

Bylaws
Condominiums at Kirkpatrick Farms (The)

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BYLAWS
THE UNIT OWNERS ASSOCIATION OF
THE CONDOMINIUMS AT KIRKPATRICK FARMS
Loudoun County, Virginia

ARTICLE I

GENERAL

Section 1.Applicability. These Bylaws provide for the self-government of the Unit Owners Association of The Condominiums at Kirkpatrick Farms, (the "Unit Owners Association" or "Association") pursuant to the requirements of Article 3, Chapter 4.2 of Title 55 of the Code of Virginia. The Condominiums at Kirkpatrick Farms is located in Loudoun County, Virginia (the "Condominium").

Section 2.Compliance. Pursuant to the provisions of Section 55-79.53, Code of Virginia, as amended, every Unit Owner and all those entitled to occupy a Condominium Unit shall comply with these Bylaws.

Section 3.Office. The office of the Unit Owners Association of the Condominium and the Board of Directors shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors.

Section 4.Definitions. Capitalized terms used in these Bylaws which are not defined shall have the meanings specified for such terms in the Declaration of the Condominium, which Declaration is recorded immediately prior hereto, or in Section 55-79.41 of the Condominium Act. The following terms have the following meanings in the Condominium Instruments:

(a) "Board of Directors" or "Board" means the executive organ established pursuant to Article III of these Bylaws.

(b) "Common Elements" means all parts of the Condominium Property other than the Units, as more fully set forth in Article V of the Declaration, and unless otherwise provided shall include General Common Elements and Limited Common Elements. Each Unit Owner shall be the owner of an undivided interest as a tenant in

common of the Common Elements, although the use and obligations with respect to certain Common Elements shall be restricted as set forth in the Declaration and in these Bylaws.

(c) "Common Element Interest" means the undivided percentage interests of each Unit Owner, as set forth in Exhibit "B" to the Declaration as such exhibit may be amended from time to time, which establishes each Unit's undivided percentage interest in the Common Elements, Common Expenses and votes in the Unit Owners Association. The Common Element Interest for the Condominium is based on equality.

(d) "Common Expenses" means and includes:

(i) All lawful expenditures made or incurred by or on behalf of the Unit Owners Association, including, but not limited to all amounts due under the Kirkpatrick Farms Governing Documents, together with all lawful assessments for the creation and maintenance of reserves;

(ii) Expenses of administration, maintenance, repair or replacement of the Common Elements, including repair and replacement funds as may be established from time to time;

(iii) Expenses declared Common Expenses by the provisions of the Condominium Act or by the Declaration or these Bylaws.

(e) "Condominium Act" means the provisions of Chapter 4.2 of Title 55 of the Code of Virginia, 1950 edition, as amended.

(f) "Condominium Property" means the Submitted Land together with all improvements thereto and all easements, rights and appurtenances hereunto appertaining.

(g) "Declarant Control Period" means the period prior to the earliest of (i) the date on which Units to which seventy-five percent (75%) or more of the aggregate Common Element Interests appertain have been conveyed to Unit Owners other than the Declarant or an affiliate of the Declarant or (ii) five (5) years after the date of the first conveyance of a Unit to a Unit Owner other than the Declarant or an affiliate of the Declarant or the maximum time period permitted by Section 55-79.74 of the Condominium Act, whichever is earlier.

(h) "Entity Owner" means a Owner of a Unit who is not a natural person, but is a corporation, partnership, company, association, trust or other entity capable of holding title to real property.

(i) "General Common Elements" means the entire Condominium other than the Units and the Limited Common Elements.

(j) "Kirkpatrick Farms Governing Documents" means the following documents collectively, to which the Condominium is subject: Articles of Incorporation of the Kirkpatrick Farms Community Association (the "Kirkpatrick Association"); the Bylaws of the Kirkpatrick Association; the Declaration of Covenants, Conditions and Restrictions for the Kirkpatrick Association; and the Kirkpatrick Association Design and Maintenance Standard.

(k) "Limited Common Elements" means those parts of the Common Elements which are Limited Common Elements within the meaning of Section 55-79.50(e) of the Condominium Act or which are shown as such on the Plats and Plans and which are reserved for the exclusive use and benefit and are the responsibility of one (1) or more, but less than all, of the Units and their Owners.

(l) "Limited Common Expenses" means expenses separately assessed against one or more but less than all of the Units generally in accordance with the use of the services, as permitted by section 55-79.83 of the Act and Article VI of these Bylaws. Except where the context requires otherwise, Common Expenses shall include Limited Common Expenses.

(m) "Majority Vote" means a simple majority (more than fifty percent (50%) of the votes of the Unit Owners, actually cast in person or by proxy at a duly held meeting at which a quorum is present). Any specified percentage vote means that percentage vote with respect to the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage approval or vote of the Mortgagees means approval or a vote by the Mortgagees of Condominium Units to which such percentage of the total number of votes appertain.

(n) "Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds, or business trusts, including, but not limited to, real estate investment trusts, and other lenders regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) holding, insuring or guaranteeing first mortgage or first deed of trust ("Mortgage") encumbering a Unit in the Condominium. A Mortgagee should submit a

written request that the Unit Owners Association notify it on any proposed action requiring the consent of a specified percentage of Mortgagees if such notice is desired.

(o) "Plats and Plans" means the plats and plans for the Condominium recorded as an exhibit to the Declaration and any plats and plans recorded with any amendments to the Condominium Instruments.

(p) "Rules and Regulations" means those rules adopted from time to time by the Board of Directors pertaining to the operation or use of the Units or Common Elements.

(q) "Unit" means a Unit as defined in the Condominium Act and the Condominium Instruments.

ARTICLE II

UNIT OWNERS ASSOCIATION

Section 1.Composition. All of the Unit Owners of Units contained in the Condominium, acting as a group in accordance with the Condominium Act, the Declaration and these Bylaws, shall constitute the "Unit Owners Association" or the "Association". The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Association and performing all of the other acts that may be required to be performed by the Unit Owners Association, by the Condominium Act and the Declaration. Except as to those matters which either the Condominium Act or the Declaration specifically require to be performed by the vote of the Unit Owners, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth in Article III.

Section 2.Annual Meetings. At such time as the Unit Owners Association comes into existence, which occurs when the first unit is conveyed to a Unit Owner, the Unit Owners Association shall hold at least one (1) annual meeting each year. The annual meetings of the Unit Owners Association shall be held each year on a date selected by the Board of Directors. All meetings of the Unit Owners Association shall be held in compliance with Section 55-79.75 of the Virginia Condominium Act.

Section 3.Place of Meetings. Meetings of the Unit Owners Association shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Directors.

Section 4. Special Meetings.

(a) The President shall call a special meeting of the Unit Owners Association: (i) if so directed by resolution of a majority of the Board of Directors; (ii) after the termination of the Declarant Control Period, upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty-five percent (25%) of the aggregate Common Element Interests; or (iii) during the Declarant Control Period, upon request of the Declarant. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

The signatures on a petition requesting a special meeting shall be valid for a period of one hundred-eighty (180) days after the date of the first such signature. Such resolution, petition or request must (1) specify the time and place at which the meeting is to be held, (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Article II, Section 5 of these Bylaws, or else specify that the Secretary shall designate the date of the meeting, (3) specify the purposes for which the meeting is to be held, and (4) be delivered to the Secretary. The notice of any special meeting shall state the time, place and purpose thereof.

(b) No later than sixty (60) days following the termination of the Declarant Control Period, a special meeting of the Association shall be held at which a majority of the Directors shall be elected by the Unit Owners, including the Declarant if the Declarant owns one or more Units, to serve terms as provided in Article III, Section 4 of these Bylaws. If such election is held prior to the time required by this section, the Directors elected at such election shall not take office until the earlier of the time such election is required to be held or within ten (10) days of the resignation of a Director appointed by the Declarant without appointment of a replacement. The elected Directors shall assume office in the order of the highest number of votes received.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners pursuant to the provisions of Section 55-79.75, Code of Virginia, as amended, by mailing by regular United States mail or delivery by hand to each Unit Owner of record at the address of his Unit or to such other address as may be designated by said Unit Owner, at least twenty one (21) days advance notice in the case of any annual meeting and at least seven (7) days advance notice of any special meeting of the Unit Owners Association.

Section 6. Quorum and Adjournment of Meetings. Except as otherwise stated in these Bylaws, the presence in person or by proxy of Unit Owners representing at least twenty percent (20%) of the total votes of the Condominium shall be requisite

for and shall constitute a quorum for the transaction of business of all meetings of members. If any meetings of the Unit Owners Association cannot be held because a quorum is not present, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called, in which event any business which could have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Order of Business. The order of business of all meetings of the Unit Owners Association shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting
- (c) Reading of minutes of preceding meeting
- (d) Reports of officers and Board of Directors
- (e) Report of Management Agent, if any, and if present
- (f) Reports of Committees
- (g) Election or appointment of inspectors of election (when so required)
- (h) Election of members of the Board of Directors (when so required)
- (i) Unfinished business
- (j) New business
- (k) Adjournment

Section 8. Title to Units. Title to a Unit may be taken in the name of one or more persons, in any manner permitted by law. The Unit Owners Association may acquire, hold and transfer full legal title to one or more Condominium Units in the Condominium in its own name.

Section 9. Voting.

(a) At every meeting of the Unit Owners Association, each of the Units shall have the right to cast one vote. Where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote of such Unit may be any record

owner of said Unit, unless any other record owner of said Unit shall, at the time the vote is cast, objects to the casting of said vote, in which event the person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by all record owners of said Unit. Any voting certificate executed pursuant to this section shall remain valid until revoked by a subsequent certificate similarly executed. In the event that no certificate is supplied, no record owner shall be entitled to cast the vote. If a Unit Owner is not a natural person (defined as an Entity Owner), the vote for such Unit may be cast by any natural person having authority to execute deeds on behalf of the Entity Owner; provided, further, that any vote cast by a natural person on behalf of such Entity Owner shall be deemed valid unless successfully challenged prior to adjournment of the meeting at which such vote was cast. All Entity Owners shall file with the Secretary, a certificate identifying all persons authorized to vote on behalf of the Entity Owner. A certificate shall be valid until revoked by a subsequent certificate similarly executed and filed. Wherever the approval or disapproval of a Unit Owner is required by the Condominium Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Unit at any meeting of the Unit Owners Association.

