

BY-LAWS OF THE
TWIN LAKES OVERLOOK COMMUNITY ASSOCIATION, INC.

**ARTICLE I
DEFINITIONS**

The terms as used in these By-Laws are defined as follows:

“Association” means the Twin Lakes Overlook Community Association, Inc., a Virginia non-stock corporation, its successors and assigns.

“Board of Directors” or “Board” or “Directors” means the Board of Directors of the Association, as established by the Articles of Incorporation.

“By-Laws” means these By-Laws of the Association.

“Common Area” means all real property (including the improvements thereto) owned by the Association and as defined in the Declaration.

“Covenants” means the covenants and restrictions as contained in the Declaration.

“Declarant” means Toll VA IV, L.P., and its successors and assigns, as more specifically defined in the Declaration.

“Declaration” means the Deed of Dedication, with Declaration of Covenants, Conditions and Restrictions dated _____, applicable to the property of record in the Clerk’s Office of the Circuit Court of Frederick County, Virginia.

“He, him, or his” is meant to denote either sex and can be read as she, her or hers.

“Lot” means any plot of land created by and shown on a lawfully recorded subdivision plat of the property upon which a Unit, as provided in the Declaration, could be constructed in accordance with applicable zoning ordinances, with the exception of the Common Area and streets dedicated to public use.

“Member” means any person or entity who holds a membership in the Association.

“Owner” means any person or legal entity who holds fee simple title to any Lot, as more specifically defined in the Declaration.

“Subdivision” means the Twin Lakes Overlook subdivision as shown on the subdivision plats attached as Exhibit A to the Declaration.

ARTICLE II MEMBERSHIP

Section 1. Membership Class There shall be two classes of membership of the Association, which membership shall be mandatory for Owners. All Owners other than the Declarant shall be Class A Members. The Declarant shall be the Class B Member.

Class A Membership: Class A Members shall be all Members with the exception of the Class B Member. A Class A Member shall be entitled to one (1) vote for each Lot in which it holds the interest required for membership, pursuant to this Article.

Class B Membership: The Class B Member(s) shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership, pursuant to this Article. Class B membership shall cease and a Class A membership with one (1) vote for each Lot in which it holds an interest shall issue on the happening of any of the following events, whichever occurs first:

- a) within four (4) months after the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- b) seven (7) years from the date of recordation of the Declaration; or
- c) sixty (60) days after the Declarant abandons construction in the annexed property (i.e., no new dwelling construction has been initiated for a period of ten (10) months in the annexed property, unless there is evidence of continuing construction).

Section 2. Annexation. Upon annexation of additional properties pursuant to the Declaration, and in the event that Class B membership shall have ceased as hereinabove provided, Class B membership shall be revived with respect to all Lots owned by the Declarant. Such Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs first:

- (a) within four (4) months after the total votes outstanding in Class A membership in the annexed property equal the total votes outstanding in the Class B membership in such annexed property; or
- (b) five (5) years from the date of recordation of the document annexing such property; or
- (c) sixty (60) days after the Declarant abandons construction in the annexed property (i.e., no new dwelling construction has been initiated for a period of ten (10) months in the annexed property, unless there is evidence of continuing construction).

Section 3. Voting. If more than one (1) person or entity holds an ownership interest in any Lot, the vote for such Lot shall be exercised as the Owners of the Lot among themselves determine and may be exercised by any one (1) of the people or entities holding such ownership interest, unless any objection or protest by any other holder of such ownership interest is made prior to the completion of a vote, in which case the vote for such membership shall not be counted. The Member whose vote is in dispute shall be counted as present at the meeting for quorum purposes if the protest is lodged at such meeting.

Except where another number is required by the Articles of Incorporation, these By-Laws, or the Declaration, a majority of the votes cast is required to adopt decisions at any meeting of the Association.

Section 4. Mandatory Membership. Each Owner shall become a Member of the Association at the time of transfer of legal title of a Lot to the Owner. To be in good standing, a Class A Member must pay his dues and assessments on or before the date determined by the Board as set forth herein, and be in conformance with the Covenants. Members in good standing shall have license to use the Common Area subject to the provisions of the Covenants and subject to such other rules and conditions, as the Board shall establish. The Board may suspend any Member's voting privileges and license to use the Common Area for:

- a) Any period during which an Assessment or other Association charge on such Member's Lot remains unpaid.
- b) The period of any continuing violation by such Member of the provisions of the Covenants after the existence thereof shall have been declared by the Board.
- c) For a period to be determined by the Board for repeated violations of the By-Laws, Covenants, rules and regulations of the Association.

