

BYLAWS
OF
BARCLAY TOWERS II TIME SHARE
OWNERS ASSOCIATION, INC.

ARTICLE I
MEMBERS

SECTION 1. The members ("Members") of Barclay Towers II Time Share Owners Association, Inc. ("Association"), a non-stock corporation organized under the laws of the State of Virginia, shall consist of the respective owners of time share interests ("interests") in the Barclay Towers II, time share ("Project") located in Virginia Beach, Virginia.

SECTION 2. The membership of each interest owner shall terminate when he ceases to be an interest owners, and upon the sale, transfer or other disposition of his interest, membership in the Association shall automatically be transferred to the new owner of such interest. The Association may issue certificates evidencing membership therein.

SECTION 3. Each interest shall be entitled to one vote at Association meetings, which shall be exercised by the owner thereof. A majority of votes shall decide all questions at Association meetings, unless specified otherwise in these Bylaws or the Articles of Incorporation. If a person owns more than one interest, he shall be entitled to one vote for each such interest. In the event that an interest is held by more than one person, or by a corporation, trust or other entity, the person entitled to cast the vote for that interest shall be designated by a certificate filed with the Association and signed by all joint owners or an authorized agent of the corporation or other entity.

SECTION 4. A quorum at membership meetings shall consist of attendance in person or by proxy of members entitled to cast twenty percent (20%) of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purposes of determining a quorum.

SECTION 5. Votes may be cast in person or by proxy. Proxies shall be in writing, shall be valid only for the particular meeting designated thereon and may be filed with the Secretary before the appointed time of the meeting.

ARTICLE III
BOARD OF DIRECTORS

SECTION 1. The Board of Directors of the Association shall consist of not less than three (3), nor more than nine (9) persons, who shall be originally appointed by Burlage Corporation ("Developer") Thereafter, the directors shall be elected at the annual membership meeting, and shall hold office for a term of one (1) year and until their successors shall be elected and qualified. At the election of directors, each member shall be entitled to vote for as many persons as there are directors to be elected. No cumulative voting shall be permitted. The candidates receiving the highest number of votes shall be declared elected.

SECTION 2. Each director shall be an interest owner (or, if an interest owner is a corporation, partnership, or trust, a director may be an officer, partner or beneficiary of such interest owner), except for those directors appointed by the Developer. If a director shall cease to meet such qualification during his term, he shall thereupon cease to be a director and his place on the Board shall be deemed vacant.

SECTION 3. Any vacancy occurring in the Board shall be filled by a majority vote of the remaining members thereof at the next meeting of the Board.

SECTION 4. An annual meeting of the Board shall be held immediately following the annual meeting of the membership and at the same place. Special meetings of the Board shall be held upon call by the President or a majority of the Board on not less than forty-eight (48) hours notice in writing to each director, unless the Board determines an emergency to exist, in which event the Board shall give such notice as is reasonable under the circumstances. All meetings of the board of Directors shall be open to interest owners and, except in an emergency as provided above, notices of all meetings shall be posted in a conspicuous place on the Project property at least forty-eight (48) hours prior to the meeting. However, interest owners shall not be entitled to vote or participate in any other way at the meeting.

SECTION 5. Any director or member may waive notice of a meeting or consent to the holding of a meeting without notice or consent to any action of the Board without a meeting. Such waiver or consent may be executed prior to, at, or subsequent to the meeting or Board action to which the waiver or consent relates.

SECTION 6. A quorum for the transaction of business shall consist of a majority of the directors. However, less than a quorum may adjourn a meeting from time to time. A majority of directors who are present at any meeting where a quorum is present shall decide any question before the meeting.

ARTICLE II
MEETINGS OF MEMBERSHIP

SECTION 1. The meetings of the membership shall be held annually in accordance with these Bylaws.

SECTION 2. The annual meeting of the membership of the Association shall be held at the offices of the Association or at such other place in the State of Virginia as shall be designated by the Board of Directors or the President of the Association. The annual meeting shall be held in March of each year unless otherwise determined by the Board of Directors.

SECTION 3. Unless specifically provided otherwise herein, special meetings of the membership shall be held when directed by the President of the Board of Directors or when requested in writing by members holding ten percent (10%) of the votes having the right to vote at such meeting. A meeting requested by the membership shall be called for a date not less than fourteen (14) nor more than sixty (60) days after the request is made. The call for the meeting shall be issued by the Secretary.

