lots, the Common Area as more fully described in Article 8 of these Bylaws.

Section 2.11. "Lot" shall mean and refer to (i) any plot of land designated as a separate subdivided lot of record upon any recorded subdivision plat of the Property upon which the planned or actual improvements are primarily intended for use and occupancy as a residential dwelling unit, (ii) any condominium unit actually constructed, or, if not constructed, as approved for construction pursuant to the Development Plan or other applicable governmental approval, within a condominium regime established, or to be established, within the Property pursuant to the West Virginia Condominium Act primarily intended for use and occupancy as a residential dwelling unit, and (iii) any residential rental apartment unit actually constructed, or, if not constructed, as approved for construction pursuant to the Development Plan or other applicable governmental approval, within a rental facility constructed, or to be constructed, within the Property primarily intended for use and occupancy as a residential dwelling unit. No Lot shall be counted twice in any situation where it may fall within more than one of the foregoing descriptions. The term Lot shall not include Common Area or out lots of property dedicated for public use. The term Lot shall be deemed to refer to Single-Family Detached Lots.

Section 2.12. "Member" shall mean and refer to every person, group of persons, corporation, partnership, trust, or other legal entity, or any combination thereof, who holds any class of membership in the Association.

Section 2.13. "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage", as used herein, shall include deeds of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over all other mortgages. As used in the Declaration, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in the Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Government National Mortgage

Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government, or any other organization or entity which has a security interest in any Lot. In the event any mortgage is insured by the Federal Housing Administration ("FHA") or guaranteed by the Department of Veterans Affairs ("VA"), then as to such mortgage the expressions "mortgagee" and "institutional mortgagee" include the FHA or the VA as the circumstances may require, acting, respectively, through the Federal Housing Commission and the Secretary of Veterans Affairs or through other duly authorized agents.

Section 2.14. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.15. "Project" as used in these Bylaws shall refer to the Property.

Section 2.16. "Property" shall mean and refer to all real property as may hereafter be brought within the jurisdiction of the Association pursuant to Article 10 of the Declaration.

Section 2.17. "Single-Family Detached Lot" shall mean and refer to any Lot upon which there is construed, or is intended to be constructed, a single-family detached dwelling unit.

Section 2.18. "Special Assessment" shall mean and refer to any assessment levied by the Association in accordance with Section 13.4 of the Declaration.

Any other capitalized terms used herein shall be defined as set forth in the Declaration unless specifically provided otherwise in these Bylaws.

ARTICLE 3

Meeting of Members

Section 3.1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote not less than twenty-five percent (25%) of the votes of each class of Members.

Section 3.3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the

meeting, by mailing a copy of such notice, postage prepaid, or hand delivering a copy of such notice, at least ten (10) days (but not more than ninety (90) days) before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. The person calling the meeting may waive such notice upon the declaration of an emergency. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. All meetings of the Members shall be held at places and times convenient to the greatest number of Members.

Section 3.4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty-five percent (25%) of the votes of each class of Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 3.5. Voting. At every meeting of the Members, each Member, or such Member's proxy, shall have the right to cast the number of votes specified in the Declaration. The vote of the Members representing fifty-one percent (51%) of the total of the votes of all Members present, in person or by proxy, and voting at the meeting, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, or of the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. The vote for any Lot that is owned by more than one person may be exercised by any of the co-owners present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the Members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the President or any Vice President of such corporation and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association, prior to or during the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the Chairperson of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A or Class B Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association. All election materials prepared with Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the dwelling unit on the

outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of Members, each voting Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. Any proxy must be in writing and must be filed with the Secretary in a form approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy that conforms to the applicable laws of West Virginia shall be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary only a directed proxy may be utilized to vote for a member of the Board of Directors. A non-directed proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the annual and special meetings of the Members shall notify the Secretary to that effect by Certified Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the Members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Members to each such institutional mortgagee in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the Members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Members and such representative may participate in the discussion at any such meeting and may, upon his or her request made to the Chairperson in advance of the meeting, address the Members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Members upon request made in writing to the Secretary.

