

BY-LAWS HAMPTON CHASE HOMEOWNERS ASSOCIATION

ARTICLE I NAME & LOCATION

The name of the corporation is Hampton Chase Homeowners Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located in Frederick County Virginia, but meetings of members and directors may be held at such places within the State of Virginia, County of Frederick, as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

Section 1. "Association" shall mean and refer to Hampton Chase Homeowners Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions.

Section 3. "Open Space" shall mean all real property owned by the Association for the common use and enjoyment of the members of the Association.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the Open Space Area.

Section 5. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions applicable to the properties, recorded or to be recorded in the Clerk's Office of the Circuit Court of the County of Frederick, Virginia.

ARTICLE III MEMBERSHIP

Section 1. Membership. Every person or entity who is a record owner and/or spouse of a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessments by the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No owner shall have

more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessments by the Association. Ownership of such lot shall be the sole qualification for membership.

Section 2. Suspension of Membership. During any period in which a member shall be in default of payment of an annual or special assessment levied by the Association, the voting rights of such member in the Association may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended after notice and hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Open Space Area and facilities.

ARTICLE IV

PROPERTY RIGHTS: RIGHT OF ENJOYMENT

Each member shall be entitled to the use and enjoyment of the Open Space Areas and facilities as provided in the Declaration. Any member may delegate his right of enjoyment of the Open Space Area(s) and facilities to members of his family, tenants, or contract purchasers, who reside on the property. Such member shall notify the secretary, in writing, of the name of any such delegate. The rights and privileges of such delegate are subject to suspension to the same extent as those of the member.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be members of the Association during the period of time in which construction of homes continue, that is until the development is one-hundred percent (100%) built-out. Thereafter, all directors must be members of the Association. The number of directors cannot be changed to provide for less than three (3) directors at any time.

Section 2. Election. The Initial Board of Directors shall serve until the first annual meeting at which time the Members shall elect one (1) Director for a term of three (3) years, one Director for a term of two (2) years, and one (1) Director for a term of one (1) year. Thereafter, all directors shall serve a three (3) year term.

Section 3. Removal. Any director may be removed from the Board of Directors with or without cause, by a majority vote of the members of the Association. In the event of death, resignation, or removal of a director, his successor shall be selected by a majority vote of the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting by obtaining the written approval of all directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any Directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

Section 1. Initial Board of Directors. The initial Board of Directors has been appointed by the Developer in the Articles of Incorporation and they shall serve until the first meeting of the Association.

Section 2. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be taken 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 among members.

Section 3. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in

respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- (a) Adopt and publish rules and regulations governing the use of Open Space areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Exercise for the Association powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration.
- (c) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors:
- (d) Appoint and remove officers of the Association;
- (e) To suspend the voting rights of any member pursuant to Article III, Section 2, hereof;
- (f) Employ a manager, an independent contractor, or such other employees as they deem necessary and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of those members entitled to vote;
- (b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed:
- (c) As more fully provided herein, and in the Declaration to:
 - (1) Prepare the annual budget;
 - (2) Fix the amount of the annual assessments against each lot at least thirty (30) days in advance of each annual assessment period;
 - (3) Send written notice of each assessment to every Owner subject thereto at least (30) days in advance of each annual assessment period;
 - (4) Foreclose the lien against any property for which assessments are not paid

within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same.

- (d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) Procure and maintain adequate liability and hazard insurance on the property owned by the Association;
- (f) Cause all officers or employees having fiscal responsibilities to be honored, as it may deem appropriate
- (g) Cause the Open Space Areas to be maintained.

ARTICLE IX COMMITTEES

Section 1. The Association shall appoint an Architectural Control Committee as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes, such as:

- (a) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Properties, and shall perform such other functions as the Board, in its discretion, determines;
- (b) A Publicity committee which shall inform the members of all activities and functions of the Association, and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association; and
- (c) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex-officio member of this Committee.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X
MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members of the Association shall be held within three (3) months from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held in the same month of each year thereafter.

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 (1/4) of all of the votes of the entire 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, postage prepaid, not less than ten (10) days nor more than fifty (50) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of meeting, and in the case of a Special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members in person or by proxy entitled to cast not less than twenty-five (25) percent of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, 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. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE XI
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors. A secretary and Treasurer along with such other officers as the Board deems necessary may be appointed from time to time by resolution.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The Officers of this Association shall be elected annually by the Board of Directors and each shall hold office for a term of three (3) years

unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any other offices except in the case of special offices created for and pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

- (a) **President:** The president shall preside at all meetings of the Board of Directors; shall see the orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deed and other written instruments.
- (b) **Vice-President:** The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

ARTICLE XII COVENANT FOR MAINTENANCE ASSESSMENTS FOR THE HOMEOWNERS ASSOCIATION

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Developer for each lot owned within the Properties, after the construction of improvements (single-family dwellings) has been completed, and after six-months from the Certification of Occupancy, hereby covenants, and each owner of any lot by acceptance of a deed therefore, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association; (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. During the period of construction of improvements (single-family dwellings) and during the period of six-months following the Certification for Occupancy the developer

and/or building contractor(s) will not be billed maintenance assessments. However, immediately following a six-month period from the Certification for Occupancy, for any lot owned by either the developer or building contractor, shall be assessed dues equal to those regular members of the Association. The annual assessments, together with the special assessments and any interest thereon and costs of collection thereof, as hereinafter provided shall be a charge on the land and shall be continuing lien upon the property against which each assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health safety and welfare of the residents in the properties and in particular for the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Neighborhood Common Areas, and for the homes situated upon the lots in properties, which may include trash service, snow removal from private parking areas, common greens, and all other areas owned by the Association.