(b) Except where a greater number is required by the Condominium Act, the Declaration or these Bylaws, a Majority Vote is required to adopt decisions at any meeting of the Unit Owners Association. Any specified percentage of the Unit Owners means the Unit Owners having such number of votes in the aggregate. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Unit Owners Association to cast the votes to which such Unit or Units are entitled.

(c) No Unit Owner may vote at any meeting of the Unit Owners Association or be elected to or serve on the Board of Directors if the Unit Owner is delinquent by more than sixty (60) days and the amount necessary to bring the account current has not been paid within seventy-two (72) hours prior to the time of such meeting or election.

Section 10. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Unit Owner in favor of another Unit Owner, a Mortgagee, the Declarant or any other person designated. Proxies shall be dated, duly executed in writing and shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Unit. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred eighty (180) days after the execution thereof. Any proxy shall terminate after the first meeting held on or after the date of that proxy or any recess or

adjournment of that meeting. Any proxy which is undated, purports to be revocable without notice described above, or any proxy not executed by a person having authority at the time of execution thereof to execute deeds on behalf of that person shall be void. Any proxy may be instructed or uninstructed. The proxy shall include a brief explanation of the effect of leaving the proxy uninstructed.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Unit Owners Association shall be governed by a Board of Directors. The Board of Directors shall consist of such persons as may be designated by the Declarant during the Declarant Control Period. The Board of Directors shall be composed of five (5) persons, all of whom shall be Unit Owners or spouses of Unit Owners, Mortgagees (or designees of Mortgagees) or designees of the Declarant; provided, however, that, during the Declarant Control Period, the Board of Directors shall consist of three (3) members who shall be designated by the Declarant. The Declarant shall have the right in its sole discretion to replace such Directors as it has designated, and to designate their successors. The time limit on the period of the Declarant's control shall commence upon settlement of the first Unit to be sold in any portion of the Condominium.

Section 2. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Unit Owners Association and may do all such acts and things as are not by the Condominium Act, the Declaration or by these Bylaws, required to be exercised and done by the Unit Owners Association. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not be in conflict with the Condominium Act, the Declaration or these Bylaws. The Board of Directors shall delegate to one (1) of its members or to a person employed for such purpose, the authority to act on behalf of the Board of Directors on such matters relating to the duties of the Managing Agent (as defined in Section 3 of this Article), if any, which may arise between meetings of the Board of Directors as the Board of Directors deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Unit Owners Association that may hereafter be adopted, the Board of Directors shall on behalf of the Unit Owners Association:

(a) Prepare an annual budget, in which shall be established the assessments of each Unit Owner for the Common Expenses.

(b) Make assessments against Unit Owners to defray the cost and expenses of the Condominium, establish the means and methods of collecting such assessments from the Unit Owners and establish the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for such month.

(c) Provide for the operation, care, upkeep and maintenance of all of the Condominium Property and services of the Condominium.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and provide services for the Condominium and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Common Elements.

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

(f) Make and amend the Rules and Regulations.

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

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

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations and act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding and notify the Unit Owners of any litigation against the Association involving a claim in excess of fifteen percent (15%) of the amount of the annual budget (as defined in Article VI, Section 1(b)).

(j) Obtain and carry insurance against casualties and liabilities, as provided in Article VII of these Bylaws, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Unit Owners Association and not billed to Unit Owners of individual Units or otherwise provided for in Article VI of these Bylaws.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Condominium Property, and the administration of the Association, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, in accordance with Section 55.79.74:1 of the Condominium Act during general business hours on working days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent accountant retained by the Board of Directors who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

(m) Notify a Mortgagee of any default hereunder by the Unit Owner of the Unit subject to such Mortgage, in the event such default continues for a period exceeding sixty (60) days after notice of default to the Unit Owner.

(n) Borrow money on behalf of the Association when required in connection with any instances relating to the operation, care, upkeep and maintenance of the Common Elements, provided, however, that (except during the Declarant Control Period) a Majority Vote of the Unit Owners at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of twenty-five percent (25%) of the total annual assessment for Common Expenses for that fiscal year. If any sum borrowed by the Board of Directors on behalf of the Association pursuant to the authority contained in this subparagraph (n) is not repaid by the Unit Owners Association, a Unit Owner who pays to the creditor such proportion thereof as his Common Element Interest bears to the total of Common Element Interests in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Condominium Unit.

(o) Acquire, hold and dispose of Condominium Units and mortgage the same, if such expenditures and hypothecations are included in the budget adopted by the Unit Owners Association.

(p) In its sole discretion, designate from time to time certain Common Elements as "Reserved Common Elements" and impose such restrictions and conditions on the use thereof as the Board of Directors deem appropriate.

(q) Furnish the statement required by Section 55-79.97 of the Condominium Act, within ten (10) days after the receipt of a written request therefor from any Unit Owner.

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

(s) Negotiate and adjust with any contractor, subcontractor or the Declarant any warranty claims on any Common Element made by or on behalf of any Unit Owner or the Unit Owners Association.

(t) The Unit Owners Association shall have no authority or standing whatsoever to sue, complain, intervene or defend with respect to any right, claim, action, cause of action or other matter of any nature whatsoever accruing to or for the benefit of, or otherwise exercisable by or on behalf of, any individual Unit Owner (hereinafter referred to as a "Unit Owner Claim"), notwithstanding any purported delegation, assignment or transfer of such Unit Owner claim by the Unit Owner, except to the extent that the Unit Owners Association has otherwise been granted the specific authority or standing to pursue such Unit Owner Claim pursuant to these Bylaws, the Declaration or the Condominium Act.

(u) The Board of Directors is hereby irrevocably appointed as attorney-in-fact for all Unit Owners, and for each of them, to settle, compromise, waive, discharge, acquit and release any and all demands, claims, actions, causes of action, suits, litigations, proceedings, mediations, arbitrations, judgments, determinations, findings, orders and awards whatsoever, at law, in equity, or otherwise, relating to or arising out of matters affecting the Condominium and two or more Unit Owners, and with respect to which the Unit Owners Association otherwise has the authority to sue, complain, intervene or defend pursuant to these Bylaws, the Declaration or applicable law. The Board of Directors is hereby authorized to enter into, execute, acknowledge, deliver and record all agreements, releases, consents certificates, papers, documents and other instruments as may be deemed necessary or desirable by the Board of Directors to effectuate the foregoing, and to generally say, do, act, transact, negotiate,

determine, commence, accomplish and finish all matters and things whatsoever relating to the foregoing as fully, amply and effectually, to all intents and purposes, as each Unit Owner, if present, ought or might do personally. The Unit Owners hereby ratify, approve and confirm all and whatsoever the Board of Directors shall lawfully do or cause to be done, in and about the premises, by virtue of the foregoing power of attorney, which is hereby expressly declared and acknowledged to be coupled with an interest in the subject matter hereof, and the same shall run with the title to any and all Units and be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, the foregoing power of attorney shall not be affected by the death or disability of any principal, and is intended to deliver all right, title and interest of the principal in and to such power of attorney.

Section 3.Managing Agent. The Board of Directors shall employ for the Condominium a "Managing Agent" at a compensation established by the Board of Directors.

(a) Requirements. The Managing Agent shall be a bona fide business enterprise, which may be affiliated with the Declarant, which manages common interest residential communities. Such firm shall have a minimum of two (2) years experience in real estate community management. The initial Managing Agent shall be Cardinal Management Group, Inc., which company is not an affiliate of the Declarant.

(b) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subparagraphs (b), (f), (n), (o), (p) and (s) of Section 2 of this Article III. The Managing Agent shall perform the obligations, duties and services relating to management of the property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

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

(i) the accrual method of accounting as defined by generally accepted accounting principles shall be employed;

(ii) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(iii) cash accounts of the Unit Owners Association

shall not be commingled with any other accounts;

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

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

(vi) a monthly financial report shall be prepared for the Unit Owners Association disclosing:

(A) all receipts and disbursements activity for the preceding month; and

(B) the status of all accounts in an "actual" versus "projected" (budget) format.

(d) Limitations. Subject to the provisions of Section 55-79.74(B) of the Condominium Act, during the period when persons designated by the Declarant constitute a majority of the Board of Directors, the Board of Directors may employ a Managing Agent for an initial term not to exceed two (2) years. The Unit Owners Association and the Board of Directors shall not undertake "self-management" or fail to employ a Managing Agent without the consent of a Majority Vote of the Unit Owners and the written consent of Mortgagees together holding sixty-six and two-thirds percent (66-2/3%) of the Mortgages on the Condominium Units. Any contract with the Managing Agent must provide that it may be terminated, without payment of a termination fee, with or without cause on no more than ninety (90) days written notice, and the term of such contract or agreement may not exceed two (2) years.

Section 4. Election and Term of Office. At the first annual meeting of the Unit Owners Association, after the Declarant Control Period has terminated, the term of office of two members of the Board of Directors shall be fixed at three (3) years from the date of said annual meeting, the term of office of two members of the Board of Directors shall be fixed at two (2) years from the date of said annual meeting, and the term of office of the remaining member of the Board of Directors shall be fixed at one (1) year from the date of said annual meeting. At the expiration of the initial term of office of each member of the initial Board of Directors elected at the first annual meeting or special meeting pursuant to Article II, Section 4(b) of these Bylaws, a successor shall be

elected by the Unit Owners Association to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Unit Owners Association and have held their first meeting. During the Declarant Control Period, a member appointed by the Declarant shall serve such term at the discretion of the Declarant.

