

BY-LAWS  
OF  
THE OVERLOOK CONDOMINIUM UNIT OWNER'S ASSOCIATION

ARTICLE I

Office

Office.

The office of the Association and of 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.

ARTICLE II

Definitions

Section 1.

"Association" shall mean and refer to the Overlook Condominium Unit Owner's Association, its successors and assigns.

Section 2.

"Properties" shall mean and refer to that certain real property described in the Declaration of Condominium of Overlook (Overlook), and such expansions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3.

"Common" Elements shall mean all real property controlled and managed by the Association for the common use and enjoyment of the members of the Association as described in the Declaration of Condominium of Overlook Condominium.

Section 4.

"Unit" shall mean and refer to a portion of Overlook designed and intended for individual ownership and use. "Residential Unit" shall refer to one of the Units designed for residential occupancy and use.

Section 5.

"Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6.

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

Section 7.

"Declarant" shall mean and refer to Melba Investors Southeast, Inc., T/A Wintergreen, its successors and assigns as developer of the "Properties".

Section 8.

"Declaration" shall mean and refer to the Declaration of Condominium applicable to all Properties recorded in the Office of the Clerk of the Circuit Court of Nelson County, Virginia.

ARTICLE III

Membership

Section 1.

Every person or entity who is a record owner of a whole or partial interest in any Unit which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a member of the Association. When a Unit is owned of record in the name of two or more individuals, each co-owner shall be a member provided, however, that the vote appertaining to such Unit shall be cast in accordance with Section 55-79.77(c) of the Code of Virginia as amended. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association. Ownership of such Unit shall be the sole qualification for membership.

Section 2.

Suspension of Membership Rights. During any period in which a member shall be delinquent in excess of 30 days in the payments of any annual or special assessment levied by the Association, the right to the use of the Common Area and the recreation facilities, if any, of such member may be suspended by the Board of Directors until such assessment has been paid, provided, however, that access by the delinquent Unit Owners shall not be denied. Such rights of a member may also be suspended, after two weeks prior written notice and a hearing before the Board of Directors, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Association governing the use of the Common Elements and facilities.

ARTICLE IV

Obligations of the Owners

Section 1.

Expenses, Assessments. Every Owner shall contribute toward the expense of the maintenance of Common Elements and payment of other Common Expenses, as provided by the aforementioned Declaration. The Association shall fix a quarterly assessment for each Unit in an amount sufficient to provide for its share of the maintenance of the Common Elements and other Common Expenses, subject to adjustment from time to time as the Association may deem necessary. Each residential Unit shall pay a portion of the total assessment equal to the reciprocal of the total number of residential units. Such quarterly charge shall be due and payable in advance on the first day of every calendar quarter, shall at the option of the Board of Directors when established at a duly called meeting

of said Board, bear interest at the rate of eighteen percent (18%) per annum from due date until paid, and with such interest shall be a lien on the Unit, assessed prior in right to all other charges whatsoever except assessments, liens and charges in favor of the State of Virginia or the County of Nelson for taxes past due and unpaid on such Unit and amounts and liabilities secured by first mortgage instruments or deeds of trust duly recorded prior to the perfection of the lien and securing institutional lenders. In the event any Owner is delinquent in the payment of any quarterly assessment for a period in excess of thirty (30) days, the Association is authorized to discontinue all services that the Association is furnishing to his Unit and residence thereof and/or to suspend the assessment to the Common Elements, (except for access) to the Unit Owner, his family, tenants and assigns.

Section 2.

Maintenance and Repair.

(a) Every Owner must perform promptly all maintenance and repair work within his own Unit excluding, however, the Common Elements, which if omitted would affect the Common Elements and/or any other Unit, and shall be expressly responsible for the damages and liabilities that his failure to do so may engender. Every Unit Owner shall be responsible for maintaining the interior temperature of his Unit sufficiently high such that water pipes located within such Unit shall not be in danger of freezing.

(b) Every Owner shall be responsible for the repairs of internal installations of the Unit which serve only such Unit, such as water, light, power, sewerage, telephone, sanitary installations, doors, windows, lamps and all other accessories belonging

to the Unit.

(c) An Owner shall reimburse the Association for any expenditures it incurs in repairing or replacing any common area or facility damaged through the Owner's negligence or failure to promptly perform all maintenance and repair work within his Unit.

Section 3.

