

BYLAWS OF NOTTOWAY TOWNHOUSE ASSOCIATION SECTION TWO, INC.

ARTICLE 1

General Provisions

Section 1.1 Name. These Bylaws ("Bylaws") provide for the governance of the Nottoway Townhouse Association Section Two, Inc. ("Association") pursuant to the Virginia Property Owners' Association Act, codified at Virginia Code sections 55-508-546.2 ("Act").

Section 1.2 Office. The principal office of the Association shall be located at _____ or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE 2

MEMBERS

Section 2.1 Composition. The Association consists of every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to the covenants of the Nottoway Townhouse Association Section Two of record in the Clerk's Office of the Circuit Court of Frederick County, Virginia. Members of the Association do not include persons or entities who hold an interest merely as security for the performance of an obligation. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. The Association shall have one class of voting Members.

Section 2.2 Notice. Upon giving notice to the Board of Directors of his or her ownership of a Lot in Nottoway Townhouse Association Section Two and status as a Member of the Association by written notice sent certified mail, return receipt requested, to the office of the Association, a Member shall be entitled to vote in elections of the Board of Directors, on questions of dissolution of the Corporation, and on such matters are particularly designated the Bylaws and Articles of Incorporation. A Member shall not be entitled to vote on any matter that is not specified in the Bylaws or Articles of Incorporation.

Section 2.3 Disqualification of Member. No Member shall be entitled to vote on any question upon which Members are otherwise entitled to vote unless such Member shall have paid in full all of the Member's outstanding fees for annual assessments, including any late charges or any other assessment made pursuant to the Bylaws, Articles of Incorporation, or the Act at least fifteen (15) days prior to the time at which such vote is to be conducted.

Section 2.4 Appeal of Disqualification. By written request directed to the President of the Association, any Member aggrieved by the suspension of the Member's voting rights pursuant to Section 2.3, shall be entitled to a hearing at the next regular meeting of the Board of Directors, and a determination, by a majority vote of the Board of Directors, as to whether such suspension shall terminate. The determination of the Board of Directors as to such suspension of

Section 3.2 General Powers. The affairs of the Association shall be managed by the Board of Directors. Directors do not need to be residents of the Commonwealth of Virginia. The Board of Directors shall have the right to exercise all powers and perform all responsibilities given the Association under the Act.

Section 3.3 Assessments.

- (a) *Board Oversight.* The Board of Directors shall oversee the Treasurer in the collection of the annual assessment fees set forth in the Association's documents or as otherwise provided by law or subsequent amendment to the Association's documents.
- (b) *Assessment Due Date.* The date for the initial payment of the annual assessment shall be January 1, 2008, with all subsequent dates to be fixed by resolution of the Board of Directors. Notice of the due date of each annual assessment and a written statement of the amount of the annual assessment shall be sent in writing by regular mail to each Member at least fifteen (15) days prior to the due date so established.
- (c) *Report of Treasurer.* If any Member has not remitted the annual assessment within thirty (30) days following the due date established by the Board of Directors, the Treasurer shall report to the Board of Directors the names of each non-paying Member and the amounts of each outstanding account. Upon receipt of such report, the Board of Directors shall have the duty to authorize the President to institute such action as it deems necessary to protect the interests of the Association, including taking legal action and filing liens.

Section 3.4 Regular Meeting. A regular meeting of the Board of Directors shall be held on the _____ of each month unless it is a legal holiday in which case the meeting shall be held on the next business day, at the place designated by a majority of the Board of Directors. The Board of Directors by majority vote may provide for additional regular meetings at such times and such places as the Board of Directors designates.

Section 3.5 Special Meeting. Special meetings of the Board of Directors may be called by the President or any (2) Directors, and shall be held at the time and place determined by a majority of the Directors.

Section 3.6 Executive Session. All meetings of the Board of Directors shall be open to the Members as observers, except that the President or presiding officer may call the Board of Directors into executive session on sensitive matters, such as personnel, litigation strategy, or hearings for violations of condominium instruments. Any final action taken by the Board of Directors in executive session shall be recorded in the minutes of the Association.

Section 3.7 Notice to Members. All meetings of the Board of Directors, including any subcommittee or other committee thereof, shall be open to all Members. Notice of the time,

date, and place of each meeting of the Board of Directors or of any subcommittee or other committee thereof shall be published where it is reasonably calculated to be available to a majority of the Members. Notice, reasonable under the circumstances, of special or emergency meetings shall be given contemporaneously with the notice provided Members of the Association's Board of Directors or any subcommittee or other committee thereof conducting the meeting.

