

BY-LAWS OF LAKEVIEW TOWNHOUSES, INC.

ARTICLE I

NAME AND LOCATION.

The name of the corporation is Lakeview Townhouses, Inc., hereinafter referred to as "Lakeview". The principal office of the corporation shall be located at the home of the Board President of the Lakeview Townhouses Association located in Lakeside Estates Subdivision, in Opequon District, Frederick County, Virginia. The meeting 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. "Lakeview" shall mean and refer to Lakeview Townhouses, Inc., 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, and such additions thereto as may hereafter be brought within the jurisdiction of Lakeview.

Section 3. "Common Area" shall mean all real property owned by Lakeview for the common use and enjoyment of the members and Lakeview.

Section 4. "Lot" shall mean and refer to any plot of land lying within the Property shown upon any recorded subdivision map with the exception of the Common Area.

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

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 property, 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 and Restrictions applicable to the Properties recorded in the Office of the Clerk of the Circuit Court of Frederick County, Virginia.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by Lakeview, including contract sellers, shall be a member of Lakeview. The foregoing is not intended to include persons or entities that 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 assessment by Lakeview. 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 in the payment of any annual or special assessment levied by Lakeview, the voting rights and right to use of the recreational facilities of such member 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 ninety (90) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Area and facilities.

Section 3. Voting Rights. All Owners shall be members. Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves may determine, but in no event shall more than one vote be cast with respect to any one Lot.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Each member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the property. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member.

Section 2. Irrespective of the fact that the Declaration gives Lakeview the right to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Common Area, this right shall be exercised only upon written approval of two thirds (2/3) of the entire membership.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE: DUTIES

Section 1. Number The affairs of Lakeview shall be managed by a Board of not less than three (3) directors, who must be members of Lakeview. These directors shall include, but not be limited to, the President, Vice-President, Treasurer, and Secretary.

Section 2 Election. Election to the Board of Directors shall take place at the annual meeting. 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 persons receiving the largest number of votes shall be elected. Directors shall serve a term of one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve. There shall be no limit to the number of terms served.

Section 3. Special Appointments. The Board may elect such other officers as the affairs of Lakeview 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 4. 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 of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 5. Resignation and Removal. Any director may be removed from the Board, with or without cause by a majority vote of the members of Lakeview. Any Director may resign at any time by giving written notice to the board. 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. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 6. Duties. The duties of the officers are as follows:

President

- (a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out.

Vice President

- (b) 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.

Secretary

- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of Lakeview together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

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

Section 7. Compensation. Each Officer will be credited with half (½) of each dues assessment during his or her time in office. Should two (2) officers own the same unit or should one (1) person hold both Secretary and Treasurer, the credits will be given to each position as set forth above. Special assessments are to be paid without discount or exception. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 8. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI
MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meeting 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 rescheduled at the discretion of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of Lakeview or by any two 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
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) exercise for Lakeview all powers, duties and authority vested in or delegated to Lakeview 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; and
- (d) 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 the members who are entitled to vote;
- (b) supervise all agents and employees of Lakeview, and to see that their duties are properly performed;
- (c) as more fully provided herein, and in the Declaration, to:
 - (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, as hereinafter provided in Article X, and
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each assessment period;
- (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 for the 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 property owned by Lakeview;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the Common Area to be maintained; and
- (h) cause the exterior of the dwellings to be maintained.

ARTICLE VIII
COMMITTEES

Section 1. Lakeview shall appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Lakeview 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 Lakeview as is further concerned with the complaint.

ARTICLE IX
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the members shall be held each year in November. The membership shall receive at least 30 days notice prior to this meeting.

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 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, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of Lakeview, or supplied by such member to Lakeview for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of the members entitled to cast, or of proxies entitles to cast, one-tenth (1/10) of the votes of the 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 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 X
ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. By the Declaration, each member is deemed to covenant and agree to pay to Lakeview: (1) annual assessments or charges and (2) special assessments for capital improvements. The annual special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such 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 and shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by Lakeview 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 Common Area, and of the homes situated upon the Properties.

Section 3. Basis and Maximum of Annual Assessments.

(a) After consideration of current maintenance costs and future needs of Lakeview, the Board of Directors may fix the annual assessment at an amount not in excess of 5% above the current amount.

(b) After consideration of current maintenance costs and future needs of Lakeview, the membership may fix the annual assessment at an amount in excess of 5% above the current amount with the assent of two-thirds (2/3) of the voted members who are voting 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 thirty (30) nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 4. Special Assessments of Capital Improvements. In addition to the annual assessments authorized above, Lakeview may levy in any 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 repair or replacement of a described capital improvement upon the Common Area including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the voted members who are voting 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 thirty (30) nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 5. Uniform Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis or as specified by the Board of Directors.

Section 6. Quorum for Any Action Authorized Under Sections 3 and 4. At the first meeting called, as provided in Section 3 and 5 hereof, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 and 5 and the required quorum at any such subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Annual Assessments: Due Dates. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner. The due dates shall be established by the Board of Directors. Lakeview shall upon demand at any time furnish a certificate in writing, signed by an officer of Lakeview, setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment if any assessment therein stated to have been paid.

Section 8. Effect of Non-Payment of Assessments: Remedies of Lakeview. 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 a penalty of \$50 per occurrence and Lakeview may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein or by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Deeds of Trust. The lien of the assessments provided for herein shall be subordinate to the lien of any deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot by the trustee, upon foreclosure of any deed of trust, shall extinguish the lien of such assessments as to payments thereof which became 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. The owner is responsible for any and all costs of collection (including but not limited to, the aforesaid attorney's fees.

Section 10. Exempt Property. The following property subject to the Declaration shall be exempt from the assessments created therein: (a) all properties dedicated to and accepted by a local public authority, (b) the Common Area, and, (c) all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the state of Virginia. However, no land of improvements devoted to dwelling shall be exempt from said assessments.

ARTICLE XI

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional property shall require the assent of two-thirds (2/3) of the members, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) of the vote shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

ARTICLE XII

BOOKS AND RECORDS

The books, records and papers of Lakeview shall at all times, during regular business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of Lakeview shall be available for inspection by any member at the principal office of Lakeview, where copies may be purchased at a reasonable cost.

ARTICLE XIII

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 a quorum of members present in person or by proxy.

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

ARTICLE XIV
MISCELLANEOUS

The fiscal year of Lakeview shall begin on the first day of July and end on the 31st day of June of every year.