Use of Units. All Units shall be utilized in accordance with the provisions of the By-Laws, Declaration, and House Rules.

Section 4.

House Rules. In order to assure the peaceful and orderly enjoyment of the buildings and common elements of the Condominium, the Association may from time to time adopt, modify, and revoke in whole or in part by a vote of the members present in person or represented by proxy whose aggregate interest in the common elements constitute sixty percent (60%), at any meeting duly called for the purpose, such reasonable rules and regulations, to be called House Rules, governing the conduct of persons within the Properties as it may deem necessary. Such House Rules upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each Owner and shall be binding upon all members of the Association and occupants of the Properties.

Section 5.

Perfection and Foreclosure of Lien. The Association shall perfect its lien against any Unit for which assessments are not paid within ninety (90) days from the time such assessments became due in the manner set forth in Section 55-79.84 of the Code of Virginia as amended. This requirement can be waived only by specific action of the Board of Directors prior to the expiration of such time. The waiving of the perfection of such lien shall not waive the right of the Association to maintain

an action at law to recover a money judgment for unpaid assessments. Any Owner who is delinquent in the payment of his assessments shall be responsible for the costs and reasonable attorney's fees incurred by the Association in the collection of such assessments. In any suit to foreclose the lien for assessments, the Association shall follow the requirements of Section 55-79.84 of the Code of Virginia as amended. The Board of Directors, or its agent, shall have the power, but not the obligation, to acquire such Unit on behalf of the Association at a foreclosure sale provided that such action shall have been previously authorized at a regularly held meeting of the Board of Directors. No Unit shall have any votes in the Association when it is owned by the Association.

Section 6.

Right of Entry. The President or any person authorized by the Board of Directors shall have the right to enter such Unit in case of any emergency originating in or threatening such Unit whether or not the Owner or occupant is present at the time. Every Owner and occupant, when so required, shall permit Board members or their representatives, employees or contractors to enter his Unit at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the common elements therein for central services, provided that requests for entry are made in advance, except when such request is not practicable due to an emergency situation.

Section 7.

Title. Every Unit Owner shall promptly cause to be duly recorded in the Clerk's Office of the Circuit Court of Nelson County, Virginia, the deed or other conveyance to him of his Unit and file a copy thereof or other evidence of his title with the Board of

Directors through the Secretary, and the Secretary shall maintain such information in the record of ownership of the Association.

Section 8.

Mortgages. Any institutional first lien mortgagee, (the Mortgagee), of a Unit may file a copy of its mortgage or deed of trust with the Board of Directors through the Secretary, and the Secretary shall maintain such information in the record of ownership of the Association. After the filing of the mortgage or deed of trust, the Board of Directors (through its manager if one exists), shall notify the Mortgagee of any Unit Owner who is in default in the expenses for the administration of the Association and the Mortgagee at its option may pay the delinquent expenses. -

ARTICLE V

Meeting of Members

Section 1.

Annual Meetings. The first annual meeting of the members shall be held within one year from the date of recordation of the Declaration of Condominium registered with the Virginia Real Estate Commission pursuant to Section 55-79.92 of the Virginia Code. Each subsequent regular annual meeting of the members shall be held on the Sunday following the second Saturday in each November of each year thereafter, or at such other date as the Board shall establish.

Section 2.

Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4th) of all of the votes of the membership.

Section 3.

Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the

direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, United States Mail, at least twenty-one (21) days before the annual and regular meetings and seven (7) days before a special meeting, to each member of record entitled to vote thereat, addressed to the member's Unit address, or such other address supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour and purpose of the meeting. In lieu of delivering notice as above, the notice may be hand delivered by such officer, provided he obtains a receipt of acceptance of such notice from the Unit Owner.

Section 4.

Quorum. The presence at the beginning of meetings of members entitled to cast, or of written proxies entitled to cast, one-quarter (1/4) of the votes of all the membership, shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5.

The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Unit Owner or by any such persons, that it be revoked. Any proxy shall be void if it is not dated, if it purports to



be revocable without notice as aforesaid, or if the signatures of any of those executing the same has not been duly witnessed by a person who has signed his full name and address. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution, thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy.

#### ARTICLE VI

##### Voting Rights

##### Section 1.

The Association shall have one class of voting membership: Every Residential Unit Owner, whether one or more, shall have one vote for each Unit owned. If more than one person owns a Unit, the vote for such Unit shall be cast according to Section 55-79.77 (c) of the Code of Virginia as amended.