Section 3.9. Open Meetings.

(a) All meetings of the Association shall be open to all Members of the Association or their agents, except that such meetings may be held in closed session for the following purposes:

- (i) Discussion of matters pertaining to employees and personnel;
- (ii) Protection of the privacy or reputation of individuals in matters not related to Association business;
- (iii) Consultation with legal counsel;
- (iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) Consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the economic interests of the Association;

(vii) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or

(viii) On an individually recorded affirmative vote of two-thirds (2/3) of the members of the Board of Directors (or committee, if applicable) present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of any closed meeting, the record of the vote of each member of the Board of Directors (or committee, if applicable) by which any meeting was closed, and the authority under this Section for closing the meeting shall be included in the minutes of the next meeting of the Board of Directors (or committee, if applicable).

ARTICLE 4

Board of Directors; Selection; Term of Office

Section 4.1. Number; Classes; Qualifications. The affairs of the Association shall be managed by a Board of Directors initially consisting of three (3) natural persons who shall be designated by the Declarant and who shall hold office until the election of their successors at the first annual meeting of the Members of the Association following the end of the period when the Declarant is developing the Property. The names of the initial Directors are set forth in the Articles of Incorporation.

Commencing with the first annual meeting of the Association following the end of the period when the Declarant is developing the Property, the Board of Directors shall consist of an uneven number of not less than five (5) nor more than seven (7) Directors who shall be elected by the Members of the Association.

Section 4.2. Term of Office. The Directors of the Association designated by the Declarant in accordance with Article 4, Section 4.1, above, shall hold office at the pleasure of the Declarant until the first annual meeting of the Association as provided for in Article 4, Section 4.1, of these Bylaws. Commencing with the first annual meeting of the Association, the terms of

office of members of the Board of Directors shall be fixed at three (3) years. Such terms shall be staggered as decided by the Association at its first annual meeting.

Section 4.3. Removal of Members of the Board of Directors. Except with respect to Directors elected or appointed by the Declarant, any Director may be removed from the Board, with or without cause, by the vote of Members entitled to cast not less than fifty-one percent (51%) of votes of the class of Members entitled to elect that Director, and in the event of the death, resignation or removal of a Director, a successor shall be selected by the remaining members of the Board of that Director's same class (or, in the event that there are no such Directors, by the Members entitled to elect that class) who shall serve for the unexpired term of such Director's predecessor. The term of office of any Director who becomes more than sixty (60) days delinquent in payment of Assessments against the Lot of which he or she is the Owner shall automatically terminate on the sixty-first (61st) day, and the term of office of any Director who shall be absent, without reasonable cause, from three (3) consecutive regular meetings of the Board of Directors shall automatically terminate upon commencement of the next regular meeting of the Board following such Director's third consecutive absence, and, in each case, such Director's successor shall thereupon be appointed by the remaining Directors of the same class (or, in the event that there are no such Directors, by the Lot Owners of that class) from among the Lot Owners to fill out the unexpired portion of such Director's term; provided, however, that the successor to any Director elected or appointed by the Declarant shall be appointed by the Declarant. Any provision of these Bylaws to the contrary notwithstanding, members of the Board of Directors elected or appointed by the Declarant shall serve at the pleasure of and may be removed and/or replaced, with or without cause, solely by the Declarant.

Section 4.4. Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 4.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors and filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 5

Nomination and Election of Directors

Section 5.1. Nomination. A Nominating Committee may make nomination for election to the Board of Directors, commencing with the first annual meeting of Members following the end of the period when the Declarant is developing the Property. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, and two or more Members of the Association. The Board of Directors prior to each annual meeting of the Members, if any, may appoint the Nominating Committee, and such appointment may be announced at each annual meeting. The Nominating Committee may make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the

number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 5.2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Only directed proxies shall be valid for the purpose of casting of votes for election of members to the Board of Directors. All election materials prepared with funds of the Association shall list candidates in alphabetical order and shall not suggest a preference among candidates. The persons receiving the largest number of votes shall be elected. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is not permitted.

