

ARTICLES OF INCORPORATION FOR  
PELHAM'S CROSSING COMMUNITY ASSOCIATION, INC.

ARTICLE 1

NAME

The name of this corporation is Pelham's Crossing Community Association, Inc., which is hereby incorporated as a nonstock corporation pursuant to Chapter 10 of Title 13.1 of the Code of Virginia (1950) as amended (the "Act"). The duration of the corporation is perpetual.

ARTICLE 2

INTERPRETIVE PROVISIONS

Section 2.1. Definitions. Terms used herein without definition shall have the meanings specified for such terms in Section 12.1-803 of the Act. Capitalized terms used herein or in the Bylaws shall have the meanings specified for such terms below.

(a) "Additional Land" means the land so designated in Exhibit B, as amended from time to time, to the Declaration which the Declarant may submit to the Declaration and to the jurisdiction of the Association pursuant to Section 4.1 of the Declaration.

(b) "Articles of Incorporation" means these Articles of Incorporation for the Pelham's Crossing Community Association, Inc. filed with the Virginia State Corporation Commission, as amended from time to time.

(c) "Association" means the Pelham's Crossing Community Association, Inc. and, with respect to the rights and obligations of the Association set forth in the Declaration, its successors and assigns.

(d) "Association Documents" means collectively these Articles of Incorporation, the Declaration, Supplementary Declarations and the Bylaws as amended from time to time. Any exhibit, schedule, certification or amendment to an Association Document shall be an integral part of that document.

(e) "Board of Directors" or "Board" means the executive and administrative entity established by Article 5 of these Articles of Incorporation as the governing body of the Association.

(f) "Builder" means a Person (other than the Declarant) who is regularly in the business and who purchases land or two or more Lots within the Property for the purpose of constructing improvements for resale.

(g) "Bylaws" means the Bylaws of the Association as the same may be amended from time to time.

(h) "Common Area" means, at any given time, all of the Property, other than Lots, then owned by the Association or otherwise available to the Association for the benefit, use

and enjoyment of the Owners.

(i) "Common Expenses" means all expenses incurred by or on behalf of the Association, together with all sums determined by the Board of Directors to be reasonably necessary for the creation and maintenance of reserves pursuant to the provisions of the Association Documents. Except when the context clearly requires otherwise, any reference to Common Expenses includes Limited Common Expenses.

(1) "General Common Expenses" means all Common Expenses less Limited Common Expenses.

(2) "Limited Common Expenses" means expenses incurred by the Association and benefiting one or more but fewer than all of the Owners and assessed against the Lots owned by the Owners benefited pursuant to Subsection 6.2(a)(2) of the Declaration.

(j) "Covenants Committee" means one of the committees that may be established pursuant to Article 9 to assure that the Property will be maintained in a manner consistent with the purposes and intents of this Declaration. With respect to initial construction, all references to the Covenants Committee shall mean the Initial Construction Committee.

(k) "Declarant" means Pelham's Crossing, L.L.C., a Virginia limited liability company. Following recordation of an instrument, pursuant to Section 5.2 of the Declaration, assigning to another Person some or all of the rights reserved to the Declarant under the Association Documents, the term "Declarant" shall mean or include that assignee.

(1) "Declarant Control Period" means the period of time beginning on the date of incorporation of the Association and ending on the earliest of: (i) the later of (A) the fifteenth anniversary of the date of recordation of the Declaration or (B) the fifth anniversary of the date of recordation of the most recent Supplementary Declaration adding Additional Land (provided, however, that once the Declarant Control Period has expired, the recordation of a subsequent Supplementary Declaration shall not reinstate the Declarant Control Period; and provided, further, that if the Declarant is delayed in the improvement and development of the Property due to a sewer, water or building permit moratorium or other cause or event beyond the Declarant's control, then the aforesaid period shall be extended for the period of the delay or three years, whichever period of time is less); (ii) the date seventy-five (75%) percent of the total number of planned dwellings permitted to be located on the Submitted Land and the Additional Land are initially occupied or owned by Owners other than the Declarant or a Builder (the foregoing number may be increased or decreased in accordance with any amendments to the Development Plan or approvals affecting the number of permitted dwellings or if Exhibits A or B are amended to describe land not originally described in Exhibits A or B which would allow an increased number of permitted dwellings or as otherwise provided in Section 4.2(a) of the Articles of Incorporation); (iii) the date specified by the Declarant in a written notice to the Association that the Declarant Control Period is to terminate; or (iv) the end of the Development Period.