#### ARTICLE VII

##### Property Rights

##### Section 1.

Member's Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Elements and such easement shall be appurtenant to and shall pass with the title to every assessed Unit, subject to the following provisions:

- (a) the suspension of membership rights under the provisions of Article III, Section 2. hereof,
- (b) the right of the Association to limit the number of guests of members; and
- (c) the right of the Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Elements.

Section 1. Delegations of Use. Any member may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Elements to the members of his family, his guest, his tenants, or contract purchasers who reside on the property.

Section 1. Utility Easements. The Association by normal Board action may convey and grant any utility easement.

#### ARTICLE VIII

##### Board of Directors

Section 1. The management of the affairs, property and business of the Association shall be vested in a Board of Directors consisting of not less than three or more than seven persons, who shall be elected at the annual meeting of the members for a term of one year, and shall hold office until their successors are elected and qualify. In addition to the powers expressly conferred by these By-Laws and the Declaration, the Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, or by the Declaration or by these By-Laws directed or required to be exercised or done by the members.

Section 2. The Board of Directors shall have the right to delegate to a Managing Agent all of its powers relating to the maintenance of the Common Elements and to the collection of all assessments for the Association. Such Managing Agent shall have no power to establish rules and regulations for the Association.

Section 3. The Board of Directors shall administer the By-Laws and the House Rules as they relate to the use of the Common Elements. The Board of Directors shall have the right to delegate the approval of any changes in the exterior of the Building to an Architectural Review Board. Such Architectural Review Board shall

be appointed by the Board of Directors to a term not to exceed the term of one year.

Section 4.

Directors may not receive any compensation other than reimbursement of expenses made on behalf of the Association.

Section 5.

The regular meeting of the Board of Directors without notice other than these By-Laws, shall be held immediately after the adjournment of each annual meeting of the Association and at the same place.

Section 6.

Special meetings of the Board of Directors, to be held at a place to be designated by the President or Vice-President, may be called by the President, or in his absence, by the Vice-President, or by any two members of the Board of Directors.

Section 7.

Notice of the time and place of all special meetings of the Board of Directors shall be mailed to each Director by the Secretary or Assistant Secretary at least ten (10) days before the time fixed for the meeting, unless the fixing of such notice is waived by prior resolution of the Board of Directors or pursuant to Section 11. of this Article. All notices of special meetings shall state the purposes thereof, except as this requirement may be waived as hereinafter provided.

Section 8.

A quorum for the transaction of business at any regular or special meeting of the Board of Directors shall consist of a majority of the members of said Board, but the Directors present at any Directors' meeting, though less than a quorum, may adjourn the meeting from time to time, without notice other than at the time of adjournment, until the requisite quorum shall be present.

Section 9.

Any vacancy on the Board of Directors, except where caused by removal of a Director, may be filled by vote of the remaining Directors at any regular or

special meeting of the Board of Directors. A Director elected to fill a vacancy shall serve for the expired portion of the term of the Director whose place he filled and until his successor shall be duly elected and qualify, unless sooner displaced.

Section 10.

At each annual members' meeting, the Board of Directors shall submit a statement of the business done during the preceding year, together with a report on the general financial condition of the Association and on the condition of its tangible property.

Section 11.

Any or all of the requirements of this Article of By-Laws as to time, place, or notice of any meeting of the Board of Directors may be waived by the Directors, if each member of said Board shall agree in writing to such waiver.

Section 12.

In any case where the Association enters into any contract, transacts any business with any Director or Directors, or with any corporation or association of which one or more of its Directors is a stockholder, director, officer, trustee or partner, such contract or transaction shall not be invalidated or in any wise affected by the fact that such Director or Directors have or may have any interest, if disclosure is made to the Board of Directors by the Directors having such interest, and if the Board of Directors by majority vote of the disinterested Directors authorizes, affirms, ratifies, or approves such contract or transaction; such Director may not vote on any such action in which he has said interest as stated above.

ARTICLE IX

Nomination and Election of Directors

Section 1.

Nomination. Nomination for election of the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2.

Election. At the election of the Board of Directors, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE X

Officers

Section 1.