ARTICLE 6

Meetings of Directors

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Members in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days prior to the date of the meeting. All such meetings shall be open to all Members of the Association or their agents, and shall be held at places and times convenient to the greatest number of Members. Meetings of the Board of Directors may be held in closed session only in accordance with Section 3.9 of these Bylaws.

Section 6.2. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 6.3. Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Certified Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his or her request made to the Chairperson in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 6.4. Fidelity Insurance. The Board of Directors may require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association furnish adequate fidelity insurance against acts of dishonesty. The Association shall pay the premiums on such insurance.

ARTICLE 7
Powers and Duties of the Board of Directors

Section 7.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules governing the use of the Common Area and Community Facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the Common Area and Community Facilities of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association. Such rights may also be suspended after notice and an opportunity for a hearing for a period not to exceed sixty (60) days for infraction of published rules;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

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

Section 7.2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members who are entitled to cast not less than five percent (5%) of the votes of each class of Members;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(i) Fix the amount of the Annual Assessments against each Lot at least thirty (30) days in advance of each assessment period (the Board may determine, at its discretion, to round the Assessments applicable to each Lot to the nearest half dollar or whole dollar amount);

(ii) Send written notice of each Assessment to every Owner subject thereto at least fourteen (14) days in advance of the commencement date of the new Assessments; and

(iii) Foreclose the lien against any property for which Assessments are not paid within sixty (60) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(d) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid. The Board for the issuance of these certificates may make a reasonable charge. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be insured, as it may deem appropriate;

(g) Cause the Common Area and Community Facilities to be maintained and maintain any other property which is the responsibility of the Association pursuant to the Declaration or the direction of any governmental agency or agreement or which is appurtenant to or serves and benefits any portion of the Property; and

(h) Otherwise perform or cause to be performed the functions and obligations of the Board of Directors and the Association as provided for in the Declaration, the Articles of Incorporation and these Bylaws, including collection of Assessments payable pursuant to any cross easement or other similar agreement. The Association may periodically employ an insurance consultant if the Board of Directors deems it necessary to do so in order to analyze the insurance requirements of the Association.

Section 7.3. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated with or without cause by either party upon thirty (30) days written notice thereof to the other party. The term of any such management agreement shall not exceed one year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1) year periods.

ARTICLE 8
Equity and Administrative Resolutions

Section 8.1. Equity Resolutions. The Board of Directors is authorized to adopt Equity Resolutions in accordance with the Declaration of the Association. Equity Resolutions are those actions of the Board of Directors which create additional covenants, conditions and/or restrictions with respect to the Lots, the Common Area, including, without limitation, the following:

- (a) Additional covenants, conditions and/or restrictions regarding prohibited uses and nuisances within the Lots, Common Area and/or Community Facilities;
- (b) Reservation of certain Common Area for the exclusive or primary use of the Owners and residents;
- (c) Additional covenants, conditions and/or restrictions regarding signage;
- (d) Non-disturbance, conservation and similar easements over all or any portion of the Common Area and for the maintenance and protection of scenic views, natural conditions and open spaces within the Common Area; and
- (e) Adoption of Design Guidelines applicable within the Project;
- (f) Additional covenants, conditions and/or restrictions regarding parking on any portion of the Common Area, Community Facilities and Lots; and
- (g) Repeal and/or modification of previously adopted Equity Resolutions.

Section 8.2. Adoption of Equity Resolutions. All Equity Resolutions proposed for adoption by the Board of Directors shall be published in the Association's principal medium for informing Owners of the Associations' affairs, or in a notice sent by mail to all Owners, no later than two (2) weeks prior to the meeting at which the Board shall consider enactment. Equity Resolutions shall become effective if adopted by a majority of a quorum of the Board of Directors at a meeting of the Board at which all interested Owners shall be provided with a reasonable opportunity for comment and discussion. If duly adopted by the Board of Directors, Equity Resolutions shall become effective unless a special meeting of the Members of the Association is called and duly held within ninety (90) days of the adoption of any such Equity Resolution by the Board, and at such special meeting the Equity Resolution is disapproved by a vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of all Members present, in person or by proxy, and voting at such meeting.