When a Class A Member ceases to be an Owner, such person's membership in the Association shall cease. A Class A Member must notify the Board that his Lot is being offered for sale at least thirty (30) days prior to closing of sale unless a shorter period is authorized by the Board. The selling Owner will pay all Association charges prior to closing and transfer of the Lot. The Association shall have a lien on each Lot for all Association charges, and no transfer of any Lot can occur unless all such charges are paid.

Section 5. Expenses. The Board of Directors shall determine annual Association expenses. During the month of January, the Treasurer shall send to each Owner a statement of his assessment for the ensuing year. Each Owner, except the Declarant, will be responsible for an equal share of the total Association expenses for each Lot he owns. Assessments will be due from the Owner on a yearly basis or as otherwise determined by the Board. If emergency expenses arise, the Board of Directors may issue emergency

assessments, which will be due from the Owners within 60 days. Notice of all assessments shall be given in writing.

Section 6. Meetings. *Regular Meetings:* The annual membership meeting of the Association shall be held in the month of February of each year. The Secretary shall mail written notice of such meetings to all Owners at least fourteen (14) days prior to the date of the meeting.

Special Meetings: Special membership meetings may be called by the President of the Board, or by a majority vote of the members of the Board, and shall be called by the Secretary upon the receipt of a petition signed by Members having twenty percent (20%) of the votes entitled to be cast at such meeting. Written notice of such a meeting shall be hand delivered, mailed, facsimiled, or emailed by the Secretary at least ten (10) days prior to the date of the meeting, and the notice shall state the purpose of the meeting and no other business shall be transacted.

Quorum: The presence, in person or by written proxy, of fifty-one percent (51%) of eligible voting Members shall constitute a Quorum of Members at a duly called meeting of the Members. In the event a Quorum is not present at a duly called meeting of the Members, no action may be taken which requires the vote of a Quorum of Members. At the next duly called meeting of the Members after failure of the attending members at the previous meeting to constitute a Quorum, the Quorum requirement shall be at least thirty percent (30%) of the eligible votes, provided that in order for the reduced quorum requirement to apply, the purpose of the meeting as recited in the notice given to all Members is the same as the purpose recited in the notice of the preceding meeting at which no Quorum was present.

Place, Date, and Hour: All meetings of the Association, whether of the membership or the Board, shall be held within 15 miles of the Twin Lakes Overlook Subdivision at such place, date and hour as may be designated by the person or persons authorized herein to call such a meeting.

Procedure: Meeting procedures shall follow the current edition of Robert's Rules of Order. Action required or permitted to be taken at a meeting of the Members may be taken without a meeting and without action by the Board of Directors, if the action is taken by all of the Members, in writing, entitled to vote on the action.

ARTICLE III BOARD OF DIRECTORS

Section 1. Powers. The Board shall:

- a) Manage and control the affairs of the Association and exercise all powers and authorities granted to the Association by law, under the Articles of Incorporation and these Association By-Laws.
- b) Adopt a corporate seal as the seal of the Association.

- c) Designate a banking institution or institutions as depository for the Association's funds and the officer or officers authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.
- d) Perform acts as necessary for the borrowing of money for Association purposes. A resolution by the Board that the interests of the Association require such borrowing shall be sufficient evidence for any person that the borrowing is for a proper corporate purpose. The Board may, if it determines that the borrowing shall be reasonably necessary, assign, pledge, mortgage or encumber any Association property as security for such borrowing, and may pledge or assign future revenues of the Association as security therefore. The vote for approval must be a 2/3 majority of all members of the Board. The maximum amount the Board is authorized to borrow is \$5,000.00. Any amount in excess of \$5,000.00 shall require the approval by a 2/3 majority of the Members of the Association voting on the question.
- e) Adopt, publish, and distribute to each Member, such rules and regulations relating to the use of the Association property and sanctions for noncompliance therewith as it may deem reasonably necessary for the best interest of the Association and its Members.
- f) Make certain that all of the responsibilities of the Association are properly performed. If volunteer help is not available, the Board is authorized to employ sufficient personnel to discharge this obligation.
- g) Establish committees of the Association as deemed necessary and appoint the members thereof. The Board may assign to such committees the responsibilities and duties consistent with the Articles of Incorporation, the law or the provisions of these By-Laws. Members of the Board shall not constitute a majority of the total number of committee members.
- h) Prior to the annual meeting of the Association, adopt an operating budget for January 1 to December 31. The operating budget shall be presented to the Members at the annual meeting for comment.
- i) Levy an annual assessment in accordance with these By-Laws.
- j) Establish penalties and a rate of interest to be applied to Lot Owners delinquent in payment of the annual assessment. The annual assessment shall be considered late if not received by February 1 of the year due, unless quarterly payments have been elected. All payments will be considered late 30 days after the due dates specified above. If a quarterly payment is not received on time, the quarterly election shall be null and void and the full assessment will be due immediately. The late charge