The Board of Directors shall elect the officers of the Association, such election to be held at the annual meeting of the Board of Directors following each annual member's meeting. An officer may be removed at any time by a majority vote of the full Board of Directors at any regular or special meeting

of the Directors, but any officer whose removal is contemplated shall be granted a reasonable time in which to answer, at a hearing before the full Board of Directors, such charges as may be brought against him.

Section 2.

The officers of the Association shall be a President, a Vice-President, a Secretary, an Assistant Secretary, if elected, and a Treasurer, but any two officers except that of President and Secretary may be held by the same individual. The officers shall be elected for a term of one year and shall hold office until their successors are duly elected and qualified. Officers elected to fill vacancies for the unexpired portion of the terms of their predecessors and hold office until their successors are duly elected and qualify. No one shall be eligible for the office of President who is not a Director of the Association, and any President who ceases to be a Director shall cease to hold the office of President.

Section 3.

The President shall be the chief executive of the Association; he shall preside at all Directors' and members' meetings; shall have general supervision over the affairs of the Association, shall sign all membership certificates; and shall perform all such duties as are incident to his office or as the Board of Directors may prescribe.

Section 4.

In the case of the absence or disability of the President, his duties shall be performed by the Vice-President, or by such other officer as the Board of Directors may designate. The other duties of the Vice-President shall be such as the Board of Directors may from time to time prescribe.

Section 5.

The Secretary shall issue the notices of meetings of the members and of the Board of Directors, and

shall attend and keep the minutes of the same; he shall be in charge of all Association records except those to be kept by the Treasurer; attest with his signature all membership certificates and all written contracts of the Association as to which attestation is necessary, and shall perform all such other duties as are incident to his office, or as the Board of Directors may prescribe.

Section 6.

The Treasurer shall have the custody of all monies and securities of the Association and shall keep regular books of account. He shall disburse the funds of the Association in payment of the just demands against the Association or as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Board of Directors from time to time as may be required of him, an account of all his transactions as Treasurer and of the financial conditions of the Association. He shall perform all duties incident to his office or which are properly required of him by the Board of Directors.

Section 7.

In the case of the absence or inability to act of any officer of the Association, the Board of Directors may, from time to time, delegate the powers or duties of such officer to any other officer, or any Director or other person whom it may select.

Section 8.

Any vacancy in any office arising from any cause may be filled by the Directors at any regular or special meeting.

Section 9.

The Board of Directors may appoint such other officer or officers as it shall deem necessary or expedient, who shall hold his or their office for such terms, and who shall exercise such powers and perform such duties as shall be determined from time

to time by the Board of Directors.

## ARTICLE XI

### Meetings

#### Section 1.

The order of business at all regular meetings of the Board of Directors and of members shall follow as nearly as practicable the following outline:

- (a) Calling meeting to order and determination of a quorum,
- (b) Reading and adoption of the minutes of the previous meeting(s),
- (c) Reports of officers,
- (d) Reports of special committees,
- (e) Election of Directors (or officers),
- (f) Unfinished business,
- (g) New business; and
- (h) Adjournment.

## ARTICLE XII

### Finances

#### Section 1.

Fiscal Year. The fiscal year of the Condominium shall consist of the twelve (12) month period commencing on January 1 of each year and terminating on December 31 of the same year.

#### Section 2.

Preparation and Approval of Budget. Each year on or before December 1, the Board of Directors shall adopt a budget for the Condominium 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 it is the responsibility of the Board of Directors to maintain, repair, replace, and the cost of wages, fees, materials, insurance premiums, services, supplies, reserves and other



expenses that constitute Common Expenses under the Condominium Act, these By-Laws or a Resolution of the Board of Directors or the Unit Owner's Association, and which will be required during the ensuing fiscal year of the administration, operation, maintenance and repair of the Condominium and the rendering to the Unit Owners of all related services. The Budget may also include:

(a) The cost of the maintenance or repair of any condominium unit 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 project or is otherwise in the interest of the general welfare of all owners of the condominium units; 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 on which such maintenance or repair is performed and when so assessed, 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 IV of these By-Laws.

(b) 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 rather than the interest therein of the owner of any individual condominium unit.

(c) 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. 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 ten (10) 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.

Section 3.

Reserves. The Board of Directors may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the Budget which may become necessary during the year shall be charged first against reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment which shall be assessed against the Unit Owner's according to their respective Undivided Interests in the Common Elements, and which 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 further assessment on all Unit Owners by a statement in writing giving the amount and reason therefor and such further 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 further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is

not payable in installments, the amount of such assessment.