SECTION 4. Notice of all members' meetings, regular or special, shall be given by the President, Vice President or Secretary of the Association to each member unless waived in writing. Such notices shall be written or printed, shall state the time, place and purpose for the meeting, and shall be mailed or personally delivered to each member as follows:

(a) For special meetings, not less than forty-eight (48) hours prior to the date of the meeting, unless the Board determines an emergency, in which event the Board shall give such notice as is reasonable under the circumstances.

(b) For annual meetings, not less than fourteen (14) nor more than sixty (60) days prior to the date set for the meeting.

All notices may be sent to members by regular mail. In addition, except in an emergency, when such notice requirement shall be waived, written notice shall be posted at a conspicuous place on the Project property not less than forty-eight (48) hours prior to any special meeting and not less than fourteen (14) days prior to the annual meeting.

SECTION 5. Any member may waive notice of a meeting or consent to the holding of a meeting without notice or consent to action taken without a meeting, by execution of a waiver or consent in writing. Such waiver or consent may be executed prior to, at, or subsequent to the meeting or Association action to which the waiver or consent relates.

SECTION 7. Any director may be removed from office, with or without cause, by at least a majority vote of all interest owners, at a duly called meeting of interest owners. Notwithstanding any other provisions herein, a special meeting of interest owners to remove a director or directors from office may be called by ten percent (10%) of all interest owners giving notice of the meeting, which notice shall state the purpose of the meeting and shall be given to all interest owners in writing in the same manner as required by these Bylaws for special meetings of interest owners.

SECTION 8. Directors shall receive no compensation for their services unless expressly provided by resolution duly adopted by the interest owners.

SECTION 9. The Board shall have the following powers and duties:

(a) To elect the officers of the Association as hereinafter provided;

(b) To administer the affairs of the Association and formulate policies for such purposes;

(c) To estimate the amount of the annual budget, if any, to provide the manner of assessing and collecting from the Members their respective shares of such estimated expenses as hereinafter provided and to establish and collect any supplemental assessment as the Board shall deem necessary;

(d) Unless otherwise provided herein or in the time share documents, to comply with the instructions of a majority of the Members as expressed in a resolution duly adopted at any annual or special meeting of Members; and

(e) To exercise all other powers and duties of the Board provided for in the Articles of Incorporation and in the time share documents, as amended from time to time.

ARTICLE IV OFFICERS

SECTION 1. At each annual meeting of the Board, the Board shall appoint the following officers of the Association:

(a) A President, who shall preside over the meetings of the Board and of the Members and shall be the chief executive office of the Association. In the recess of the Board of Directors, the President shall have general control and management of the business and affairs of this Association;

(b) One or more Vice Presidents, who shall in the absence or disability of the President perform the duties and exercise the powers of the President;

(c) A Secretary, who shall keep the minutes of all meetings of the Board and of the membership and who shall perform such other duties generally incident to the office of the Secretary as the Board shall establish;

(d) A Treasurer, who shall cause to be kept the financial records and books of account of the Association; and

(e) Such additional officers as the Board shall choose to appoint.

SECTION 2. The respective officers shall have the general powers usually vested in such officers of a non-stock corporation, provided that the Board may delegate any specific powers to any officer or impose such limitations or restrictions upon the powers of any office as the Board may deem necessary.

SECTION 3. Each officer shall hold office for the term of one year and until his successor shall have been elected and qualified.

SECTION 4. A vacancy in any office shall be filled by the Board at the next meeting thereof. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the entire Board.

SECTION 5. Officers shall receive no compensation for their services, unless expressly provided by resolution duly adopted by the Members.

ARTICLE V ASSESSMENTS

SECTION 1. The Board shall cause to be prepared, an estimated annual budget for each fiscal year of the Association.

SECTION 2. The estimated annual budget for each fiscal year shall be approved by a majority of the Board of Directors. A copy of the proposed annual budget shall be mailed to Members not less than thirty (30) days prior to the Board meeting at which the budget is to be considered, together with notice of the meeting specifying the time and place at which it will be held.