(m) "Declaration" means the Declaration For Pelham's Crossing made by the Declarant and recorded among the Land Records. The term Declaration shall include all amendments thereto: (i) amending the provisions of the Declaration pursuant to Article 14 of the Declaration, and (ii) Supplementary Declarations submitting Additional Real Estate to the terms of the Declaration and the jurisdiction of the Association pursuant to Article 4 of the Declaration,

whether or not such amendments adds provisions to the Declaration reflecting the unique character of the real estate being added.

(n) "Land" means, at any given time, the real estate then subject to the Declaration (including Lots and Common Area), but does not include improvements or appurtenances thereto.

(o) "Land Records" means the land records of Spotsylvania County, Virginia.

(p) "Limited Common Area" means a portion of the Common Area which has been designated by the Declarant pursuant to Section 3.8 of the Declaration for the primary or exclusive, if specifically designated, use of one or more but less than all of the Owners.

(q) "Lot" means a portion of the Property which is a separate, subdivided lot of record or any other parcel of Submitted Land held in separate ownership (but not including land designated as Common Area and owned by the Association or land dedicated for public Street purposes), together with any improvements now or hereafter appurtenant thereto.

(r) "Majority Vote" means a simple majority (more than fifty percent (50%)) of the votes entitled to be cast by Owners present in person or by proxy at a duly held meeting of the Owners at which a quorum is present. Any vote of a specified percentage of Owners means that percentage with respect to the total number of votes entitled to be cast by Owners present in person or by proxy at a duly held meeting at which a quorum is present. Any vote by a specified percentage of the Board of Directors (or Committee) means that percentage with respect to votes entitled to be cast by directors (or committee members) present at a duly held meeting of the Board of Directors (or committee) at which a quorum is present. Any vote of or approval by a specified percentage of the Mortgagees means a vote of or approval (whether actual or presumed) by the Mortgagees of Lots calculated according to the number of votes allocated to the Lots (or the Owners of the Lots) on which a Mortgage is held by a Mortgagee.

(s) "Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) which holds a first mortgage or first deed of trust ("Mortgage") encumbering a Lot and which has notified the Board of Directors of its status in writing and requested all rights under the Association Documents pursuant to Section 13.2. Only for the purposes of the notice and inspection rights in Articles 13, 14 and 15, the term "Mortgagee" shall also include the Federal Housing Administration (FHA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Department of Veterans Affairs (VA), the Government National Mortgage Association (GNMA) and any other public or private secondary mortgage market agency participating in purchasing, guaranteeing or insuring Mortgages which has notified the Board of Directors of such participation in writing ("Secondary Mortgage Market Agency"). Where the approval of Mortgagees is required, such approval means: (i) written approval; (ii) any written waiver of approval rights; (iii) a letter stating no objection; or (iv) presumptive approval if a Mortgagee does not respond to a notice by certified or registered United States mail, return receipt requested, within sixty (60) days (or such lesser period of time as required by statute, but in no

event less than thirty (30) days) after the date the request for approval is transmitted in accordance with the notice requirements of Article 10 of the Bylaws and Sections 13.2 and 14.4.

(t) "Member" shall mean Owner.

(u) "Officer" means any Person holding office pursuant to Article 6 of the Bylaws.

(v) "Owner" means one or more Persons who own a Lot in fee simple, but does not mean a Person having an interest in a Lot solely by virtue of a contract or as security for an obligation. The term "Owner" is also used to mean a member of the Association.

(w) "Person" means a natural person, corporation, partnership, association, trust or other entity capable of holding title to real estate, or any combination thereof.

(x) "Property" means, at any given time, the submitted land together with all improvements and appurtenances thereto now or hereafter existing.

(y) "Reserved Common Area" means a portion of the Common Area for which the Board of Directors has granted a temporary revocable license for exclusive use pursuant to Section 3.8 of the Declaration.

(z) "Rules and Regulation" means the rules and regulations governing the use, occupancy, operation and physical appearance of the Property adopted from time to time by the Board of Directors.

(aa) "Submitted Land" means the land designated as such in Exhibit A to the Declaration and all land which is from time to time submitted to the Declaration.