Section 5. Removal of Members of the Board of Directors. Except with respect to Directors designated by the Declarant, at any regular or special meeting of the Unit Owners Association duly called, (but only at or after the first annual meeting), any one or more of the Board of Directors may be removed with or without cause by a Majority Vote of the Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and he shall be given an opportunity to be heard at the meeting. A Director may resign at any time, in person at a meeting of the Board of Directors or Unit Owners Association, or by giving written notice to an Officer. Resignation of a Director is effective when delivered unless the notice specifies an effective date which is not more than thirty (30) days after the date of the notice.. Except for Directors who are designees of the Declarant, a Director shall be deemed to have resigned automatically and without notice, upon disposition of the Unit which made such person eligible to be a Director, or if not in attendance at three consecutive regular meetings of the Board of Directors without the consent of the Board of Directors, if the minutes reflect the removal of such Director for such absence.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Unit Owners Association shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any such vacancy. Each person so elected shall be a member of the Board of Directors until the next annual meeting. Notwithstanding anything to the contrary in this Section or in the preceding Section 5, during the Declarant Control Period, the Declarant shall designate the successor to any resigned or removed member previously designated by the Declarant.

Section 7. Organization Meeting. The date of the first meeting of the members of the Board of Directors elected at the annual meeting of the Unit Owners Association shall be the same date as the annual meeting immediately following the adjournment of the annual meeting at which such Board of Directors were elected, and no further notice shall be necessary to the newly elected members of the Board of Directors.

Section 8.Regular Meetings. Regular meetings of the elected Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least once every three (3) months. Notice of regular meetings of the Board of Directors shall be given to each director personally, by mail, telephone or electronic mail, at least three (3) business days prior to the day named for such meeting. All meetings of the Board of Directors shall be held in accordance with Section 55-79.75 of the Virginia Condominium Act.

Section 9.Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each director, given personally, by mail, telephone or electronic mail, which notice shall state the time, place and purpose of the meetings. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

Section 10. Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 11. Fidelity Bonds. The Board of Directors shall require fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds. The premium of such bonds shall constitute a Common Expense.

Section 12. Compensation. No director shall receive any compensation from the Condominium for exercising his duties and obligations as a director.

Section 13. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a Minute Book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these Bylaws or the Condominium Act.

Section 14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 15. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

ARTICLE IV

OFFICERS

Section 1.Designation. The principal officers of the Association shall be the President, Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. The President, and Vice President and the Treasurer, but no other officers, shall be required to be members of the Board of Directors. The same person may not hold the offices of President and Secretary. The President and Vice President shall be residents of the Condominium.

Section 2.Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until a successor is elected.

Section 3.Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors.

Section 4.President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Unit Owners Association and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a non-stock corporation organized under the Virginia Non-Stock Corporation Act, including, but not limited to, the power to appoint committees from among the Unit Owners, subject to the confirmation of the Board of Directors, from time to time, as he may in his discretion decide is appropriate in the conduct of the affairs of the Condominium.

Section 5.Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall, from time to time, be imposed upon him by the Board of Directors or by the President.

Section 6.Secretary. The Secretary shall provide notice of meetings and keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct, and he shall, in general, perform all the duties incident to the office of the secretary of a non-stock corporation organized under the Virginia Non-Stock Corporation Act.

Section 7.Treasurer. The Treasurer shall have the responsibility for overseeing the Association's funds and securities and shall cause the keeping of full and accurate financial records and books of account showing all required financial data; he shall also oversee the deposit of all monies and other valuable effects in the name of the Board of Directors, or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors.

Section 8.Agreements, Contracts, Deeds, etc. All agreements, contracts, deeds, leases, and other instruments of the Association shall be executed by any one (1) officer of the Association, or by such other person or persons as may be designated by the Board of Directors.

Section 9.Compensation of Officers. No officer shall receive any compensation from the Association solely for exercising his duties and obligations as an officer.

ARTICLE V

LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1.Liability and Indemnification of Officers and Directors. The Unit Owners Association shall indemnify every officer, director, or any duly appointed committee of the Unit Owners Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the Board of Directors of the Unit Owners Association) to

which he may be a party by reason of being or having been an officer or director of the Unit Owners Association whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Unit Owners Association shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Unit Owners Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Condominium (except to the extent that such officers or directors may also be owners of Condominium Units) and the Unit Owners Association shall indemnify and forever hold each such officer and director free and harmless against any and all liabilities to others on account of any such contract or commitment. Any right to indemnification provided herein shall not be exclusive of any other rights to which any officer or director of the Unit Owners Association, or former officer or director of the Unit Owners Association, may be entitled.

The Unit Owners Association shall not be liable for any failures of water supply or other services to be obtained by the Unit Owners Association or paid for as a Common Expense, or for injury or damage to person or property caused by the elements or by any Unit Owner, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Unit Owners Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements.

Section 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Unit Owners Association and one (1) or more of its Directors, or between the Unit Owners Association and any corporation, firm or association (including the Declarant) in which one (1) or more of the Directors of the Condominium are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purposes, if any of the conditions specified in any of the following subparagraphs exists:

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

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

(c) The contract or transaction is fair to the Condominium at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such Condominium or not so interested.

Section 3. Insurance Coverage. The Board of Directors shall obtain on behalf of the Condominium such insurance coverages as may be reasonably necessary in order to effectively indemnify the officers and directors of the Unit Owners Association as provided in Section 1 of this Article V. The cost of said insurance shall constitute a Common Expense.

ARTICLE VI

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Association shall consist of the twelve (12) month period commencing January 1 or such other on date as may be determined by the Board of Directors.

(b) Preparation and Approval of Budget. Each year on or before thirty (30) days before the commencement of the next fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount which it considers necessary to pay the cost of utility services, maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which the Board of Directors has all powers and responsibility with regard to maintenance, repair, renovation, restoration and replacement, and the cost of wages, materials, insurance premiums, service, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, these Bylaws, or a Resolution of the Unit Owners Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the

Condominium and the rendering to the Unit Owners of all related services. The budget shall include any assessments against the Condominium to third parties under any declarations, covenants or agreements the Condominium is subject to, including but not limited to those amounts due under the Kirkpatrick Farms Governing Documents. The budget shall also include the separate assessment of Limited Common Expenses. The budget may also include:

(i) The cost of maintenance or repair of any Condominium Unit or Limited Common Element in the event such maintenance or repair is reasonably necessary, in the discretion of the Board of Directors, to protect the Common Elements or to preserve the appearance or value of the Condominium or is otherwise in the interest of the general welfare of all Unit Owners; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Owner of the Condominium Unit proposed to be maintained and provided further that the cost thereof shall be assessed against the Condominium Unit on which such maintenance or repair is performed. A statement for the amount thereof shall be rendered promptly to the then Owner of said Condominium Unit, at which time the assessment shall become due and payable and a continuing lien and obligation of said Owner in all respects as provided in Article X of these Bylaws. The cost of the maintenance or repair of those parts of the units to which the Board of Directors has all powers and responsibility with regard to maintenance, repair, renovation, restoration and replacement shall not be a cost controlled by the terms of this subparagraph (i).

(ii) Any amount necessary to discharge any lien or encumbrance levied against the Condominium, or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against the Common Elements.

(iii) Such budget may also include such reasonable amounts as the Board of Directors considers necessary to provide working funds for the Condominium, a general operating reserve, or reserves for contingencies and replacements.

(iv) Any Common Expenses caused by the conduct of less than all those entitled to occupy the Units or by their licensees or invitees pursuant to Section 55-79.83(B) of the Condominium Act.

(v) Management Fees.

(vi) Attorney's fees and like administrative costs.

(vii) Service contracts and employee's salaries.

(c) Transmittal of Budget. The Board of Directors shall send to each Unit Owner a copy of the budget, in a reasonably itemized form, which sets forth the amount of the Common Expenses payable by each Unit Owner, at least seven (7) days prior to the beginning of the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium.

(d) Payment of Common Expenses by Declarant. Notwithstanding anything to the contrary contained in this Article VI, for so long as the Declarant shall have the right to appoint Members to the Board of Directors of the Unit Owners Association pursuant to Section 55-79.74 A of the Condominium Act, the Declarant shall have the right in lieu of assessing all Units for Common Expenses assume all responsibilities for the maintenance of the Common Elements for such period of time as is determined by Declarant.

Section 2. Assessment and Payment of Common Expenses.

(a) Except for those Common Expenses which may be specially assessed against the Condominium Unit or Units involved pursuant to the provisions of this Article and subparagraph (b) (iv) of Section 1 of this Article and except for those Common Expenses specially assessed pursuant to Section 55-79.83(A) of the Condominium Act as Limited Common Expenses, the total amount of the estimated funds required for the operation of the Property set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed equally against each Condominium Unit. Said assessment, including those specifically assessed against a Unit or Units as described above, shall be a lien against each Unit Owner's Unit as provided in the Condominium Act as set forth in Section 55-79.84. On or before the first day of each fiscal year, and the first day of each succeeding eleven (11) months in such fiscal year, such Unit Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one-twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions. Any amount accumulated in excess of the amount required for actual expenses and reserves may, if the Board of Directors deems it advisable, be credited according to each Unit Owner's Common Element Interest to the installments due in the succeeding months of that fiscal year.

(b) Repair and Replacement Reserve. The Board of Directors shall obtain from Unit Owners contributions to capital on a regular basis, which contributions will be used to establish a replacement and repair reserve for the Common Elements. Such contributions shall be paid monthly and be in an amount to be designated from time to time by the Board of Directors. Such funds shall be conclusively deemed to be a Common Expense. Such funds shall be deposited in an account with a lending

institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. Such funds also may, in the discretion of the Board of Directors, be invested in Money Market Funds which, although they themselves are not guaranteed by the United States Government, invest solely in United States Government securities (or in State bonds which are backed in principal by the State). The replacement reserve may be expended only for the purpose of the replacement and repair of the Common Elements; the replacement and repair of those parts of Units as to which the Board of Directors has all powers and responsibility with regard to maintenance, repair, renovation, restoration and replacement; and the replacement and repair of equipment of the Condominium as designated by the Board of Directors. The amounts required to be allocated to the replacement reserve may be reduced by appropriate resolution of the Board of Directors, upon the accumulation in such replacement reserve of a sum equal to the full replacement value of the items for which the reserve is established. Full replacement value shall be annually determined by the Board of Directors for casualty insurance purposes. The proportionate interest of any member in any replacement reserve shall be considered an appurtenance of his Condominium Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Condominium Unit to which it appertains and shall be deemed to be transferred with such Condominium Unit. The payment and collection of the assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of assessments in these Bylaws and the Condominium Act, including without limitation, the right reserved to the Board to accelerate payment of assessment and the right to recovery of attorney's fees and costs.