shall be \$35.00. Interest shall be charged for all assessments which are delinquent. The interest shall be applied to all moneys (annual assessment, late charge, interest) owed to the Association until such time all moneys have been paid in full. The interest charge shall be applied to the balance of all moneys owed on the first day of each month of each year for which the assessments are delinquent. The rate of interest shall be the rate stated in the Declaration of Covenants, Article V, Section 9, per month compounded. The Board may at any time take action against delinquent accounts as provided for in the Articles of Incorporation, the Declaration, or these By-Laws.

- k) Establish penalties and rate of interest to be applied to Lot Owners delinquent in payment of special or emergency assessments. These charges will be payable 30 days after receipt of notice. Late charge will be \$50.00. The interest charge shall be applied to the balance of all moneys owed on the first day of each month of each year for which the charges are delinquent. The rate of interest shall be the rate stated in the Declaration of Covenants, Article V, Section 9, per month compounded. The Board may at any time take action against delinquent accounts as provided for in the Articles of Incorporation, the Declaration, or these By-Laws.

Section 2. Number of Directors. The number Directors shall be five (5). Any amendment to the number of Directors shall be determined by a 2/3 majority vote of voting Members at the annual meeting.

Section 3. Term. The term for each Director shall be two years. A Director may be elected to serve a maximum of two (2) consecutive terms. The term of each Director shall be staggered to provide continuity of administration to the Board.

Section 4. Qualification of Directors. A Director elected by the members shall be a member of the Association in good standing and shall be at least eighteen (18) years of age.

Section 5. Election of Directors.

- a) Directors shall be elected by Members entitled to vote in the affairs of the Association. The person(s) receiving the largest number of votes shall be elected.
- b) Nominations for Director shall be made by a nominating committee of at least three (3) non-Board members of the Association, appointed by the President and approved by the Board at least sixty (60) days prior to the annual meeting. The committee shall submit a proposed list of candidates, for the approval of the Board in accordance with these By-Laws and the Articles of Incorporation, not less than thirty (30) days prior to the annual

meeting. Any candidate in good standing sponsored in writing by at least twenty (20) voting Members shall be added to the list of candidates. The official ballot shall provide for the names of write-in candidates.

- c) At least twenty (20) days prior to the annual meeting, the Secretary shall mail one official ballot and an envelope marked "Official Ballot, Twin Lakes Overlook Homeowners Association, Inc." to each Owner as said ownership appears on the records of the Association as of the date said ballot is mailed. On this envelope will be designated all legal Owners of that Lot; and space for the signature of one or more of the Owners. Members may return the completed ballot in the sealed envelope provided, properly signed by Owners, to the Secretary either by mail or in person at the annual meeting prior to the announced time for closing of the election.
- d) The Board shall establish procedures for counting of votes, and for retaining ballots and any tally sheets for a minimum of sixty (60) days.
- e) Any Member of the Association may request a recount of the votes cast at the election. A request should be made in writing to the Directors of the Association. The President will call a meeting of the Board of Directors and the individual requesting the recount. The ballots will be opened and a recount conducted to validate the election results. The ballots will then be sealed in an envelope and will be retained by the Secretary until the minimum ballot retention time has expired.

Section 6. Meeting of Directors.

- a) At least four (4) regular meetings of the Board of Directors shall be held each year. Such meetings are open to all Members of the Association. The Board shall fix the time and place. Each meeting will be announced to the general membership along with notification of elected officers after the first Board meeting of the year.
- b) Additional meetings of the Board of Directors may be called as necessary. Such meetings are open to all Members of the Association. Notification to members of the Association prior to the meetings is not required.
- c) A majority of Directors shall constitute a quorum.
- d) If a Director does not attend three (3) quarterly meetings, the Board shall have the option to remove the Director and replace him with another individual from the general membership.

ARTICLE IV OFFICERS

Section 1. Election of Officers. The officers of the Association shall consist of a President, Vice-President, a Secretary and a Treasurer. All officers shall be elected on an annual basis at the first meeting of the newly elected Directors. A majority of votes is required for each position. The President and Vice-President shall be chosen from among the Directors. The Secretary and/or Treasurer need not be members of the Board. Vacancies among the Officers may be filled by the Board at any meeting of the Board.