Section 8.3. Administrative Resolutions. Administrative Resolutions are actions taken by the Board of Directors that prescribe rules, policies and/or procedures for implementing provisions of the Declaration, these Bylaws or the Articles of Incorporation of the Association including, but not limited to:

- (a) Establishment of specific requirements for insurance coverage obtained and maintained by the Association;

- (b) Policies regarding the duration of management agreements;
- (c) Procedures for collection of Assessments;
- (d) Adoption of Application Procedures associated with applications for Improvements submitted to the Architectural Review Entity for review in accordance with the Declaration;
- (e) Further establishing the specific powers and responsibilities of the Architectural Review Committee (if established) in accordance with Article 7 of the Declaration;
- (f) Policies related to use and control of the Common Area and Community Facilities;
- (g) Rules and procedures regarding the involuntary removal of improperly parked vehicles;
- (h) Procedures for processing alleged violations of the Governing Documents, and the establishment of fines for violations of any provision of the Governing Documents regarding the use of the Lots, Common Area, and/or Community Facilities; and
- (i) Repeal and/or modification of previously adopted Administrative Resolutions.

Section 8.4. Adoption of Administrative Resolutions. Except in the event of an emergency, as determined by the Board in its sole discretion, proposed Administrative Resolutions shall be published in the Association's principal medium for informing Owners of the Associations' affairs, posted at conspicuous points within the Property or otherwise distributed to Owners in a reasonable manner at least three (3) days prior to the meeting at which the Board of Directors shall consider enactment. Administrative Resolutions shall become effective if adopted by a majority of a quorum of the Board of Directors at a meeting of the Board at which all interested Owners shall be provided with a reasonable opportunity for comment and discussion.

Section 8.5. Other Board Action; Action by Committees. This Article shall not be construed to limit the powers of the Board of Directors, and the Board shall have full power and authority to take any action as may be authorized under the Declaration, these Bylaws or applicable law, regardless of whether such action may otherwise constitute an Equity Resolution or Administrative Resolution. In the event that the Architectural Review Entity, Covenant Committee, or other Association committee shall have the authority to take any action which constitutes an Equity Resolution or Administrative Resolution, whether pursuant to the Declaration or an express delegation of authority by the Board of Directors, such Architectural Review Entity, Covenant Committee, or other Association committee, as applicable, shall first adopt such Equity Resolution or Administrative Resolution, by majority vote of a quorum of its members (unless a different vote is required by an express provision of the Governing Documents), and shall submit such Equity Resolution or Administrative Resolution to the Board of Directors for adoption in accordance with the provisions of this Article.

Section 8.6. Adoption by Declarant. Any provision of the Governing Documents to the contrary notwithstanding, for the duration of the Declarant's Rights and Obligations Period, the Declarant shall have full and sole power and authority to adopt and amend all such Equity Resolutions and Administrative Resolutions as the Declarant may deem necessary or appropriate, in its sole discretion, without the consent or approval of any other individual or entity, including, without limitation, the Association and its Members. Equity Resolutions and Administrative Resolutions adopted and/or amended by the Declarant in accordance with this Section shall be published in the Association's principle medium for informing Owners of the Associations' affairs, posted at conspicuous points within the Property or otherwise distributed to Owners in a reasonable manner following adoption by the Declarant.

ARTICLE 9

Officers and Their Duties

Section 9.1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors.

Section 9.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 9.3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until his or her successor is duly elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 9.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 9.5. Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 9.7. Multiple Offices. The offices of Secretary, Treasurer and Vice President may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required

by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 9.4 of this Article and except as otherwise provided in this Section.