(c) Special Assessments. In the event extraordinary expenditures not originally included in the annual budget described above become necessary during the year, the Board of Directors may at any time levy a special assessment, which shall be equally assessed against the Condominium Units. Said special assessments may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such special assessment on all Unit Owners by a statement in writing giving the amount and reason therefor, and such special assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due after the delivery or mailing of such notice of special assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the special assessment is not payable in installments, the amount of such assessment. The payment and collection of the assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of assessments in these Bylaws and the Condominium Act, including without

limitation, the right reserved to the Board to accelerate payment of assessments and the right to recovery of attorney's fees and costs.

(d) Initial Assessment, Working Capital Contribution. When the initial Board of Directors, elected or designated pursuant to these Bylaws, takes office, it shall determine the budget as defined in this Section for the period commencing thirty (30) days after their election or designation and ending on the last day of the fiscal year in which their election or designation occurs. Assessments shall be levied against the Unit Owners during said period as provided in subparagraph (a) of this Section. The Board of Directors will collect a working capital contribution against the initial purchaser, at the time he settles on his purchase contract. Such contribution shall be in an amount equal to two (2) months of the Common Expenses due for the Unit, and shall be utilized for commencing business of the Unit Owners Association and providing the necessary working fund for it. In addition to the foregoing contribution, the Board of Directors levies against the initial purchaser at the time of settlement, part of one monthly annual assessment payment, prorated from the date of settlement to the end of the calendar month in which the settlement occurs.

(e) Separate Fee. Each Unit Owner who is allowed the use of a Reserved Common Element may be assessed a separate fee for its maintenance.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until the new annual or adjusted budget shall have been mailed or delivered.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Unit Owners may be commingled into a single fund, but shall be identified and accounted for each Unit Owner in accordance with the respective Common Element Interests of each Unit Owner.

Section 3. Payment of Common Expenses. Beginning on the date of settlement of the first Unit, assessments for Common Expenses shall be levied against all Units that have been created by recordation of the Declaration and its exhibits among the land records of Loudoun County. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of this Article VI and such expenses not paid by the 15th day of each month shall be in default. No Unit Owner shall be liable for the payment of any part of the Common

Expenses assessed against his Unit subsequent to a transfer or other conveyance by him of such Unit. Any Unit Owner may be entitled to a statement from the Board of Directors or Managing Agent setting forth the amount of the unpaid assessments against the Unit Owner pursuant to Section 55-79.84(H) of the Code of Virginia, as amended. The statement must be furnished or made available within ten (10) days of the request. Provided, further, that each Mortgagee who comes into possession of a Condominium Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Condominium Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such Mortgagee comes into possession thereof except any assessment lien perfected under Section 55-79.84 (A) of the Condominium Act..

Section 4. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the date due for payment thereof.

Section 5. Maintenance, Repair, Replacement and Other Expenses.

(a) By the Board of Directors. The Board of Directors shall be responsible for the maintenance, repair and replacement of all of the Common Elements (including the structural replacement of Limited Common Elements) as defined herein or in the Declaration, whether located inside or outside of the Units. The cost of such maintenance shall be charged to all Unit Owners as a Common Expense, (unless, if in the opinion of not less than a majority of the Board of Directors, such expense was necessitated by the negligence, misuse or neglect of a Unit Owner); provided, however, that each Unit Owner shall perform normal maintenance on the Limited Common Elements appurtenant to his Unit and any portion of the remaining Common Elements which the Board of Directors has given him permission to utilize, including, without limitation, the items enumerated in subsection (b) hereof.

(b) By the Unit Owner.

(i) Each Unit Owner shall keep his Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the interior of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from his failure to make any of the repairs required by this Section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent

any defect or need for repairs for which the Unit Owner believes the Association is responsible.

(ii) The Unit Owner of any Unit to which a Limited Common Element is appurtenant (if any) shall perform the normal maintenance for such Limited Common Element including keeping it in a clean and sanitary condition, and shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All structural repair or replacement shall be provided by the Association as a Common Expense, as provided by subparagraph (a) above.

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

(c) Chart of Maintenance Responsibilities. Notwithstanding the general provisions for maintenance set forth in subparagraphs (a) and (b) above, specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Chart of Maintenance Responsibilities attached as Exhibit "A" hereto.

(d) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

(i) Floor Coverings. Each Unit Owner shall be responsible for the maintenance, repair and replacement, at his expense, of the floor covering materials that are appurtenant to or a part of his Unit. All floor covering materials shall be maintained in such a manner as to minimize sound transmission between the Units. In the event that it is necessary for the Owner of any Unit above ground level to replace any floor covering materials in that Unit, the Unit Owner shall use floor covering materials in the same amount (i.e., square footage) and of similar quality, design and sound insulating features (i.e., impact insulation class) as the floor covering materials installed during the initial construction of such upper level Unit. For example, the Owner of an upper level Unit that includes carpeting, hardwood flooring and/or resilient flooring as part of the original construction of such upper level Unit shall, if necessary, replace such carpeting, hardwood flooring and/or resilient flooring with the same amount and the same or similar type of floor covering materials, provided that the replacement floor covering materials are of similar quality, design and sound insulating features as the originally installed carpeting, hardwood flooring and/or resilient flooring.

Section 6.Additions, Alterations or Improvements by Board of Directors.

Any additions, alterations, or improvements may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

Notwithstanding the foregoing, if in the opinion of not less than a majority of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owner or Unit Owners shall be assessed therefor in such proportions as they jointly approve, or if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

Section 7.Additions, Alterations, or Improvements by the Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit or any Limited Common Element without the prior written consent of the Board of Directors. Except for purposes of proper maintenance and repair or as otherwise permitted or required by law or these Bylaws, it shall be prohibited for any Unit Owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, walls, signs, exterior antennas (except as specifically permitted by applicable federal governmental regulations), radio broadcasting or receiving devices to slabs, sidewalks, curbs, gutters, patios, terraces, decks, balconies, porches, or driveways, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any Unit or the Common Elements within the Condominium or to combine or otherwise join two (2) or more Units (or parts thereof), or to partition the same or to remove or alter any window or exterior doors of any Unit, or to make any change or alteration within any Unit which will alter the structural integrity of any building or otherwise affect the property, interest or welfare of any other Unit Owner, materially increase the cost of operation or insuring the Condominium or impair any easement, until complete plans and specifications, showing the nature, kind, shape, materials and location of the same (including, without limitation, any other materials and information as may be specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association.

Section 8.Architectural Control by Board of Directors. Requests for review of additions, alterations or improvements to Units or Limited Common Elements by Unit Owners to the Board of Directors must be in writing and delivered to the Managing Agent. The Board of Directors shall be obligated to decide upon any written request by

a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within forty-five (45) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Unit Owners Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Unit Owners Association by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors or any of them to any governmental authority, contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom.

Section 9. Subdivision of Units. Subject to the approval of any Mortgagee of such affected Unit(s), the Board of Directors and any Unit Owner affected, any Unit may be subdivided or may be altered so as to relocate the boundaries between such Unit and any adjoining Units. The Secretary, at the cost of the Unit Owner, shall record any necessary amendment to the Declaration to effect such action as provided in Sections 55-79.69 or 55-79.70 of the Condominium Act. Notwithstanding any of the provisions of this Section 9, the Declarant shall not be required to get approval for subdivision of Units owned by the Declarant until deeds of conveyance of such Units to third parties have been recorded.

Section 10. Easements in Favor of Unit Owners Association.

(a) Easements are reserved to the Unit Owners Association through each of the Units for the benefit of any adjoining Unit as may be required for structural repair and maintenance of electrical lines and conduits, gas lines, heating, air conditioning and ventilating ducts, water lines, drain pipes and other appurtenances to such utility systems in order to adequately serve each of such Units.

(b) There is reserved to the Unit Owners Association or its delegate, the right of entry to any Unit and any easement for access therein, as provided by Section 55-79.79(a) of The Condominium Act, when and as necessary, in connection with any repairs, maintenance, landscaping or construction for which the Unit Owners Association is responsible, or for which any Unit Owner is responsible hereunder. Any damage caused by such entry shall be repaired at the expense of the Unit Owners Association; provided, however, that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

(c) The Board of Directors may charge each Unit Owner for the expense of all maintenance, repair or replacement to the Common Elements, or to those parts of Units as to which the Unit Owners Association has the responsibility to maintain and repair, rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or employees, agents, lessees or guests of lessees. The payment and collection of any charge made pursuant to the foregoing provision shall be in accordance with the terms providing for payment and collection of assessments in these Bylaws and the Condominium Act, including, without limitation, the right reserved to the Board to accelerate payment of assessments and the right to recovery of attorney's fees and costs.

Section 11. Tenant Eviction. In the event that the tenant of any Unit Owner shall breach his lease by failing to comply with any of the terms of the Declaration, these Bylaws and the rules and regulations, the Board of Directors may require the Unit Owner to secure the eviction of his tenant.

Section 12. Annual Audit. An audit of the accounts of the Unit Owners Association shall be made annually as a Common Expense by a certified public accountant.

ARTICLE VII

INSURANCE

Section 1. Authority to Purchase.