Section 4.

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.

Section 5.

Deposit of Funds. The funds of the Association shall be deposited in such banks, trust companies, or other depositories as the Board of Directors may designate. Checks drawn to pay indebtedness of the Association may be signed by such person or persons as the Board of Directors may choose by resolution.

Section 6.

Authorized Signatures. The President or the Secretary are hereby authorized to make and issue notes, bonds, debentures, obligations, and evidences of indebtedness of all kinds only pursuant to resolutions duly adopted by the Board of Directors.

ARTICLE XIII

Books and Records

Section 1.

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration and these By-Laws shall be available for inspection by any member at the principal office

of the Association, where copies may be purchased at reasonable cost.

#### ARTICLE XIV

##### Insurance

##### Section 1.

The Unit Owner's Association shall obtain and maintain at all times insurance, as set forth herein, including insurance against fire, with endorsement for extended coverage for the full insurable replacement value, of Overlook Condominium as authorized by Section 55-79.81 of the Code of Virginia as amended. Such insurance shall run to the benefit of the Unit Owner's Association, the respective Unit Owners and their respective mortgagees, as their interests may appear, which insurance shall be governed by the following provisions:

(a) The Board of Directors shall be required to obtain a single master policy covering physical damage for the entire Property under which the insurance company will issue to each Unit Owner a certificate or sub-policy. The master policy shall also provide:

(1) That each Unit Owner shall have the right to request an increase in the coverage allocated to his Unit by reason of improvements made solely to his Unit, but any additional coverage shall be billed by the insurance company directly to, and shall be paid by, such Unit Owner; and

(b) In addition, the Board of Directors shall be required to secure a master policy covering physical damage that will provide the following:

(1) That the insurer waives its rights of subrogation to any claims against the Declarant,

Board of Directors, the Managing Agent, the Unit Owners and their respective agents, employees, and in the case of Unit Owners, the members of their households;

(2) That the master policy on the Property cannot be cancelled, invalidated, or suspended on account of the conduct of any member of the Board, officer or employee of the Board of Directors or the Managing Agent, without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect;

(3) That any "no other insurance" clause contained in the master policy shall expressly exclude individual Unit Owner's policies from its operation;

(4) That until the expiration of thirty (30) 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 cancelled for nonpayment of premiums.

(5) That the master policy may not be cancelled or substantially modified without at least thirty (30) days prior written notice to the Board of Directors and all mortgagees of Units;

(6) That the net proceeds of such policies, if less than twenty-five thousand dollars, (\$25,000) shall be payable to the Board of Directors, and if more than twenty-five thousand dollars, (\$25,000), shall be payable

to the Insurance Trustee.

(7) That the master 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 contained in Sections 4. and 5. of this Article.

(c) All policies of insurance shall be written with a company licensed to do business in the State of Virginia and holding a rating of "AAA" or better by Best's Insurance Reports.

(d) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Unit Owners or their mortgagees.

(e) Each Unit Owner shall be required to notify the Board of Directors of all improvements made by the Unit Owners to his Unit, the value of which is in excess of one thousand dollars. (\$1,000).

(f) Any Unit Owner who obtains individual insurance policies covering any portion of the properties, 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 such policy is cancelled.

(a) The Board of Directors shall be required to the extent available to obtain and maintain the following insurance:

(1) Fire insurance with extended coverage vandalism, malicious mischief and windstorm endorsements, insuring the entire Properties (including all of the Units and bathroom and kitchen fixtures initially installed therein by the Declarant, but not including furniture, furnishings, or other personal property supplied or installed by Unit Owners), together with boiler and machinery insurance contained therein and covering the interests of the Association and all Unit Owners and their mortgagees as their interests may appear in the amount equal to at least 100% of replacement value of the Properties.

(2) Workmen's compensation insurance, if and to the extent necessary to meet the requirements of law.

(3) Such other insurance as the Board of Directors may determine.