(bb) "Upkeep" means care, inspections, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

#### Section 2.2. Construction of Association Documents.

(a) Captions. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the document in which used or any provision thereof.

(b) Pronouns. The use of the masculine gender 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.

(c) Severability. Each provision of an Association Document is severable from every other provision and the invalidity of any one or more provisions shall not change the meaning of or otherwise affect any other provision. To the extent that any provision of the Association Document is found to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision, then the narrower or partially enforceable construction shall be applied and, to the extent practicable, the provision shall be enforced.

(d) Interpretation. If there is any conflict between the Association Documents, the Declaration shall control, except as to matters of compliance with the Act, then

the Articles of Incorporation shall control. Particular provisions shall control general provisions, except that a construction consistent with the Act shall in all cases control over any construction inconsistent therewith. The provisions of the Bylaws shall control over the provisions of any rule, regulation or other resolution adopted pursuant to any of the Association Documents.

(e) Complementarity of Association Documents and Incorporation by Reference. The Association Documents shall be construed together and shall be deemed to incorporate one another. Any requirements as to the content of one shall be deemed satisfied if the deficiency can be cured by reference to any of the others. Any provision of any Association Document referenced in any other Association Document with the intent to incorporate the provisions of the Association Document into the other Association Document, shall be deemed incorporated therein, as if set forth in full.

### ARTICLE 3

#### PURPOSE

The Association does not contemplate pecuniary gain or profit to its members. The purposes for which the Association is organized are to:

- (a) provide for the Upkeep of the Common Area and, to the extent provided in the Association Documents, of the Lots;
- (b) establish and administer the architectural standards governing the Property;
- (c) exercise all powers and perform all duties and obligations of the Association as set forth in the Association Documents with respect to all or any portion of the Property; and
- (d) exercise the powers now or hereafter conferred by law on Virginia nonstock corporations necessary or desirable to accomplish the above purposes.

### ARTICLE 4

#### MEMBERSHIP AND VOTING

Section 4.1. Membership. Members of the Association shall at all times be, and be limited to, the Declarant (for as long as the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property or the Additional Real Estate) and the Persons who constitute Owners of the Lots. If more than one Person owns a Lot, then all of the Persons who own such Lot shall collectively constitute one Owner and be one member of the Association. Each Person is entitled to attend all meetings of the Association. Membership in the Association is mandatory. Membership in the Association is appurtenant to, and inseparable from, ownership of the lot.

Section 4.2. The Association.

(a) Creation. The Association is a nonstock corporation organized and existing under the laws of the Commonwealth of Virginia, charged with the duties and vested with the powers prescribed by law and set forth in the Association Documents.

(b) Membership. Members of the Association shall at all times be, and be limited to, the Declarant (during the Development Period) and the Owners. If more than one Person owns a Lot, then all of such Persons shall collectively constitute one Owner and be one member of the Association. The Declarant and each such Person is entitled to attend all meetings of the Association. Membership in the Association is mandatory and automatic with ownership of a Lot.

(c) Classes of Members: Voting Rights. The Association shall have the classes of Owners (members) with the following voting rights:

The Class A Owners shall be the Owners, other than the Declarant during the Declarant Control Period. A Class A Owner shall have one vote for each Lot owned.

The Class B Owner shall be the Declarant. During the Declarant Control Period, the Class B Owner shall have 624 votes (a number equal to three times the total number of Class A votes projected when the Submitted Land and Additional Land are fully developed), less three votes for each vote held by a Class A Owner other than a Builder when a vote is taken. If the land described in Exhibits A or B is rezoned or the Development Plan is amended to permit a greater number of dwellings (or the Declarant obtains other approval to permit a greater number of dwellings) to be constructed than permitted at the time the Declaration is recorded, then the number of votes of the Class B Owner described above shall be increased by three times the number of additional dwellings permitted. If Exhibit A or B of the Declaration are amended to include additional real estate that was not included when the Declaration was recorded, the votes of the Class B Member shall be increased by three times the number of Class A votes that would be appurtenant to any Lots created on such real estate if such real estate were fully developed under the applicable zoning.

After the Declarant Control Period expires, the Declarant shall have one vote as a Class B Owner and the Declarant shall also become a Class A Owner and have Class A votes with respect to the Lots owned by the Declarant. The Class B membership shall expire at the end of the Development Period.