Section 2. Duties. Each officer of the Association shall have such duties as generally pertain to his office, as well as such powers and duties as are hereinafter provided and as shall be conferred by the Board from time to time. The Board of Directors may require any officer to give bond for the faithful performance of his duties. Any bond so required will be the responsibility of the Association and become a part of the annual budget.

Section 3. Duties of the President. The President shall be chief executive officer of the Association. He shall preside at meetings of the Members and of the Board. He shall, along with other authorized officers, sign and execute in the name of the Association deeds, mortgages, bonds, contracts, or other instruments, and may make work agreements as authorized by the Board. One other duly elected Director of the Association shall be required, in addition to the President to execute any of the aforesaid instruments. In addition, the President shall perform all the duties incident to his office and all such other duties as may be assigned to him by the Board, including the appointment of committees. In all Board matters requiring a vote, the President shall have one vote equal to that of each member of the Board.

Section 4. Duties of the Vice-President. The Vice-President shall have powers and duties as may be assigned to him from time to time by the President or the Board. The Vice-President shall perform the duties of the President in the absence or incapacity of the President and, along with other authorized officers, may sign and execute in the name of the Association deeds, mortgages, bonds, contracts, work assignments, or other instruments authorized by the Board.

Section 5. Duties of the Secretary. The Secretary:

- a) Shall act as recording Secretary at all meetings of the Board of Directors and all Association meetings, and shall keep the minutes thereof in the proper format approved by the Board.
- b) Shall see that all notices required to be given by the Association are duly given and served.

- c) Shall be custodian of the seal of the Association and shall affix the seal or cause it, or a reasonable facsimile thereof, to be affixed to all documents, the execution of which on behalf of the Association under its corporate seal is duly authorized in accordance with the provisions of these By-Laws.
- d) Shall have custody of all deeds, leases, contracts, By-Laws, and other important corporate documents.
- e) Shall have charge of the books, records, and papers of the Association relating to its organization and management as a corporation.
- f) Shall see that the reports, statements and other documents required by law are properly filed; and in general, shall perform both the duties incident to the office of Secretary and all such other duties as may be assigned by the Board of Directors or the President from time to time. The Secretary, along with any other authorized officer, may sign and execute in the name of the Association deeds, mortgages, bonds, contracts, work assignments, or other instruments authorized by the Board of Directors.
- g) Shall serve as the Corporate Secretary.

Section 6. **Duties of the Treasurer.** The Treasurer shall be the chief financial and accounting officer of the Association. The Treasurer shall send a written notice of the annual assessment due to each Lot Owner thirty (30) days prior to the date dues are payable. The Treasurer shall collect all dues and assessments due the Association; he shall have charge and custody of and be responsible for all funds and securities of the Association; and he shall cause all such funds and securities of the Association to be deposited in such banks and depositories as the Board of Directors may direct from time to time. The Treasurer shall maintain records of all assets, liabilities, and transactions of the Association in accordance with generally accepted accounting practices and shall exhibit the accounts and records to any Association Member upon request. In addition, the Treasurer shall give a Treasurer's report to the Board of Directors at each meeting of the Board and shall give the Members an annual Treasurer's report at the annual Association meeting. The Treasurer, together with any other authorized officer, may sign and execute in the name of the Association deeds, mortgages, bonds, contracts, work assignments, or other instruments authorized by the Board. He shall, in general, perform all the duties incident to the office of Treasurer and such other duties as may be assigned to him from time to time by the Board or the President.

Section 7. The Board is authorized to represent the membership of the Association by interacting with local, state and federal government officials on matters of common interest to Owners.

ARTICLE V FINANCES

Section 1. The funds of the Association shall be deposited in such qualified depository or depositories as the Board may designate. Funds shall be deposited promptly.

Section 2. All disbursements of funds of the Association shall be made by check. All disbursements will be made only toward approved budget items and will be validated by receipt of purchase. All cash transactions must be accompanied by a receipt. All requests for reimbursement shall be submitted to the Treasurer not later than thirty (30) days from time of purchase.

Section 3. The Board of Directors may secure the faithful performance of the Treasurer by means of a fidelity bond equal to, or greater than, the total Association cash on hand.