(b) The Board of Directors shall also be required to obtain and maintain to the extent obtainable, public liability and property damage insurance in such limits as the Board of Directors may from time to time determine insuring the Declarant, each member of the Board of Directors, the Managing Agent, and each Unit Owner against any liability to the public or to the Unit Owners (and their invitees, agents and employees arising out of, or incident to, the ownership and or use of the Common Elements). Said insurance shall be issued on a comprehensive liability basis and shall contain a

cross liability endorsement under which the rights of named insured under the policy shall not be prejudiced with respect to his action against another named insured. The Board of Directors shall review such limits once a year, but in no event shall such insurance be less than one million dollars, (\$1,000,000) with respect to any one accident or occurrence and fifty thousand dollars, (\$50,000) with respect to any claim for property damage. It shall be the responsibility of each Unit Owner to obtain, at his own expense, liability insurance with respect to his ownership and or use of his Unit, and the Board of Directors shall not be responsible for obtaining such insurance.

(c) A duplicate original of the master policy of physical damage insurance, all renewals thereof, and all sub-policies or certificates issued thereunder, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least thirty (30) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board of Directors may determine, of the full replacement value of the property, without deduction for depreciation for the purpose of determining the amount of physical damage insurance to be effected pursuant to this Section.

**Section 3.**

**Separate Insurance.** Each Unit Owner shall have the right, at his own expense, to obtain additional insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property for his personal liability, provided that no Unit Owner shall be entitled to exercise his



right to 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 Properties 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.

Section 4.

Insurance Trustee.

(a) The lender that is the holder of more than fifty percent (50%) of the mortgages or deeds of trust encumbering Units shall be designated as the Insurance Trustee. If for any reason such lender shall fail, refuse or shall cease to act as such, or at such time as it shall no longer hold such mortgages, the Board of Directors shall have the right to designate any bank, trust company, savings and loan association, building loan association, insurance company, or any institutional lender as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby; provided, however, that prior to such designation of a new Insurance Trustee, the Board of Directors shall obtain the consent to such new Insurance Trustee of the mortgagee or mortgagees holding mortgages constituting first liens on more than fifty percent (50%) of the number of Units in the Condominium encumbered by mortgages. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these By-Laws.

(b) The Insurance Trustee shall not be liable for 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 for 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 By-Laws, for the benefit of the Unit Owners and their respective mortgagees.

Section 5.

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 other interest in the Property 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 6.

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

ARTICLE XV

Indemnification

Section 1.

The Association shall have the power to indemnify any officer, director, employee or agent of the Association who was or is threatened, made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, (other than an action by the Association), by reason that he is or was an officer, director, employee or agent of the Association against expenses, (including attorney's

fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding provided:

(a) such officer, director, employee or agent acted in good faith and in the manner he reasonably believed to be in or not opposed to the best interest of the Association; and

(b) such officer, director, employee or agent shall not have been guilty of gross negligence or misconduct in his position directly relating to the claim set forth in such action, suit or proceeding.

**ARTICLE XVI**

Amendments

Section 1.

These By-Laws may be amended by recordation of an instrument executed by the Unit Owners to which two-thirds, (2/3rds) of the votes in the Association are allocated in the Clerk's Office of the Circuit Court of Nelson County, Virginia.

Section 2.

In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

**ARTICLE XVII**

Declarant Control

Section 1.

The Declarant shall control the Association until the first annual or special meeting of the Association as described in Article V hereof provided; however, in no event shall Declarant's control of the Association exceed the period of time set forth in Section 55-79.74 of the Code of Virginia, as amended.

SEE PLAN  
PLAY CABINET  
SIDE 177-183

State Tax 038	\$ 1.00
County Tax 218	\$ 1.00
Transfer Fee	\$ 1.00
Clerk's Fee	\$ 1.00
Plats	\$ 1.00
State Tax 038	\$ 1.00
County Tax 220	\$ 1.00
Total	\$ 11.00

VIRGINIA: In the Clerk's Office of the Circuit Court of Nelson County Nov 21 1976. This writing was admitted to record at 11:15 clock P.M. and the tax imposed by Sec. 58.1-102 of the Code in the amount of \$ 11.00 has been paid.

TESTE: ROSEMARY E. DAVIS Clerk  
BY: [Signature] Deputy Clerk

The foregoing consisting of 2 (2) is a true copy of the Declaration recorded in my office in Nelson County, Virginia Page 1 of 1 and the tax imposed by Sec. 58.1-102 of the Code in the amount of \$ 11.00 has been paid.  
TESTE: [Signature] Clerk  
Circuit Court of Nelson County, Va.