Section 3.8 Notice of Special Meeting. Written notice of any special meeting of the Board of Directors shall be given at least five (5) days prior to the special meeting. The written notice shall be delivered by facsimile, email, mail, or personal delivery to each Director. If mailed, the notice shall be deemed delivered when deposited in the United States mail in a sealed envelop, postage prepaid. If notice is given by facsimile, notice shall be deemed delivered when the sender receives confirmation that the facsimile has been delivered successfully. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or the Bylaws.

Section 3.9 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than a majority of Directors are present at any meeting, a majority of the Directors present may adjourn or recess the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A Director who participates in a meeting by telephone or similar communications equipment whereby all the Directors participating in the meeting can hear each other at the same time shall be deemed present at the meeting for all purposes.

Section 3.10 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of the Board of Directors when not in conflict with the Act or Association's instruments.

Section 3.11 Action without a Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all the Directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.12 Board Decisions. The act of a majority of the Board of Directors present at a meeting in which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or the Bylaws.

Section 3.13 Vacancies. Any vacancy occurring on the Board of Directors and any directorship to be filled by reason of an increase in the Board of Directors, shall be filled by the Board of Directors. A Director appointed to fill a vacancy shall serve for the unexpired term of his/her predecessor in office. Directors elected by the Members to fill a vacancy shall serve the remainder of the term of office of the Director being replaced (See Section 3.14).

Section 3.14 Removal or Resignation of Directors. At any regular or special meeting of the Association, any one or more of the Directors may be removed with or without cause by a majority vote of the Members and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by a Member shall be given at least seven (7) days notice of the time, place, and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A Director may resign at any time (i) in person at a meeting of the Board of Directors of the Association or (ii) by giving written notice to an Officer of the Association. Resignation of a Director is effective when delivered unless the notice specifies an effective date which is not more than thirty (30) days after the date of the notice.

Section 3.15 Compensation. No Director shall receive compensation from the Association for acting as such.

ARTICLE IV

OFFICERS & COMMITTEES

Section 4.1. Officers. The Officers of the Association shall be a President, Secretary, and a Treasurer, who shall be elected annually by the Directors and who shall hold office at the pleasure of the Directors. The Board of Directors may elect additional Officers at their discretion. The positions of the President and Secretary shall not be held by the same person. All vacancies among the Officers shall be filled by the Directors. Any Officer may be removed at any time by an affirmative vote of a majority of the Board of Directors.

Section 4.2 President. The President shall be the chief executive officer of the Association; preside at all meetings of the Association and of the Board of Directors; have general and active direction of the business of the Association subject to the control of the Board of Directors; see that all orders and resolutions of the Board of Directors are carried into effect; and appoint committees from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.3 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board may direct; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the place to which all notices to Members shall be delivered; and, in general, perform all duties incident to the office of Secretary. The Secretary shall file any required annual report with the Virginia Real Estate Board and pay the required fee.

Section 4.4 Committees of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which

shall consist of two or more Directors, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the Association. However, the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director, of any responsibility imposed on the Director by law.

ARTICLE V

CONTRACTS, CHECKS, DEPOSITS, AND GIFTS

Section 5.1 Contracts. The Board of Directors may authorize any Officer or Director of the Association to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Association. Such authority to execute and deliver any instrument in the name of, and on behalf of, the Association may be general or confined to specific instances.

Section 5.2 Checks, Drafts, or Orders. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by the Treasurer or other agent or agents designated by the Board of Directors.

Section 5.3 Deposits. All funds of the Association shall be deposited from time to time in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 5.4 Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise.

ARTICLE VI

BOOKS & RECORDS

The Association shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of the Board of Directors and committees having and exercising any of the authority of the Board of Directors. All books and records of the Association may be inspected by any member or agent or attorney of the Association for any proper purpose at any reasonable time.

ARTICLE VII

FISCAL YEAR

The fiscal year of the Association shall be the calendar year and being on the 1st day of January in each year and end at midnight on the 31st day of December.

ARTICLE VIII

WAIVER OF NOTICE

Whenever notice is required to be given under the provisions of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX

AMENDMENT OF BYLAWS

These Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least thirty (30) days written notice is given of the intention to alter, amend, or repeal the Bylaws at such meeting.

ARTICLE X

LIABILITY

Section 10.1 General Liability. No Director or committee of the Association, or other person, shall contract or incur any debt on behalf of the Association or in any way render it liable unless authorized by the Board of Directors. No Director, committee, agent, or employee of the Association is authorized to promise moral or financial support of any charitable or other objective without the approval of the Board of Directors.