Section 9.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to the Management Agent in accordance with Section 7.3 hereof):

President

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

Vice President

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

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Association; and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account, cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 9.9. Compensation. No officer shall receive compensation for any service he or she may render to the Association. However, any officer may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

ARTICLE 10

Liability and Indemnification of Officers and Directors

The Association shall indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or

Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he or she may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

ARTICLE 11

Committees

The Board of Directors may appoint an Architectural Review Committee, a Covenant Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 3.9 and Section 6.1 of these Bylaws.

ARTICLE 12

INSURANCE

Section 12.1. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

- (a) Workers compensation insurance for employees of the Association to the extent necessary to comply with any applicable law; and
- (b) A "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and
- (c) Such other policies of insurance, including director and officer liability insurance and insurance for other risks of a similar or dissimilar nature and fidelity insurance as required by these Bylaws, as are or shall hereafter be considered appropriate by the Board of Directors.

Section 12.2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of West Virginia and holding a rating of "B/III" or better (or its equivalent) in the current edition of Best's Insurance Guide.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the Lots or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insured's named thereon, including any mortgagee of any Lot who requests such notice in writing.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, and the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE 13

BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 13.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association, which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 13.2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in Article 2 of the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 13.3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the Common Area and Community Facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 13.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited or reviewed by an independent Public Accountant whose report shall be prepared in accordance with generally

accepted auditing standards, consistently applied. Based upon such report, if prepared, the Association shall furnish all Members and mortgagee, who request the same with an annual financial statement, including the income and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 13.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice. The Declaration, the Articles of Incorporation and these Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE 14 **Assessments**

As more fully provided in the Declaration, each Member is obligated to pay Assessments, which are secured by a continuing lien upon the property against which the Assessment is made. All assessments, which are not paid when due shall be delinquent. If the Assessment is not paid within ten (10) days after the due date, the Assessment may bear interest from the date of delinquency at the rate established by the Board of Directors, up to the maximum rate permitted by law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, late charges, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot.

ARTICLE 15 **Corporate Seal**

The Association shall have a seal in circular form having within its circumference the words: DEMORY FARM HOMEOWNERS ASSOCIATION, INC., a West Virginia non-stock corporation.

ARTICLE 16 **Amendments**

These Bylaws may be amended by the affirmative vote of Members representing sixty percent (60%) of the votes of all Members present, in person or by proxy, and voting at any meeting of the Association, except that if any Lot subject to these Bylaws is then encumbered by a mortgage or deed of trust insured by FHA, then FHA shall have the right to veto amendments while there is Class B membership.

ARTICLE 17
Interpretation/Miscellaneous

Section 17.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control, and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 17.2. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in these Bylaws shall be given in writing.

Section 17.3. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof, which can be given effect.

Section 17.4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 17.5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 17.6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, we, being all of the Directors of DEMORY FARM HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this 19th day of April, 2005.

WITNESS:

Blonda E. Kerner

[Signature]
[Signature]

[Signature]
Stephen A. Mitchell, Director

[Signature]
Mark D. Trostle, Director

[Signature]
Darla Alexander, Director

* * *

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of DEMORY FARM HOMEOWNERS ASSOCIATION, INC., a West Virginia non-stock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the 19th day of April, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 19th day of April, 2005.

Darla Alexander
Darla Alexander, Secretary

[CORPORATE SEAL]

CONSENT OF THE BOARD OF DIRECTORS
TO ACTION IN LIEU
OF FIRST MEETING OF THE BOARD OF
DEMORY FARM HOMEOWNERS ASSOCIATION, INC.

The undersigned, being all the members of the Board of Demory Farm Homeowners Association, Inc., do by signing their names below consent to the actions, hereinafter set forth, taken or to be taken by Demory Farm Homeowners Association, Inc., and do hereby direct the secretary to file this consent with the minutes of said corporation.