(a) Except as otherwise provided in Section 5 of this Article VII, all insurance policies relating to the property shall be purchased by the Board of Directors. Neither the Board of Directors nor the Managing Agent nor the Declarant shall be liable for failure to obtain any coverages required by this requirement or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies or if such coverages are available only at a demonstrably unreasonable cost.

(b) Each such policy shall provide that:

(i) The insurer waives its right of subrogation to any claims against the Declarant, Board of Directors, the Unit Owners Association, the Managing Agent or the Unit Owners and their respective agents, employees, tenants, guests and in the case of Unit Owners, the members of their households.

(ii) Such policy shall not be canceled, invalidated or suspended on account of the conduct of any member of the Board, officer or employee of the Board of Directors, Unit Owner (including his invitees, agents and employees) or the Managing Agent without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect and neither shall have so cured such defect within sixty days after such demand.

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

(iv) The named insured under any such policies shall be the Unit Owners Association of the Condominium, as a trustee for the Owners of the Condominium Units, or its authorized representative, including any trustee with which such Association may enter into any insurance Trust Agreement, or any successor trustee, each of which shall be referred to as the "Insurance Trustee" who shall have exclusive authority to negotiate losses under these policies.

(c) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia, and holding a financial size rating of a Class X or better by Best Insurance Reports, if available, and if not available the best comparable rating available.

(d) The Declarant, so long as the Declarant shall own any Unit, shall be protected by all such policies as a Unit Owner. The coverage provided to the Declarant under the insurance policies obtained in compliance with this Article VII shall not be deemed to protect or be for the benefit of any general contractor engaged by the Declarant against liability for (or waive any rights with respect to) warranty claims.

(e) Such policies shall also provide, to the extent available:

(i) The insurer of the Master policy shall issue to each Unit Owner or their Mortgagee a certificate or subpolicy specifying the portion of the Master Policy allocated to each Unit Owner's Unit and his undivided interest in the Common Elements.

(ii) That until the expiration of sixty (60) days after the insurer gives notice in writing to the Mortgagee of any Unit, the Mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Unit Owner of such Unit, the other Unit Owners, the Board of Directors, or any of their agents, employees or household members, nor canceled for non-payment of premiums.

(iii) That the net proceeds of such policies, if greater than Twenty-five Thousand Dollars (\$25,000.00) shall be payable to the Insurance Trustee.

(iv) That the Master Insurance policy shall contain a standard mortgage clause in favor of each Mortgagee of a Unit to the extent of the portion of the coverage of the Master policy allocated to such Unit, which shall provide that the loss, if any, thereunder shall be payable to such Mortgagee and the Unit Owner as their interests may appear, subject, however, to the loss payment and adjustment provisions in favor of the Board of Directors and the Insurance Trustee.

(f) That the "no control" clause be part of the Master policy which states that coverage must not be prejudiced by (a) any act or neglect of the Owners of Condominium Units when such act or neglect is not within the control of the Unit Owners Association or (b) any failure of the Unit Owners Association to comply with any warranty or condition regarding any portion of the premises over which the Unit Owners Association has no control.

Section 2. Physical Damage Insurance.

(a) The Board of Directors shall obtain and maintain a policy of insurance against Special Causes of Loss (formerly "All-Risk"), in an amount equal to full replacement value (i.e., 100% of current "replacement cost," with a reasonable deductible amount, exclusive of the land, foundation, excavation and other items normally excluded from coverage) with an Agreed Amount Endorsement to the Condominium project, insuring the entire Property (including without limitation all of the units and the fixtures initially installed therein by the Declarant, and replacements thereof up to the value of those initially installed by the Declarant, but not including furniture, wallcoverings, improvements and additions, furnishings or other personal property supplied or installed by unit owners), together with all air conditioning and heating equipment and other service machinery contained therein and covering the interests of the Unit Owners Association, the Board of Directors and all unit owners and their Mortgagees, as their interests may appear, (subject, however, to the loss payment and adjustment provisions in favor of the insurance trustee) Furthermore a Demolition and Contingent Liability from Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement shall be procured as required. The amount of coverage is to be redetermined annually by the Board of Directors with the assistance of the insuring company. The Master Insurance Policy must afford protection against at least the following:

(i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement and by sprinkler leakage,

debris removal, cost of demolition, vandalism, malicious mischief, windstorm and to the extent determined by the discretion of the Board of Directors, water damage:

(ii) Such other risks as are customarily covered in similar projects, including boiler and machinery coverage.

(b) Such policy shall also provide:

(i) That despite any provisions giving the carrier the right to elect to restore damage in lieu of a cash settlement, such operation shall not be exercisable without the prior written approval of the Unit Owners Association (or any Insurance Trustee) or when in conflict with provisions of any Insurance Trust Agreement to which the Association may be a party, or any requirement of law.

(ii) The following endorsements (or equivalent): (i) "contingent liability from operation of building laws or codes"; (ii) "increased cost of construction" or "condominium replacement cost"; (iii) "inflation guard"; and (iv) "agreed amount" or "elimination of coinsurance" clause.

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

(iv) Such deductibles and self-insured retentions as to loss as the Board of Directors, in its sole discretion, deems prudent and economical.

(c) Notwithstanding anything contained herein to the contrary, a Unit Owner shall pay such deductible if the cause of the damage to or destruction of any portion of the Condominium originated in or through their Unit or any component thereof without regard to whether the Unit Owner was negligent.

Section 3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability, (including libel, slander, false arrest and invasion of privacy coverage and property damage liability) coverage for acts of The Unit Owners Association, officers and Directors of the Unit Owners Association, and property damage insurance in a limit no less than \$1,000,000.00 per occurrence, insuring the Unit Owners Association, each member of the Board of Directors, the

Managing Agent, each Unit Owner, and those entitled to occupy any Unit, against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of or incidental to the ownership and/or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Unit Owners Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Unit Owners Association, and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Unit Owners Association or of another Unit Owner.

The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Million Dollars (\$1,000,000.00) covering claims for bodily injury or property damage arising out of one occurrence. "Umbrella" liability insurance in excess of the primary limits shall also be obtained so that the total of the primary and excess limits are in an amount not less than \$4,000,000.

Section 4. Other Insurance. The Board of Directors shall obtain and maintain:

(a) Fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Unit Owners Association and all others who handle, or are responsible for handling, funds of the Unit Owners Association, including the Managing Agent. Such fidelity bonds shall: (i) name the Unit Owners Association as an obligee; (ii) be written in an amount not less than one-half ($\frac{1}{2}$) the total annual condominium assessments for the year plus expected reserves or the current amount required by the Mortgagees, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

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

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

(d) Broad form machinery and pressure vessel explosion insurance in an amount not less than One Hundred Thousand Dollars (\$100,000.00) per accident per location; and

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

Section 5. Separate Insurance. Each Unit Owner or any tenant of such Unit Owner should, at his own expense, obtain additional insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property, for any "betterments and improvements" made to the Unit and for his personal liability, provided that no Unit Owner or tenant shall acquire or maintain such additional insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners, may realize under any insurance policy which it may have in force on the property at any particular time or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with such additional insurance coverage obtained by the Unit Owner. All such additional policies shall contain waivers of subrogation. No Unit Owner or tenant shall obtain separate insurance policies, except as provided in this Section 5. Any Unit Owner who obtains individual insurance policies covering any portion of the property other than personal property belonging to such Unit Owner, shall be required to file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after the purchase of such insurance. Such Unit Owner shall also promptly notify, in writing, the Board of Directors in the event of cancellation.

Section 6. Insurance Trustee.

(a) The Board of Directors shall have the right (but shall not be required) to designate any bank, trust company, management agent, savings and loan association, building and loan association, insurance company or any institutional lender, or the Unit Owners Association, as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds therefrom will be held in accordance with the terms of these Bylaws.

(b) The Insurance Trustee shall not be liable for the payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or content of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance policies, nor the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to

hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the Unit Owners and their respective Mortgagees.

Section 7. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner of a Unit and for each Mortgagee of a Unit and for each Owner of any interest in the Condominium to adjust all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

Section 8. Premiums. Premiums upon all insurance policies purchased by the Board of Directors shall be deemed to be a Common Expense.

ARTICLE VIII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 4 of this Article, in the event of damage to or destruction of all or any of the buildings as a result of fire or other casualty, the Board of Directors, or the Insurance Trustee, if any, shall arrange for and supervise the prompt repair and restoration of the Condominium (including any damaged Units, and the floor coverings, kitchen or bathroom fixtures, and appliances initially installed therein by the Declarant, and replacements thereof installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners in the Units). Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the redecorating of his own Unit.

Section 2. Procedure for Reconstruction and Repair:

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to the building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the building (including, but not limited to, any damaged Unit and any floor coverings, fixtures and appliances initially installed in the Unit by the Declarant, and the replacement thereof installed by the Unit Owners, up to the value of those initially installed by the Declarant, but not including any other furniture, fixtures, appliances or equipment installed by the Unit Owner in the Unit unless covered by insurance obtained by the Unit Owners Association) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray the said estimated costs of reconstruction and repair as determined by the Board of Directors, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments necessary to cover such insufficiency shall be made against all the Condominium Units according to the respective Common Element Interests as set forth in the Declaration of the Condominium, as the same may be amended from time to time. Notwithstanding anything to the contrary herein contained, the Unit Owners Association shall not be responsible for any items of repair, replacement, or maintenance or consequential damage to any Unit, for which it would not otherwise be responsible under the provisions of these Bylaws unless the loss or consequential damage caused to said Unit and requiring repair, replacement or maintenance, was occasioned through the fault of the Unit Owners Association. This provision shall be deemed to include the payment by the Unit Owner or Owners of any deductible amount under any Association insurance policy.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the property was originally constructed by the Declarant.

(d) Encroachments. Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Unit Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the architectural plans under which the Condominium Property was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand.

Section 3. Disbursements of Construction Funds.