SECTION 3. On or before the first day of January of each year, each Member shall pay, as his respective annual assessment, his proportionate share of the annual budget, unless some

other periodic method of payment is designated by the Board of Directors. Such proportionate share for each Member shall be equal to his number of votes in the Association as a percentage of the total number of votes eligible to be cast in that budget year. The Board may send to each Member on or before the first day of each assessment period a statement of the assessment of such Member for such period, but the failure to receive such statement shall not relieve any unit owner of his obligation to pay his assessment when due. Each unit owner shall pay his assessment to the Treasurer of the Association or as may be otherwise directed by the Board. No Member shall be relieved of his obligation to pay his assessments by abandoning or not using his interest.

SECTION 4. If any fiscal year of the Association shall be less than a full calendar year, the periodic assessments for each Member shall be proportionate to the number of days in the period covered by such budget. A Member shall pay his assessment commencing with the date of purchase of his interest, which assessment shall be in proportion to his share of the annual budget and the number of days remaining in the assessment period covered by the current annual budget.

SECTION 5. The Board shall maintain accounting records according to generally accepted accounting practices, which records shall be open to inspection by Members at reasonable times and upon reasonable notice. These accounting records shall include a detailed record of receipts and expenditures of the Association. Within 120 days of the close of each fiscal year, the Board shall prepare and distribute to all Members, an annual report of the Association, containing the names and addresses of all directors of the Association, the name of the person who prepared the report, a balance sheet as of the end of the fiscal year, an income statement for the fiscal year and a statement of the net change in the financial position of the Association for the fiscal year.

ARTICLE VI
USE AND OCCUPANCY RESTRICTIONS

SECTION 1. No part of the Project shall be used for other than vacation accommodations, and the related common purposes for which the Project was established.

SECTION 2. Uniform rules and regulations governing the use of the Project and the conduct of persons entitled to so use the Project property may be promulgated from time to time by the Project Manager, the Developer or the Board as the case may be, and all Members shall abide by them.

ARTICLE VII
AMENDMENT

These Bylaws may be amended, altered or rescinded in the manner provided by the Articles of Incorporation. All Members shall be bound to abide by any such amendment upon the same being duly passed.

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SECTION 6. SECTION 6. Every Member shall pay, in the manner herein provided, his proportionate share of the annual budget assessed against his interest. If any Member shall fail or refuse to make any such payment within thirty (30) days after it is due, there shall be assessed a late payment charge in the amount of Fifty Dollars(\$50.00, which will accrue on February 1st. If the maintenance fee remains unpaid on March 1st, an additional late fee of fifty dollars (\$50.00) will accrue. In addition, such overdue payment shall bear interest from the date due until paid at eighteen percent (18%) per annum, unless A different rate is established by the Board.

SECTION 7. The Association shall have the authority to exercise and enforce any and all rights and remedies available at law or inequity, for the collection of all such unpaid amounts. The board of Directors, at its discretion, may, but is not limited to, assigning delinquent accounts to an outside collection agency or attorney, if required. If such action is taken, the "costs of collection" charged by the collection agency and/or attorney become an additional liability to the delinquent owner/member.

SECTION 8. The board of directors has the right to place a lien on any delinquent member/unit in accordance with the policies and assessments of the Association. Should the board of Directors commence foreclosure proceedings, all costs associated with subject procedures will be the responsibility of the defaulting owner/member.

EXHIBIT D

BARCLAY TOWERS II, A TIME-SHARE
PROPOSED ANNUAL BUDGET

OPERATING EXPENSES*

Insurance	\$ 4,684
Taxes	15,500
Parking Lot Rent	3,520
Utilities	12,932
Maintenance	7,772
Telephone	5,342
Housekeeping	50,573
Accounting and Legal	<u>4,400</u>

MANAGEMENT EXPENSES

Management Salary based on proposal of Seashore Management, Inc.	<u>\$20,400</u>
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TOTAL EXPENSES	125,123
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<u>RESERVES**</u>	<u>\$17,677</u>
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TOTAL OPERATING EXPENSES AND RESERVES	<u>\$142,800</u>
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ANNUAL INCOME

\$150 Maintenance Fee per Unit Week times 51 Unit Weeks per Unit times 16 Units	\$122,400
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\$25 Management Fee per Unit Week times 51 Unit Weeks per Unit times 16 Units	<u>\$ 20,400</u>
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TOTAL ANNUAL INCOME	<u>\$142,800</u>
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* Project's percentage of actual Condominium expenses exclusive of marketing and front desk.