Section 10.2 Indemnification & Limitation of Liability. The provisions for the limitation of liability and indemnification are as follows:

- (a) *Limitation of Liability.* A Director of the Association shall not be liable to the Association for monetary damages as provided in the Virginia Nonstock Corporation Act, codified at Virginia Code sections 13.1-801-945, or as hereafter amended.
- (b) *Indemnification.* The Association shall indemnify a Director who is or was a party to any proceeding by reason of the fact that the Director is or was a Director of the Association against all liabilities and expenses incurred in any proceeding except such liabilities and expenses are incurred as the result of the willful misconduct or the knowing violation of the law.
- (c) *Advances and Reimbursement of Expenses.* Unless a determination has been made that the indemnification is not permissible, the Association shall make advances and reimbursements for expenses incurred by a Director in a proceeding upon receipt of an undertaking from the Directors

to repay the same, if it is ultimately determined that the Director is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the Director and shall be accepted without reference to the Director's ability to make repayment. Unless a determination has been made that indemnification is not permissible, the Association is hereby empowered to contract in advance to indemnify and advance the expenses of any Director.

- (d) *Procedure for Indemnification.* The determination to make advances, reimbursements, or indemnifications, or to contract in advance to do the same, shall be made by a majority vote of a quorum of disinterested Directors. If a quorum of disinterested Directors cannot be obtained for any reason, then the determination is made by a majority vote of a committee designated by the Board of Directors, including interested Directors, the committee to consist only of disinterested Directors, at least two (2) in number; or, by special legal counsel selected by the committee described above. If neither a quorum of disinterested Directors nor a committee of at least two (2) disinterested Directors can be obtained, the determination shall be made by a majority vote of the entire Board of Directors, including interested Directors.
- (e) *Persons Covered.* The Board of Directors is hereby empowered, by a majority vote of a quorum of disinterested Directors, to cause the Association to indemnify or contract in advance to indemnify any person not specified in paragraph (b) of Section 10.2 of this Article who was or is a party to any proceeding, by reason of the fact that he or she is or was an employee or agent of the Association, or is or was serving at the request of the Association as a Director, employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, to the same extent as if such person were specified as one to whom indemnification is granted in paragraph (b) of Section 10.2 of this Article.
- (f) *Insurance.* The Association may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article and may also procure insurance, in such amounts as the Board of Directors may determine, on behalf of any person who is or was a Director, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against any liability asserted against or incurred by any such person in any such capacity or arising from his or her status as such, whether or not the Association would have power to indemnify him against such liability under the provisions of this Article.
- (g) *Changes in Board Composition.* In the event there has been a change in the composition of a majority of the Board of Directors after the date of

the alleged act or omission with respect to which indemnification is claimed, any determination as to indemnification and advancement of expenses with respect to any claim for indemnification made pursuant to paragraph (b) of Section 10.2 of this Article shall be made by special legal counsel agreed upon by the Board of Directors and the proposed indemnitee. If the Board of Director and the proposed indemnitee are unable to agree upon such special legal counsel, the Board of Directors and the proposed indemnitee each shall select a nominee, and the nominees shall select such special legal counsel.

(h) *Applicability of this Article.* The provisions of this Article shall be applicable to all actions, claims, suits, or proceedings commenced after the adoption hereof, whether arising from any action taken or failure to act before or after such adoption. No amendment, modification, or repeal of this Article shall diminish the rights provided hereby or diminish the right to indemnification with respect to any claim, issue or matter in any then pending or subsequent proceeding that is based in any material respect on any alleged action or failure to act prior to such amendment, modification, or repeal. References herein to Directors, employees or agents shall include former Directors, employees and agents and their respective heirs, and administrators.

Section 10.3 Conflict of Interest. It shall be the policy of the Association that all Directors and executives thereof shall scrupulously avoid any conflict between their own respective individual interests and the interests of the Association in any and all actions taken by them on behalf of the Association in their representative capacities and that they shall comply with all governmental statutes, ordinances, and regulations relating to the subject matter of such conflicts of interest.

In the event that any Director or executive of the Association shall have any direct or indirect interest in or relationship with any individual or organization which proposes to enter into any transaction with the Association for the sale, purchase, lease, or rental of property or to render or employ services, personal or otherwise, said Director or executive shall forthwith give the Board of Directors of the Association notice of such interest or relationship and shall thereafter refrain from voting or otherwise attempting to exert any influence on the foundation to affect its decision to participate or not participate in such actions.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Captions. The headings, articles, and sections are inserted only as a matter of convenience and for reference, and in now way define, limit, or describe the scope of these Bylaws or the intent of any provision.

Section 11.2 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 11.3 Construction. These Bylaws shall be interpreted under the laws of the Commonwealth of Virginia.

Officers:

The Board at its discretion may elect a Vice President who will act with the Full Authority and have ALL the responsibility of the President should that person be absent at meetings or otherwise incapacitated and can not perform their duties.

Contracts with Providers:

The Board will not let contracts to a relative of any Board Member.