(a) Construction Fund. The net proceeds of insurance collected on account of a casualty and the funds collected by the Board of Directors from assessments against Unit Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section. If the net proceeds of insurance collected on account of a casualty exceeds five (5) percent of the total annual assessment for Common Expenses for the fiscal year, then the funds collected by the Board of Directors from assessments against the Unit Owners shall be deposited by the Board of Directors with the Insurance Trustee, if any, and the entire construction fund shall be held by the Insurance Trustee and disbursed as ordered by the Board of Directors.

(b) Method of Disbursement. The construction fund shall be paid by the Board of Directors or the Insurance Trustee, as the case may be, in appropriate progress payments, to such contractor(s), supplier(s) and personnel performing the work of supplying the materials or services for the repair and reconstruction of the building as is designated by the Board of Directors.

(c) Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds, and, if there is a balance in the construction fund after the payment of all the costs of the reconstruction and repair for which the fund is established, such balance shall, at the determination of the Board of Directors, either be deposited in the Unit Owners Association general operating account or rebated to the Unit Owners.

(d) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing the Common Elements and the balance to the cost of repairing the Units.

(e) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by any one officer of the Unit Owners Association certifying:

(i) Whether or not the damaged property is to be reconstructed and repaired;

(ii) The name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it or whether surplus funds to be distributed are less than the assessments paid by the Unit Owners; and

(iii) All other matters concerning the holding and disbursing of any construction fund held by it. Any such certificate shall be delivered to the Insurance Trustee, if any, promptly after request.

Section 4. When Reconstruction is Not Required. In the event the Board of Directors elects not to repair insubstantial damage to the Common Elements, any insurance proceeds received on account of such damage shall be used to restore the building to a safe and acceptable condition comparable with the rest of the Condominium, and the balance shall be distributed among all Unit Owners in proportion to their respective Common Element Interests. If the Condominium shall be terminated pursuant to Section 55-79.72.1 of the Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among all Unit Owners in proportion to their respective Common Element Interests, after first

paying out of the share of each Unit Owner, to the extent sufficient therefor, the amount of any unpaid liens on his Unit in the order of priority of such liens.

ARTICLE IX

MORTGAGES

Section 1. Notice to Board of Directors. A Unit Owner who mortgages his Unit shall notify the Board of Directors through the Managing Agent of the name and address of his mortgagee. The Board of Directors shall maintain such information in a book entitled "Mortgagees of Units." Any notice required by these Bylaws to be provided to a mortgagee, shall be provided only to the mortgagee of record in the Mortgagees of Units book. It is the responsibility of the Unit Owners and Mortgagee to ensure that this book is current.

Section 2. Notice of Unpaid Assessments. The Board of Directors, whenever so requested in writing by a Mortgagee, shall promptly report any then unpaid assessments due from, or any other default by, the owner of the mortgaged Unit.

Section 3. Notice of Default. The Board of Directors shall give written notice to a Unit Owner of any known default by the Unit Owner in the performance of any obligations under the Condominium Act or Condominium Instruments, and, if such default is not cured within 60 days, shall send a copy of such notice to each Mortgagee of such Unit whose name and address has theretofore been furnished to the Board of Directors.

Section 4. Examination of Books. Each Unit Owner and each Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times and upon reasonable notice, on a business day.

Section 5. Notices of Damages, Condemnation. The Association shall timely notify: (i) the Mortgagee of a Unit whenever material damage to the Unit which costs more than \$5,000 to repair, occurs, or whenever the Unit or portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, if such conditions are known to the Association; and (ii) all Mortgagees whenever material damage to the Common Elements occurs which costs more than \$10,000 to repair, or whenever the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority. For purposes of this Section, the Board of Directors, when giving notice to any Mortgagee, shall also notify the Federal Home Loan Mortgage Corporation

(FHLMC), the Federal National Mortgage Association (FNMA) or the Veterans Administration (VA) and any other public or private secondary mortgage market entity participating in purchasing or guarantying mortgages of Units in the Condominium if the Board of Directors has notice of such participation.

Section 6. Notice of Termination of Management Contracts. The Board of Directors shall notify all Mortgagees in writing of the termination of any management contract within ten (10) days of receipt or issuance of any notice of such termination by either the Association or the Managing Agent. Notwithstanding the foregoing, the prior written approval of at least two-thirds (2/3) of all Mortgagees (based upon one vote for each Mortgage owned) shall be required to effectuate any decision by the Unit Owners Association to terminate professional management and assume self-management of the Condominium.

Section 7. Audited Financial Statement. Each Mortgagee shall be entitled to receive, upon request, a copy of the annual audited financial statement within one hundred twenty (120) days following the end of the Association's fiscal year.

Section 8. Rights of Mortgagees. Unless at least two-thirds (2/3) of the Mortgagees (based upon one vote for each Mortgage owned) have given their prior written approval, the Unit Owners Association shall not:

(a) change any Unit's Common Element Interest except as permitted by the Declaration;

(b) abandon, partition, subdivide, encumber, sell or transfer the Common Elements of the Condominium (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause) except as may be permitted by the Declaration;

(c) by act or omission seek to abandon or terminate condominium status of the project except as provided by statute in case of substantial loss to the Units and Common Elements of the Condominium;

(d) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards;

(e) use the proceeds of casualty insurance for any purpose other than replacement, repair or reconstruction of the Units or Common Elements except as permitted by the Condominium Act.

Section 9. Other Mortgagees Rights. All Mortgagees or their representatives shall be entitled to attend meetings of the Unit Owners Association and shall have the right to speak thereat. In addition thereto, all Mortgagees shall have the right to examine the books and records of the Condominium and require the submission of annual financial reports and other budgetary information.

In addition, except as provided by statute, in the case of condemnation or substantial loss to the Units and/or Common Element of the Condominium, unless at least two-thirds of the first mortgagees (based on one vote for each first Mortgage owned) or owners (other than the sponsor, developer or builder) of the individual Units have given their prior written approval, the Unit Owners Association may not partition or subdivide any Condominium Unit.

Section 10. Amendment to the Declaration or to the Bylaws of the Unit Owners Association. Except as otherwise permitted by the Condominium Instruments, the prior written approval of two-thirds (2/3) of all institutional holders of Mortgages (based on one vote for each Mortgage owned) will be required for any amendment to the Declaration or Bylaws of the Unit Owners Association except for amendments allowed by Section 55-79.71 (F) of the Condominium Act.

Section 11. Presumptive Approval. Notwithstanding the foregoing, a Mortgagee listed pursuant to Section 1, who is notified by certified mail, return receipt requested of additions or amendments to the Condominium Instruments and who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

ARTICLE X

COMPLIANCE AND DEFAULT

Section 1. Relief. As set forth in Section 55-79.53, Code of Virginia, as amended, each Unit Owner of a Unit shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws and the Rules and Regulations of the Association, and any amendments of the same. A default by a Unit Owner shall entitle the Unit Owners Association, acting through its Board of Directors or through the Managing Agent, to the following relief.

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these Bylaws and the rules and regulations shall be grounds for relief which may include, without limitation to, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any

other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners Association, the Board of Directors, the Managing Agent, or, if appropriate, by an aggrieved Unit Owner.

(b) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or employees, agents, licensees, guests, or lessees. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

(c) Cost and Attorneys' Fees. In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

(d) No Waiver of Rights. The failure of the Unit Owners Association, the Board of Directors, or of a Unit Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration, these Bylaws or the rules and regulations shall not constitute a waiver of the right of the Unit Owners Association, the Board of Directors, or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Unit Owners Association, the Board of Directors, or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, or the rules and regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration, these Bylaws or the rules and regulations, or at law or in equity.

(e) Interest. In the event of a default by any Unit Owner in paying any sum assessed against the Condominium Unit other than for Common Expenses which continues for a period in excess of fifteen (15) days, interest at a rate of up to eighteen percent (18%) per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(f) Right of Acceleration. The payment and collection of the assessments made pursuant to this Article X shall be in accordance with the terms providing for the payment and collection of assessments in these Bylaws and the Condominium Act, including without limitation the right reserved to the Board of

Directors to accelerate payment of assessments and the right to recover attorney's fees and costs.

(g) Late Charges. Any assessment levied pursuant to the Declaration or these Bylaws, or any installment thereof, which is not paid within fifteen (15) days after it is due, may at the option of the Board of Directors be subject to a late charge of not less than ten dollars (\$10.00) per month for each monthly assessment in arrears or such other amounts as the Board of Directors may fix, and in addition, the Board of Directors may declare the installments which would otherwise be due during the remaining fiscal year immediately due and payable and may take those actions to collect such accelerated amounts as are provided in these Bylaws for the collection of assessments.

(h) Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Association, or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (1) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; (2) to use self-help to remove or cure any violation of the Condominium Instruments or the rules and regulation on the Common Elements (including, without limitation, the towing of vehicles) or in any Units; or (3) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach.

(i) Other Penalties. Failure by a Unit Owner to comply with any of the terms of the Declaration, these Bylaws and the Rules and Regulations, shall subject such Unit Owner to other penalties that may be established by resolution of the Board of Directors, including, but not limited to, the imposition of charges. Any such resolution duly adopted by the Board of Directors shall be adopted in accordance with Section 55-79.80:2B of the Condominium Act, as amended, which requires the Unit Owner be given the opportunity to be heard and represented by counsel before the Board of Directors.

Section 2. Lien for Assessments.

(a) The total annual assessment of each Unit Owner for Common Expenses or any special assessment or any other sum duly levied, made pursuant to these Bylaws is hereby declared to be a lien levied against the Condominium Unit of such Unit Owner as provided in Section 55-79.84 of the Condominium Act.

(b) The lien for assessments may be enforced and foreclosed in the manner provided by the Condominium Act by action in the name of the Association, or the Managing Agent, acting on behalf of the Unit Owners Association.

(c) A suit to recover a money judgment for unpaid contributions may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section 3.Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any Unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the Unit at such sale from liability for any assessment lien perfected under Section 55-79.84 of the Condominium Act and for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

Section 4.Priority of Lien. All assessments levied by the Unit Owners Association of the Condominium shall constitute a lien on the Unit, which lien shall be subordinate to any lien of any Mortgage.