Section 3. Determination of Association Expenses and Assessments Against Lot Owners.

- (a) Fiscal Year: The fiscal year of the Association shall begin July first of any given year and end June 30th of the following year.
- (b) Preparation and Approval of the Budget: Each year on or before the first day of the fiscal year of the association, 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 maintaining the Open Space Areas, the real estate taxes (if any) levied against the Association; the cost of wages, materials, insurance premiums, services, supplies and other expenses which will be incurred during the ensuing fiscal year for the administration, operation, maintenance and repair of the Neighborhood Common Areas. The budget may also include:
 - (1) any amount necessary to discharge any lien or endorsement levied against the Association property, or any portion thereof; and
 - (2) such reasonable amounts as the Board considers necessary to provide working funds for the Association, a general operating reserve and reserves for contingencies and replacements.
- (c) Assessments and payment of Association Expenses: The total amount of estimated funds required for the operation of the Neighborhood Common Areas set forth in the budget for the fiscal year adopted by the Board shall be assessed against each lot owner equally, with the exception of the

developer or building contractor, which will not pay assessments during the construction of improvements (residential dwellings) and a six-month period following the issuance of Certification for Occupancy. Thereafter any developer and/or building contractor will be responsible for full and equal assessments on any lot owned regardless of the disposition of the lot(s). It is provided however, the annual assessments shall be subject to the following limits:

- (1) the maximum annual assessment imposed upon each member shall be three-hundred dollars (\$300) per lot, and
- (2) from and after the first annual meeting is held, the maximum annual assessment may be increased each year by the annual increase on a percentage basis in the National Consumer Price Index as most recently published by the United States Bureau of Labor and Statistics without a vote of membership, provided, however, that any increase as provided hereinabove shall not exceed five percent (5%) of the preceding annual assessment.
- (3) from and after the first annual meeting the maximum annual assessment may be increased above the amount specified in sub-paragraph (b) above by a vote of more than two-thirds (2/3) of each member entitled to vote in person or by proxy at a meeting duly called for this purpose.
- (4) after consideration of current operating and maintenance costs and fixture needs of the Association, the Board may fix the annual assessment at any amount not to exceed the maximum.

(d) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a lot's owners obligation to pay his allocable share of the Association expenses as herein provided. Whenever the same shall be determined, and in the absence of an annual budget each lot owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until the new annual budget shall be adopted and/or revised.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in an assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repairs or replacement of capital improvements upon the Open Space Areas, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of more than two-thirds (2/3) of the votes of each member who are entitled to vote either in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than twenty-five days (25)

nor more than fifty (50) days in advance of the meeting setting forth the purpose of the meeting.

Section 5. Uniform Rate of Assessment. Except as is otherwise provided for herein in regard to lots owned by the developer or contractors during the period of construction of improvements (residential dwellings), both annual and special assessments must be fixed at uniform rate for all lots, and may be collected on a quarterly basis or any other basis established by the Board of Directors.

Section 6. Date of Commencement of Assessments Due Dates. The annual assessments provided for herein shall commence on the first day of the month following the first annual meeting and be due thirty days later. The Board of Directors shall fix the amount of the annual assessments against each lot at least thirty days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to each owner subject thereto. The association shall upon demand, at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A reasonable charge may be made by the Board for the issuance of such certificate. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effect of Non-Payment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent if the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest lawful rate permitted and the Association may bring an action at law against the Owner personally obligated to pay the same. In such action at law, the Association shall be entitled to interest, costs, and reasonable attorney's fees in addition to the delinquent assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Open Space Areas or abandonment of his lot.

Section 8. Subordination of the Lien to Mortgages or Deeds of Trust. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot which is subject to any first mortgage or deed of trust, pursuant to a decree of foreclosure under such mortgage or deed of trust, or any proceeding in lieu of such assessments as to payments thereof shall extinguish the lien of such assessments as to payments thereof which become due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 9. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

- (a) the Open Space Areas;
- (b) all the properties dedicated to and accepted by a local public authority.

**ARTICLE XIII
BOOKS AND RECORDS**

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, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE XIV
AMENDMENTS**

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of the quorum of members present in person or by proxy.

Section 2. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in case of any conflict between the Declaration and these by-laws, the Declaration shall control.

In witness whereof, we being all Directors of the Hampton Chase Homeowners Association, have hereunto set our hands this 1st day of April 1996.

DAVID B. HOLLIDAY

SUSAN EBERT

RONALD V. SHICKLE

NOTE: (COPY WITH SIGNATURES OF ABOVE DIRECTORS ON FILE WITH HAMPTON CHASE RECORDS)