RESOLVED THAT:

1. Stephen A. Mitchell is appointed and elected President of the corporation.
2. Mark D. Trostle is appointed and elected Vice President of the corporation.
3. Darla Alexander is appointed and elected Secretary of the corporation.
4. Elizabeth A. Sigler is appointed and elected Treasurer of the corporation.
5. The agent for service of the corporation shall be Stephen A. Mitchell.
6. BB&T of Charles Town is designated as a depository of this corporation and that each officer and agent of this corporation is authorized to deposit any of the funds of this corporation in said institution.
7. A checking account be opened and maintained in the name of this corporation with BB&T of Charles Town, and that the President and Treasurer are authorized, on behalf of this corporation and in its name: to sign checks, drafts, notes, bills of exchange, acceptances, or other orders for the payment of money from said account; to endorse checks, notes, bills, certificates of deposit, or other instruments, owned or held by this corporation, for deposit in said bank; to accept drafts, acceptances, and other instruments payable at said bank; to waive demand, protest, and notice of protest, or dishonor of any check, note, bill, draft, or other instrument made, drawn, or endorsed by this corporation.

The following officers and agents are authorized signatories on the accounts of the Association:

Stephen A. Mitchell

Elizabeth A. Sigler

A special account will be established with BB&T of Charles Town, into which all amounts collected for reserves for capital replacements will be deposited. This account will require two signatures, one of which will be an officer of the Association. Copies of the bank reconciliation statement will be sent to the Treasurer. No withdrawal from that account will be made without the approval of the Board.

8. There is no general counsel to the corporation. Until the corporation selects counsel, special matters on a case by case basis will be referred to counsel for the Declarant, who will act under the Declarant's control. Special counsel for the Declarant who will serve in this capacity, presently is Kenneth J. Barton, Jr., Esquire of Martinsburg, West Virginia. It is recognized that because Attorney Barton is counsel for the Declarant, that a conflict of interest may exist. In the event that such conflict occurs in a specific instance, it is expected that Attorney Barton will act in every respect in favor of the interests of the Declarant. In such event it is expected that Attorney Barton will withdraw from representation of the Association, and that in all circumstances, confidences and privileged information obtained on behalf of the Declarant will remain confidential and privileged.
9. The President of the corporation, and in his or her absence of the Treasurer, may designate committees to hold hearings on enforcement and collection matters.
10. The fiscal year of the corporation shall be the calendar year.
11. The Secretary shall be authorized and directed to maintain a roll book of the names of Members and mortgagees, and other records required to be maintained by the Secretary by the Bylaws.
12. Commencing on the first day of the month following the month in which the first Unit is sold to a Member other than the Declarant, the budget and Common Expense assessments as set forth in the initial budget hereto attached are adopted.
13. Interest on delinquent Assessments is hereby set at 18% per annum. A late charge in the amount of \$10.00 shall be assessed as an Assessment against any Member who fails to pay an Assessment and other charges within 30 days of the date when payable.
14. Any duly elected officer and any designated employee of the Association is hereby authorized to execute a statement of unpaid Assessments and resale certificate, provided he or she has examined the books of account of the corporation with respect to the particular Unit designated therein. A charge of \$50.00 may be made for the preparation and delivery of such certificate.

MEMBERS ORGANIZATION CONSENT

DEMORY FARM HOMEOWNERS ASSOCIATION, INC.

The undersigned, all the members of Demory Farm Homeowners Association, Inc., a corporation formed under the laws of the State of West Virginia by signing below pursuant to the provisions of Section 23 of the West Virginia Corporation Act hereby take and consent to the taking of any action necessary to the organization and incorporation of Demory Farm Homeowners Association, Inc. and specifically adopt and consent to the following resolutions and actions:

- RESOLVED: That a nonstock corporation be formed under the laws of the State of West Virginia, and be known as the Demory Farm Homeowners Association, Inc. and that a Certificate of Incorporation executed by the incorporator as provided by law be filed in the corporations office of the Secretary of State. A copy of the Certificate of Incorporation of the corporation is ordered to be filed with the minutes of this corporation; and
- RESOLVED: That the appropriate taxes and fees for the corporation be paid to the Secretary of State; and
- RESOLVED: That Stephen A. Mitchell of 31 Willow Spring Drive, Suite 300, Charles Town, West Virginia 25401, be appointed statutory agent for service of process for the corporation and that a certificate of such appointment executed by the incorporator as provided by law be filed in the office of the Secretary of State. A copy of the certificate is ordered to be filed with the minutes of the corporation; and
- RESOLVED: That the first Board of Directors shall be appointed by the Declarant and shall consist of three (3) members who shall serve at the will of the Declarant, or until their successors are selected. The Board elected following the termination of Declarant control shall consist of not less than five (5) nor more than seven (7) Directors. The terms of the Directors shall be staggered as decided by the Association at its first annual meeting following the termination of Declarant control. At the expiration of the initial terms of office of these members, their successors shall be elected to serve for terms of three (3) years and until their successors have been elected.

RESOLVED:

That Stephen A. Mitchell, Mark D. Trostle and Darla Alexander shall be the members of the Board of the corporation to hold office until their successors are chosen pursuant to the Bylaws.

RESOLVED:

That Bylaws for the regulation of the affairs of the corporation be and are hereby adopted and that a copy of the Bylaws is ordered to be filed with the minutes of this corporation.


Dated: April 5, 2005

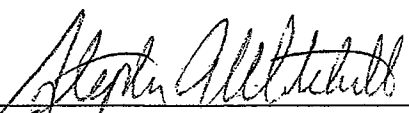
SKYLINE FARMS, LLC, a West Virginia
limited liability company, Declarant

By 
Stephen A. Mitchell, Manager


Stephen A. Mitchell


Mark D. Trostle


Darla Alexander


Stephen A. Mitchell, Incorporator

Dated at Charles Town, West Virginia, this 5th day of April, 2005.

All the Directors:



Stephen A. Mitchell

Mark D. Trostle

Darla Alexander

ARTICLES OF INCORPORATION
OF
DEMORY FARM HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME

The name of the corporation is Demory Farm Homeowners Association, Inc.

ARTICLE II
DURATION

The corporation shall have perpetual duration.

ARTICLE III
APPLICABLE STATUTE

The corporation is organized pursuant to the provisions of the West Virginia Non-Profit Corporation Code.

ARTICLE IV
PURPOSES AND POWERS

The corporation does not contemplate pecuniary gain or profit, direct or indirect, to its members.

(a) In way of explanation and not of limitation, the purposes for which it is formed are:

(i) To be and constitute the Association to which reference is made in the Declaration of Covenants, Conditions and Restrictions for Demory Farm Subdivision (hereinafter the "Declaration") establishing a plan of development recorded or to be recorded in the Office of the Clerk of the County Commission of Berkeley County, West Virginia, to perform all obligations and duties of the Association and to exercise all rights and powers of the Association, as specified therein, in the By-Laws and as provided by law; and

(ii) To provide an entity for the furtherance of the interest of the Owners of property subject to the Declaration (such property as hereinafter referred to as the "Development").

(b) In furtherance of its purposes, the corporation shall have the following powers, which, unless indicated otherwise by the Declaration or By-Laws, may be exercised by the Board of Directors:

(i) All the powers conferred upon non-profit corporations by common law and the statutes of the State of West Virginia in effect from time to time;

(ii) All of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the By-Laws or the Declaration, including, without limitation, the following:

(1) To fix and collect assessments or other charges to be levied against the Properties;

(2) To manage, control, operate, maintain, repair, improve property subject to the Declaration or any other property for which the corporation by rule, regulation, declaration or contract has a right or duty to provide such services;

(3) To enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under any Declaration or By-Laws;

(4) To engage in activities which will actively foster, promote and advance the common interest of all Owners;

(5) To buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal in and with real, personal and mixed property of all kinds and any rights or interest therein or any purpose of the Corporation;

(6) To borrow money for any purpose as may be limited in the By-Laws;

(7) To enter into, make, perform or enforce contracts of every kind or description, and to do all other acts necessary, appropriate or advisable in carrying out any purposes of the Association with or in association with any association, corporation, or other entity or agency, public or private;

(8) To act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interest in such corporations, firms, or individuals;

(9) To adopt, alter and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such By-Laws may not be inconsistent with or contrary to any provisions of the Declaration; and

(10) To provide any and all supplemental municipal services as may be necessary or proper.