ARTICLE XI

USE RESTRICTIONS ON UNITS AND COMMON ELEMENTS

Section 1.Unit Use Restrictions. Each Unit and the Condominium Property in general shall be occupied and used as follows:

(a) Except as provided in the Declaration, no Unit shall be used for other than housing, home occupations allowed by local zoning ordinances and subject to Rules and Regulations which may be promulgated by the Board of Directors, and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, non-residential uses from time to time in any Unit. Nothing in these Bylaws shall be construed to prohibit the Declarant from using any Unit owned by the Declarant for promotional, marketing, administrative office, display or other related

purposes or from using any appropriate portion of the Common Elements for settlement of sales of Condominium Units.

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

(c) No disruptive, improper, or unlawful use shall be made of the Condominium Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Condominium Property shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and if the latter, then the cost of such compliance shall be a Common Expense.

(d) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements (except those areas designated for such storage or parking by the Board of Directors) without the approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Elements except upon the prior written consent of the Board of Directors.

(e) The Common Elements must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the premises; nor shall any carriages, bicycles, wagons, shopping carts, chairs, benches, tables, firewood, or any other object of a similar type and nature be stored therein.

(f) No Unit shall be rented for transient or hotel purposes. No Unit shall be leased or rented for any period less than six (6) months. No Unit Owner shall lease a Unit other than on a written form of lease requiring the lessee to comply with the Condominium Instruments and rules and regulations, and providing that failure to comply constitutes a default under the lease. The Unit Owner shall provide a current copy of the Condominium Instruments and such rules and regulations as have been promulgated as of the date of such lease to lessees. The Board of Directors may provide a suggested standard form lease for use by Unit Owners. Unit Owners shall provide to the Board of Directors, a fully executed copy of the lease. The foregoing provisions of this subparagraph, except for the restriction against use for hotel or

transient purposes, shall not apply to the Declarant, or a Mortgagee in possession of a Unit as a result of a foreclosure or other judicial sale or as a result of any proceeding in lieu of foreclosure.

(g) No commercial trucks, buses or any commercial vehicle shall be permitted to be kept or parked overnight upon any portion of the Property, including within any garage. Trailers, campers, recreational vehicles, house trailers, boat trailers or boats shall not be parked in a garage. No vehicle shall remain on the Condominium Property unless it has current state license plates, a current inspection sticker and complies with all other applicable laws. Repairing vehicles of any kind shall not be permitted on any portion of the Condominium Property

(h) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon any part of the Condominium Property, except that the keeping of small, orderly domestic pets (e.g. dogs, cats, caged birds) and aquarium fish is permitted subject to the limitation that no Unit Owner shall keep or maintain in excess of two (2) orderly domestic pets and, subject to the Rules and Regulations adopted by the Board of Directors. Pets shall not be permitted upon the Common Elements unless accompanied by a responsible person and unless carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the property shall be deemed to have indemnified and agreed to hold the Association, each Unit Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. Each pet owner shall be required to clean up any and all excrement caused by his pet on any portion of the Condominium Property. The Board of Directors shall have the right to order any person whose pet is a nuisance to remove such pet from the Condominium.

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

(j) Except as to those major appliances as may be installed by the Declarant during its initial construction of Units, or as may be installed by Unit Owners

as replacements thereof, additional major appliances may not be installed in a Unit without prior written approval of the Board of Directors.

(k) No Unit Owner shall allow anything whatsoever to fall from the windows of the premises, nor shall he sweep or throw from his Unit any dirt or other substances outside of his Unit onto the Common Elements.

(l) Refuse, garbage and recyclable material shall be deposited in the area for pick up before scheduled pick up. Trash shall not be stored or placed on patios, terraces, decks or balconies.

(m) No clothesline or similar device shall be permitted on any portion of the Condominium Property, including Limited Common Elements.

(n) No Unit Owner is or shall be permitted to install any type of fireplace within his Unit, without the prior written consent of the Board of Directors. No open flame barbecue grills shall be allowed on the Condominium Property nor storage of flammable fuels.

(o) The Board of Directors of the Association may retain a pass-key to all Units. No Unit Owner or occupant shall alter any lock or install a new lock, without the written consent of the Board of Directors of the Association. Where such consent is given, the Unit Owner shall provide the Association with an additional key for the use of the Association, pursuant to its right of access.

(p) No Unit Owner shall make or permit any disturbing noises by himself, his family, pets, his servants, employees, agents, visitors and licensees, nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of other Unit Owners.

(q) Except as specifically permitted by applicable governmental regulations, no exterior antennas of any type, including, but not limited to, satellite dishes for reception or transmission, may be erected or maintained within the Condominium without the prior written consent of the Board of Directors, which consent shall not be unreasonably withheld.

(r) Nothing shall be done in any Unit or in, on, or to the Common Elements which will impair the structural integrity of the Condominium, or which would structurally change any building or improvements thereon except as is otherwise provided in these Bylaws, provided, further, that interior partitions contributing to the support of any Unit shall not be altered or removed.

(s) Waterbeds shall not be permitted in any Unit without written consent of the Board of Directors.

(t) Unit Owners and occupants shall exercise extreme care not to disturb other Unit Owners or occupants with excessive noise from the use of radios, televisions, musical instruments, amplifiers, or telephones.

(u) Garages shall only be used for a purpose that will not interfere with the intended purposes of garages (e.g. parking of vehicles). Garages may not be converted into living spaces.

(v) Unit windows shall be covered by blinds, shades, curtains or other window treatments which are white or off-white in appearance from the exterior of the building.

Section 2. Rules and Regulations. Each Unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and amended by the Board of Directors. The Board of Directors shall furnish copies of the Rules and Regulations to each Unit Owner. Amendments to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner upon request. Each Unit Owner shall be responsible for compliance with all Rules and Regulations by all family members, guests, agents, invitees, and tenants.

Section 3. Utility Charges. The cost of utilities serving the Condominium not individually metered to a Unit shall be a Common Expense.

Section 4. Parking Spaces.

(a) Except for parking spaces located within garages that are part of each Unit and except to the extent limited by the Declarant as to such parking spaces as may be used in conjunction with the Declarant's sales program, all parking spaces designated as such on the Plats and Plans shall be used by Unit Owners on a first-come, first-served basis except as the Board of Directors may otherwise determine. Each Unit Owner shall comply in all respects with such Rules and Regulations which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Condominium, and the Board of Directors is hereby, and elsewhere in these Bylaws, authorized to adopt such rules.

Section 5. Storage Areas; Disclaimer of Bailee Liability. Any storage cubicles or areas in the Condominium, if any, are Common Elements and may be assigned to Units by appropriate resolution of the Board of Directors as Limited

Common Elements. The Board of Directors, the Unit Owners Association, any Unit Owner and the Declarant shall not be considered a "bailee" of any personal property stored on the Common Elements (including property located in storage cubicles or areas and vehicles parked in the parking areas of the Condominium), whether or not the storage area is assigned specifically to a Unit Owner for storage purposes, and shall not be responsible for the security of such personal property, storage area or for any loss or damage thereto, whether or not due to negligence.

Section 6.Right of Access. By acceptance of his deed of conveyance, each Unit Owner thereby grants a right of access to his Unit, as provided by Section 55-79.79(a) of the Condominium Act and as further set forth in the Declaration to the Board of Directors or the Managing Agent, or any other person authorized by the Board of Directors or the Managing Agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including, without limitation, making inspections, correcting any condition originating in his Unit and threatening another Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or electrical services or the Common Elements in his Unit or elsewhere in the Condominium Property or to correct any condition which violates the Condominium Instruments; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. To the extent that damage is inflicted upon the Common Elements or any Unit through which access is taken, the Unit Owners Association if it caused the damage, shall be liable for the prompt repair thereof.

Section 7.Declarant Exempt. Notwithstanding any provision contained in this Article XI to the contrary, the use and other restrictions set forth in this Article XI shall not apply to the construction or development activities of the Declarant or to the use of the Common Elements and/or Units owned by the Declarant for display, marketing, promotion, sales, rental, leasing or construction purposes or the use of Units as "models", or the use of any portion of the Condominium as a sales, rental or management office.

ARTICLE XII

CONDEMNATION

In the event of a taking in condemnation or by eminent domain, the provisions of Section 55-79.44, Code of Virginia, as amended, shall prevail and govern.

ARTICLE XIII

MISCELLANEOUS

Section 1. Notices. All notices, demands, bill statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by regular mail, first-class, prepaid.

(a) If to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the Unit of such Unit Owner; or

(b) If to the Unit Owners Association, the Board of Directors, or the Managing Agent, at the principal office of the Managing Agent, or at such other address as shall be designated by the notice in writing to the Unit Owners pursuant to this Section.

Section 2. Severability. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. Resale by Purchaser. The Unit Owners Association, in complying with Section 55-79.97(A), Code of Virginia, 1950, as amended, shall furnish to the purchaser prior to contract date, the appropriate statements. The Board of Directors of the Unit Owners Association may charge the seller up to the maximum amount allowed by law to comply with statements pursuant to Sections 55-79.84(H) and 55-79.85, Code of Virginia, 1950, as amended. In addition, the Board of Directors may fix such other amounts as are required in complying with Section 55-79.97(A), 2 through 7, Code of Virginia, 1950, as amended.

Section 4. Interchangeable Terms. As used in these Bylaws, the terms "mortgage" and "deed of trust" are interchangeable with each other, and the terms "mortgagee" and "deed of trust noteholder" are interchangeable with each other.

Section 5. Certain Contracts of Declarant. Any employment contract, lease of facilities or parking areas entered into by the Declarant on behalf of the Unit Owners Association during the period within which the Declarant is in control of the Unit Owners Association, may following the relinquishment of the Declarant control and at the option of the Association be terminated without penalty upon not more than ninety (90) days notice.