** To generate \$42,800 in 5 years to provide approximately \$2,800 per Unit for repair or replacement of furnishings in the Units and \$153,049 in 20 years for the Project's share of replacement or repair of the building's roof, common area furnishings and paving in front of the building (parking lot repair is by unrelated lessor).

PRIOR FINANCIAL HISTORY OF CONDOMINIUM (ACTUAL FIGURES)
 MAINTENANCE AND REPAIRS

1985 (9 mos.)	1986	1987
\$69,757	\$91,616	\$94,557
ACTUAL EXPENDITURES PER TIME-SHARE UNIT: (1/138th of above)		
1985(9 mos.)	1986	1987
\$505.48	\$663.88	\$685.19
ACTUAL EXPENDITURES PER TIME-SHARE UNIT WEEK: (1/51st of above)		
1985	1986	1987
\$9.91	\$13.01	\$13.44

EXHIBIT E
ADDITIONAL LAND

Unit Numbers 202, 212, 214, 218, 220, 224, 226, 230, 232, 236, 238, 302, 304, 306, 310, 312, 314, 316, 318, 324, 326, 328, 330, 332, 334, 336, 338, 406, 408, 410, 412, 414, 418, 420, 424, 426, 428, 432, 434, 436, 438, 502, 504, 506, 508, 510, 512, 514, 516, 518, 520, 522, 524, 526, 528, 530, 532, 534, 536, 538, 602, 604, 606, 610, 612, 616, 618, 620, 624, 626, 628, 630, 634, 636, 638, 704, 706, 708, 710, 712, 714, 716, 720, 722, 724, 726, 728, 730, 732, 734, 736, 738, 802, 810, 812, 814, 816, 818, 820, 822, 824, 826, 828, 832 and 834 as shown on that certain Plat recorded in the Clerk's Office of the Circuit Court of the City of Virginia Beach, Virginia, in Deed Book 2387, at pages 1306 and 1307, in that certain Condominium entitled Barclay Towers, a Condominium, located in the City of Virginia Beach, Virginia, together with the undivided interest in the common elements relating thereto, all as more particularly described, designated and shown in that certain Condominium Declaration which is recorded in the Clerk's Office of the aforesaid in Deed Book 2398, at page 356, and in the Exhibits to said Declaration and the Amendments thereto, to which Condominium Declaration and the Exhibits and Amendments thereto reference is hereby made for a more particular description thereof.

IT BEING part of the same property conveyed to the Developer by deed of John E. and Sandra T. McCombs, his wife, dated January 17, 1983, and recorded in the Clerk's Office of the Circuit Court of the City of Virginia Beach, Virginia in Deed Book 2235, at page 1494

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VIRGINIA: In the Clerk's Office of the Circuit Court of Virginia Beach 1 day of June 19 88 at 9:00, this instrument was received and upon the certificate of acknowledgment thereto annexed, admitted to record. The tax imposed by §58.1-802 of the Code, has been paid, in the amount of \$

TESTE: J. CURTIS FRUIT, Clerk

By: *[Signature]* D. C.

C.C. 21 REV. 3/85

EXHIBIT 2

RULES AND REGULATIONS

OF

BARCLAY TOWERS II,
a time-share

GENERAL

1. The Manager of Barclay Towers II, a time share ("Project") has adopted the following rules and regulations ("Regulations") for time share members.

2. Wherever in these regulations reference is made to "member," such term shall apply to the owner of a time share interest, his family, and to any guests, invitees or licensees. Wherever in these regulations reference is made to the Project, such reference shall include the developer and the managing agent of the Project.

3. All members shall comply with all the regulations herein after set forth governing the buildings, public halls, terraces, balconies, drives, recreational areas, grounds, parking areas and any other appurtenances.

4. The Project reserves the right to alter, amend, modify, repeal or revoke these regulations at any time, and from time to time.

RESTRICTION ON USE

5. No room shall be used for other than vacation accommodations and the related common purposes for which the Project was designed.

6. No member shall permit anything to be done or kept in a room or in the common areas which will result in the cancellation of insurance on the building or contents thereof or which would be in violation of any public law, ordinance or regulation. No gasoline or other explosive or inflammable material may be kept in any room.