(11) The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article IV are independent powers not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article IV.

ARTICLE V MEMBERSHIP

The corporation shall be a membership corporation without certificates or shares of stock. Each person, firm or entity designated in the Declaration is a member and shall be entitled to vote as set forth in the Declaration.

ARTICLE VI BOARD OF DIRECTORS

The business and affairs of the Corporation shall be conducted, managed, and controlled by a Board of Directors. The initial Board shall consist of three (3) members. The names and addresses of the initial Board of Directors are as follows:

| <u>NAME</u> | <u>ADDRESS</u> |
|---------------------|------------------------------------------------------------------------|
| Stephen A. Mitchell | 31 Willow Spring Drive, Suite 300 Charles Town, West Virginia 25414 |
| Mark D. Trostle | 3701 Pender Drive Fairfax, Virginia 22030 |
| Darla Alexander | 3701 Pender Drive Fairfax, Virginia 22030 |

The method of election and term of office, removal and filling of vacancies shall be as set forth in the By-Laws. The Board may delegate such operating authority to such companies, individuals or committees as it, in its discretion, may determine.

ARTICLE VII DISSOLUTION

The Corporation may be dissolved only as provided in the Declaration, By-Laws and by the laws of the State of West Virginia.

ARTICLE VIII AMENDMENTS

These articles may be amended as provided by the West Virginia Non-profit Corporation Code, provided that no amendment shall be in conflict with the Declaration, and further provided that no amendment shall be effective to impair or dilute any rights of members that are governed by such Declaration.

**ARTICLE IX
INCORPORATOR**

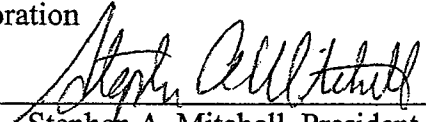
The name and address of the incorporator is as follows: Stephen A. Mitchell, 31 Willow Springs Drive, Suite 300, Charles Town, West Virginia 25414.

**ARTICLE X
REGISTERED AGENT AND OFFICE**

The initial registered principal office of the Corporation is 31 Willow Spring Drive, Suite 300, Charles Town, West Virginia 25414, and the initial registered agent at such address is Stephen A. Mitchell.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation.

DEMORY FARM HOMEOWNERS
ASSOCIATION, INC. a West Virginia
corporation

By: 
Stephen A. Mitchell, President

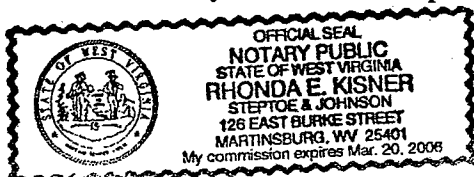
STATE OF WEST VIRGINIA,

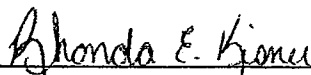
COUNTY OF Berkeley, TO-WIT:

I, Rhonda E. Kisner, a notary public of said county, do certify that
STEPHEN A. MITCHELL, the President of DEMORY FARM HOMEOWNERS ASSOCIATION,
INC., a West Virginia corporation, who signed the writing hereto annexed, bearing date as of the
5th day of April, 2005, has this day in my said county, before me, acknowledged the same to be
the act and deed of said corporation.

Given under my hand this 5th day of April, 2005.

My commission expires: March 20, 2006.




Notary Public

(NOTARIAL SEAL)

ARTICLES OF INCORPORATION PREPARED BY: Kenneth J. Barton, Jr., Esquire, Steptoe & Johnson PLLC, 126 East Burke Street, Martinsburg, WV 25401.