ARTICLE XIV

AMENDMENTS TO BYLAWS

Section 1. Amendments. These Bylaws may be modified or amended as provided in Section 55-79.71 of the Condominium Act. During the Declarant Control Period, the following sections shall not be amended without consent of the Declarant: (1) Section 2 of Article II; (2) Section 9 of Article II; (3) Section 1 of Article III; and (4) Section 1 of this Article XIV.

Section 2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgages.

ARTICLE XV

DISPUTE RESOLUTION

Section 1. Claim Notice; Inspection. Unless otherwise agreed in writing by the Board of Directors and the Declarant, before the Board of Directors may bring an action for damages against the Declarant based on a claim for defects in the design or construction of the Common Elements or other portions of the Condominium, including, without limitation, an action for enforcement of any warranty on the Common Elements, the requirements of this Article shall be met.

(a) The Board of Directors shall make a prudent and reasonable attempt to mail or otherwise deliver written notice to the Declarant specifying the defect or defects that are the subject of its claim, including identification of all Common Elements and other portions of the Condominium that have manifested damage or otherwise indicate existence of a defect (the "Claim Notice").

(b) Within twenty (20) days after the receipt of the Claim Notice, the Declarant may make a written request to the Board of Directors to inspect the Common Elements and other portions of the Condominium identified in the Claim Notice (the "Inspection Request"). If the Declarant fails to deliver a timely Inspection Request, the Board of Directors may bring an action based on the claim or claims identified in the Claim Notice without satisfying any of the other requirements of this Article.

(c) Within ten (10) days after receipt of the Inspection Request, the Board of Directors shall make available for inspection all Common Elements and other portions of the Condominium identified in the Claim Notice during normal working hours or other mutually agreed upon times. If necessary, interior inspections of Units shall occur only during normal business hours or other mutually agreed upon times, only upon prior notice to the Owner or occupant of the Unit, and only with the consent of the Owner of the Unit, which consent may not be unreasonably withheld or delayed.

(d) Such inspection shall be completed within fifteen (15) days after the date the Common Elements and other portions of the Condominium are made available to the Declarant by the Board of Directors and/or any Unit Owner for inspection; provided, however, that if such inspection is not reasonably capable of being completed within such fifteen (15) day period, and provided further that the Declarant commences good faith efforts to commence such inspection within such fifteen day (15) day period and thereafter diligently prosecutes such efforts to completion, such fifteen (15) day period shall be extended for the period of time reasonably necessary for the Declarant to commence and complete such inspection. The Declarant shall pay all costs of such inspection, shall restore the Common Elements and other portions of the Condominium to the condition that existed immediately before such inspection within five (5) days after the completion of such inspection, and shall indemnify the Board of Directors for any and all damages resulting from such inspection; provided, however, that if such restoration is not reasonably capable of being completed within such five (5) day period, and provided further that the Declarant commences good faith efforts to commence such restoration within such five (5) day period and thereafter diligently prosecutes such efforts to completion, such five (5) day period shall be extended for the period of time reasonably necessary for the Declarant to commence and complete such restoration.

Section 2. Settlement Statement: Conference.

(a) Within fifteen (15) days after completion of the inspection under Section 1 of this Article, the Declarant shall submit a written statement to the Board of Directors stating the Declarant's proposed settlement of the claim or claims identified in the Claim Notice, and stating whether the Declarant proposes to do any remedial work, pay the Association a cash amount, or both (the "Settlement Statement").

(b) If the Declarant fails to deliver a timely Settlement Statement, the Board of Directors may bring an action on the claim or claims identified in the Claim Notice without satisfying any of the other requirements of this Article.

(c) If the Declarant delivers a timely Settlement Statement, then within fifteen (15) days after receipt of the Settlement Statement, at least a majority of the Board of Directors shall hold a settlement conference with the Declarant to discuss the

claim or claims identified in the Claim Notice and the proposed settlement stated in the Settlement Statement (the "Settlement Conference"). The Association and the Declarant may be represented at the Settlement Conference, and any mutually agreed upon continuation thereof by attorneys and consultants.

(d) If a settlement of the claim or claims identified in the Claim Notice is not reached within fifteen (15) days after the Settlement Conference, or any mutually agreed upon continuation thereof, the Association or the Declarant may deliver to the other party, within thirty (30) days after the Settlement Conference, or any mutually agreed upon continuation thereof, a written request for nonbinding mediation. Either party to any such nonbinding mediation may elect to terminate such nonbinding mediation at any time, upon that party's determination that the nonbinding mediation has been unable to resolve the dispute, by giving written notice to the other party of such determination.

(e) If the Board of Directors does not accept the Declarant's proposed settlement set forth in the Settlement Statement, and if the parties are unable to resolve the dispute through nonbinding mediation, the Board of Directors shall make reasonable efforts to disseminate to each Unit Owner a summary of the information required under Section 3 of this Article prior to bringing any action against the Declarant.

(f) Any notice, request, statement, or other communication required to be sent to the Declarant or the Association under this Article shall be mailed by first-class registered or certified mail, return receipt requested, or sent by facsimile (provided the original is, on the same day, personally served on the party entitled to receive such notice, request, statement or other communication).

Section 3. Commencement of Action: Notice to Unit Owners. Before the Association may bring an action for damages against the Declarant based on any claim or claims identified in the Claim Notice, the Board of Directors shall make reasonable efforts to disseminate to each Unit Owner:

- (a) a statement of the claim of the Association against the Declarant;
- (b) a copy of the written response of the Declarant to the claim of the Association, including any proposed settlement delivered by the Declarant to the Association Unit Owners;
- (c) summary information about the Settlement Conference and the mediation;

(d) a statement of the reasonably anticipated consequences of proceeding with the litigation (the form and content of such statement to be subject to the reasonable judgment of the Board of Directors); and

(e) a statement that if ten percent (10%) of the Unit Owners (other than the Declarant) request a special meeting of the Association to discuss the proposed litigation within thirty (30) days after the date the notice is mailed or otherwise delivered to the Unit Owners, then a special meeting must be held.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed on behalf of the Unit Owners Association of The Condominiums at Kirkpatrick Farms this ____ day of _____, 200__.

NVR, INC, t/a Ryan Homes
a Virginia corporation

By: _____
Name: _____
Title: _____

STATE OF _____
COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this ____ day of _____, 200__, by _____ of NVR, INC., t/a Ryan Homes on behalf of said corporation.

Notary Public

My Commission Expires: _____

EXHIBIT "A"

TO

BYLAWS

SCHEDULE OF MAINTENANCE RESPONSIBILITIES

EXHIBIT "A"
TO
BYLAWS

MAINTENANCE RESPONSIBILITIES CHART
THE CONDOMINIUMS AT KIRKPATRICK FARMS

ITEM	PARTY RESPONSIBLE FOR PERFORMANCE	PARTY RESPONSIBLE FOR COST OF PERFORMANCE
Building exterior, roof, vertical walls, foundations, gutters and downspouts.	Unit Owners Association	Unit Owners as a Common Expense
Painting of shutters, exterior of Unit entry and parking garage doors and portions of door and door frames which are exterior.	Unit Owners Association	Unit Owners as a Common Expense
Routine repair, replacement and maintenance of deck or porch doors, screen doors and Unit entry and parking garage doors (including any cleaning and door hardware replacement).	Individual Unit Owner	Individual Unit Owner
Major maintenance and repair and replacement of decks, porches and driveways of Units.	Unit Owners Association	Unit Owners as a Common Expense
Cleaning, sweeping and snow removal of decks, porches and driveways of Units.	Owner of the Unit to which such deck, porch, or driveway is appurtenant	Owner of the Unit to which such deck, porch, or driveway is appurtenant
Repair and replacement of Unit windows, frames and screens.	Individual Unit Owner	Individual Unit Owner

Maintenance Responsibilities Chart Page 2

ITEM	PARTY RESPONSIBLE FOR PERFORMANCE	PARTY RESPONSIBLE FOR COST OF PERFORMANCE
Routine maintenance and repair of Unit windows, frames and screens (including any cleaning and window hardware replacement).	Individual Unit Owner	Individual Unit Owner
Heating and cooling systems and components serving only Common Elements or more than one Unit.	Unit Owners Association	Unit Owners as a Common Expense
Heating and cooling systems and components exclusively serving one Unit.	Individual Unit Owner	Individual Unit Owner
Plumbing and related systems and components thereof, including any sprinkler systems, serving only Common Elements or more than one Unit.	Unit Owners Association	Unit Owners as a Common Expense
Plumbing exclusively serving a single Unit and located within the boundaries of the Unit.	Individual Unit Owner exclusively served by such plumbing	Individual Unit Owner exclusively served by such plumbing
Plumbing exclusively serving a single Unit but located outside the boundaries of that Unit.	Unit Owners Association	Individual Unit Owner exclusively served by such plumbing
Electrical and related systems and components, thereof including fixtures, serving only Common Elements or more than one Unit.	Unit Owners Association	Unit Owners as a Common Expense

Maintenance Responsibilities Chart Page 3

ITEM	PARTY RESPONSIBLE FOR PERFORMANCE	PARTY RESPONSIBLE FOR COST OF PERFORMANCE
Electrical and related systems and components, including fixtures, exclusively serving a Unit and located within the boundaries thereof.	Individual Unit Owner exclusively served by such electrical component	Individual Unit Owner exclusively served by such electrical component
Electrical and related systems and components, including fixtures, exclusively serving a Unit but located outside the boundaries thereof.	Unit Owners Association	Individual Unit Owner exclusively served by such electrical component
Maintenance and repair or replacement of Common Element sidewalk areas, grounds, landscaped areas, surface parking spaces and private roadways, including snow removal. Maintenance, repair and cleaning of vestibules.	Unit Owners Association	Unit Owners as a Common Expense
Maintenance, repair and replacement of leadwalks and stoops, including snow removal.	Unit Owners Association	Unit Owners as a Common Expense
Exterminating within individual Units.	Individual Unit Owner	Individual Unit Owner
Exterminating exterior of buildings and foundation.	Unit Owners Association	Unit Owners Association
Interior of Unit.	Individual Unit Owner	Individual Unit Owner