7. All garbage and trash must be placed in the proper receptacles designated for refuse collection and no garbage or trash shall be placed anywhere in the common areas.

8. Except in any recreational areas designated as such by the Manager, no playing or lounging shall be permitted, nor shall baby carriages, bicycles, playpens, wagons, toys, benches, chairs or other articles of personal property be left unattended in public areas of the building or passageways, parking areas, sidewalks or lawns or elsewhere in the common areas.

9. The water closets and other water and sewer apparatus shall be used only for the purposes for which designed, and no sweepings, matches, rags, ashes, or other improper articles shall be thrown therein.

10. Each member shall keep the premises in a good state of cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, or any balcony appurtenant thereto, any dirt or other substance.

11. No noxious, offensive or illegal activity shall be carried on in any room or in the common areas, nor shall anything be done therein which may be or become an annoyance or nuisance to the other members or occupants. No member shall make or permit any disturbing noises in the building or do or permit anything which will interfere with the right, comforts or convenience of other members.

PARKING AND STORAGE

12. All personal property placed in any portion of the building or any place appurtenant thereto shall be at the sole risk of the member and the Project shall in no event be liable for the loss, destruction, theft or damage to such property.

13. Should an employee of the Project at the request of a member move, handle or store any articles in any storage rooms or remove any articles therefrom or handle, move, park or drive any automobile placed in the parking areas, then, and in every such case, such employee shall be deemed the agent of the member. The Project shall not be liable for any loss, damage or expense that may be suffered or sustained in connection therewith.

14. Unless otherwise authorized by the Manager, the parking areas may not be used for any purpose other than parking automobiles. No buses, trucks, trailers, boats, recreational or commercial vehicles shall be parked in the parking areas or in driveways except in such areas, if any, specifically designated for such parking by the Manager.

15. All members shall observe and abide by all parking regulations as posted by the Manager or by municipal or county authorities. Vehicles parked in violation of any such regulations may be towed away at the member's sole risk and expense.

16. Parking so as to block sidewalks, entrances or driveways shall not be permitted. If any vehicle owned or operated by a member, his family, guests, invitees or licensees shall be illegally parked, the Project shall be held harmless by such member for any and all damages or losses that may ensue, and any and all rights in connection therewith that the member or driver may have under the provisions of state or local laws and ordinances are hereby expressly waived. The member shall indemnify the Project

against any liability which may be imposed on the Project as a result of such illegal parking and any consequences thereof.

ENTRY INTO UNITS

17. The Manager shall cause a master key system to be used for rooms in the Project. All room keys shall be returned to the front desk at check out.

18. The agents of the developer or the Manager and any contractor or workman authorized by the developer or the Manager, may enter any room in the building at any reasonable hour of the day (except in case of emergency in which case entry may be immediate) for the purpose of exercising and discharging their respective powers and responsibilities.

19. Employees and agents of the Project are not authorized to accept packages, money or articles of any description from or for the benefit of a member. If packages, money or articles of any description are left with the employees or agents of the Project, the member assumes the sole risk therefor and the member, not the Project, shall be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith. The Project does not assume any responsibility for loss or damage in such cases.

RECREATIONAL FACILITIES

20. All persons using the recreational facilities do so at their own risk and sole responsibility. The Project does not assume responsibility for any occurrence, accident or injury in connection with such use. No member shall make any claim against the Project, its servants, agents, or employees, for or on account of any loss or damage to life, limb or property sustained as a result of or in connection with any such use. Each member shall hold the Project harmless from any and all liabilities and any action of whatsoever nature by any guests, invitees or licensees of such member growing out of the use of the recreational facilities, except where such loss, injury or damage can be clearly proved to have resulted from and have been proximately caused by the direct negligence of the Project or its agents, servants or employees in the operation, care or maintenance of such facilities.

CONSIDERATION IN USE OF THE PROJECT

21. All persons shall be properly attired when appearing in the public halls and any other public areas of the Project.

22. Room doors opening into the public halls and building entry doors shall be kept closed and secured at all times except

when in use. Windows and doors must be kept closed during air conditioning season while an air conditioner is in use.

23. Check-in time shall be 4:00 p.m. on the date of arrival. Check-out time shall be 10:00 a.m. on the date of departure. All charges to a member's account shall be settled by the member at the front desk at the time of checkout.

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