Section 4. The Treasurer shall deposit funds on hand which are not obligated for routine disbursement in an interest bearing account in FDIC insured banks or invest them in obligations of the United States or those guaranteed by the United States as to principal and interest. The specific form of savings/investment to be purchased shall be agreed upon by the President, Vice-President and Treasurer. Funds of the Association may not be loaned to or invested with any officer, director or Lot Owner of the Association or with any other persons, agency or government instrumentality except as provided above.

Section 5. Any property of the Association may be transferred only after a majority vote of the Board approving such transfer and in the case of real property only after such transfer has been approved by the full membership at a meeting specially called for that purpose. A property ledger shall be maintained by the Treasurer.

Section 6. The accounts of the Association shall be audited annually by a method to be specified by the Board and the report of this audit presented at the annual meeting.

ARTICLE VI DUTIES OF MEMBERS

Section 1. Members are expected to take proper care of all real and personal property in the Subdivision, including Lots, easements, roads and common property.

Section 2. Members are to attend all called Association meetings.

Section 3. Members are to serve on appropriate committees when requested.

Section 4. Members are to abide by and help enforce the protective covenants.

Section 5. Members are to abide by any rules of conduct established by and published by the Board of Directors.

ARTICLE VII COMMITTEES

In addition to the Architectural Review Committee ("ARC"), the Board may each year appoint standing committees to advance the work of the Association in such matters as Common Area maintenance, insurance coverage, and covenant enforcement. Such committees shall always be subject to the final authority of the Board. Special committees may also be appointed by the Board to aid it on particular projects.

Section 1. Any committee appointment may be determined by a majority vote of the full membership of the Board upon fifteen (15) days written notice to the appointee; and the Board may appoint successors to those appointees whose services have been terminated.

Section 2. The Association shall indemnify each Committee Member (and his heirs, executors, and administrators) against all claims, liabilities, judgments, settlements, costs, and expenses, including all attorney's fees, imposed upon or reasonably incurred by him in connection with or resulting from any action, suit, proceeding, or claim to which he is or may be made a party by reason of his being or having been a Committee Member of the Association (whether or not a Committee Member of the Association at the time such costs or expenses are incurred by or imposed upon him) ("Indemnified Claims[s]"). except in relation to matters as to which he shall have been finally adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct in the performance of his duties as such Director or Officer. Indemnification shall be made only if the Association shall have been given reasonable notice of the action, and shall have been given the opportunity to appoint or approve counsel retained by such Committee Member. No settlement of any Indemnified Claim shall be made unless the Board shall have determined that such settlement was or is in the best interest of the Association.

Section 3. The Association may cause to be purchased and maintained, at its sole expense, insurance against all liabilities or losses it may sustain in consequence of the indemnification provided for in this section, in such amounts and on such terms and conditions as the Board may deem reasonable.

ARTICLE VIII GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the last day of December in each year.

Section 2. Amendments.

- a) Amendments to the Articles of Incorporation may be proposed by a resolution of the Board recommending the amendment to the Members, unless the Board determines that because of conflicts of interest or other special circumstances, it should make no recommendation and

communicates the basis for its determination to the Members. Any resolution shall be submitted to the membership at a regular or special meeting. The written notice of the meeting shall contain the date, time, and place of the meeting, and that the purpose of the meeting is to consider the proposed amendment; the notice shall contain or be accompanied by a copy of the proposed amendment. The notice shall be given to each Member not less than twenty-five (25) days and not more than sixty (60) days before the meeting. The amendment shall be adopted upon receiving more than two-thirds (2/3) of all votes entitled to be cast.

- b) Amendments to the By-Laws may be made by a majority vote of the Directors at any meeting at which a quorum is present, provided ten (10) days written notice is given to the Directors of any proposed change. The foregoing notwithstanding, By-Laws made by the Members may not be altered or repealed by the Board without the consent of the Members. Such consent shall be obtained in the same manner as hereinabove provided for an amendment to the Articles of Incorporation. Any By-Laws made by the Board of Directors may be repealed or changed, and new By-Laws made, by a majority vote of the Members.

ARTICLE IX DISSOLUTION

The Association may be dissolved at any time by recommendation of the Board approved in writing by more than two-thirds (2/3) of the Members in good standing. In the event of the dissolution of the Association, whether voluntary or involuntary or by operation of law, none of the assets of the Association shall be distributed to any Member, but after payment of all lawful debts of the Association, its property and assets shall be given to a charitable organization or organizations of the kind described in Section 501 (c) (3) of the Internal Revenue Code of 1954, as amended, such organization or organizations to be selected by the Board.

Adopted at the organizational meeting of the Board of Directors of the Twin Lakes Overlook Homeowners Association on the ___ day of _____, 20__.

Secretary