(d) Board of Directors. The Board of Directors is responsible for the management and Upkeep of the Property and the administration of the Association. Unless otherwise specifically provided in the Act or the Association Documents, all rights, powers, easements, obligations and duties of the Association may be performed by the Board of Directors on behalf of the Association.

(e) Assignment of Voting Rights. Any member may assign such member's voting rights (as such voting rights relate to a particular Lot owned by such member), to a lessee of such Lot; provided, however, that the initial term of the lease for such Lot is for a period of not less than five years; and provided, further, that such assignment is evidenced by a written certificate signed by the member and witnessed by a person, other than the assignee, who shall

sign their name and address. Such certificate shall be filed with the Secretary.

(f) Additional Provisions Governing Voting. Additional provisions governing voting rights and procedures shall be as set forth in Article 3 of the Bylaws.

Section 4.3. Required Vote. A Majority Vote of the members shall be necessary for the adoption of any matter voted upon, except that: (1) at least a Sixty-seven Percent Vote of the members shall be necessary to adopt any amendment of these Articles or to dissolve the Association; and (2) directors shall be elected in accordance with Section 3.2 below. Voting shall not be conducted by class. The Association is also bound by the requirements set forth in Section 14.4 of the Declaration and shall not take any action in violation thereof.

## ARTICLE 5

### BOARD OF DIRECTORS

Section 5.1. Initial Directors. L. Franklin Sealy, James E. Jarrell, Jr., Ivan Cowger and Kenny Butzner, are the four initial directors of the Association, who shall serve until their successors are elected in accordance with Section 5.2 hereof. The Declarant shall be entitled to remove and replace the initial directors at will.

Section 5.2. Election of Directors and Term of Office.

(a) Declarant-Controlled Board of Directors. The initial Board of Directors consists of four persons; thereafter, the number of directors may be increased to not more than seven directors pursuant to this subsection and Section 4.2 of the Bylaws. Except as provided in this section, all directors shall be elected by the Class B member who shall elect, remove and replace all such directors at will, and designate the terms thereof, until the meeting described in Subsection 5.2(b).

The term of office of at least one but less than three of the directors elected by the Class B member at the first election of directors shall expire at the third annual meeting following their election, the term of office of at least one but less than three of the directors shall expire at the second annual meeting following their election and the term of office of at least one but less than three of the directors shall expire at the first annual meeting following their election. The actual number of directors whose term of office expires at each of the three annual meetings described in the preceding sentence shall be one-third (or a fraction as near to one-third as possible) of the total number of directors. Thereafter, each director shall serve for a three-year term. If the aggregate number of directors is increased pursuant to this section, terms shall be established so that one-third (or a fraction as near to one-third as possible) of the total number of directors is elected each year.

The Board of Directors shall be expanded as follows:

(1) The Class B member may expand the Board of Directors by electing an additional director in addition to the four initial directors or replacements thereof at any time from the creation of the Association until the meeting described in Subsection 5.2(b).

(2) At the first annual meeting following the issuance of a certificate of occupancy or similar permit by the appropriate governmental agency for dwelling units located on at least 100 Lots, but in any event not later than the fifth annual meeting of the Association, the Board of Directors shall be expanded to include one additional director which

must be a Class A member.

(3) At the first annual meeting following the issuance of a certificate of occupancy or similar permit by the appropriate governmental agency for dwelling units located on at least 175 Single Family Residential Lots, but in any event not later than the tenth annual meeting of the Association, the Board of Directors, shall be expanded to include a second additional director which must be a Class A member.

All members with voting rights (including the Class B member) shall elect the directors representing the Class A members. The positions on the Board not reserved for representatives of the Class A, members shall be filled by directors elected solely by the Class B member until the meeting described in subsection 5.2(b). Once the appropriate thresholds set forth above have been met, two members of the Board of Directors shall be Class A members and up to five members of the Board of Directors shall be elected solely by the Class B member. If at any election there is no candidate willing to represent a particular class, then such position shall be filled by any candidate who is otherwise eligible to serve as a director.

(b) Owner-Controlled Board of Directors. At the first annual meeting of the Association following the end of the Declarant Control Period or at any special meeting called by the Declarant to transfer control of the Board of Directors, the number of directors shall be increased to seven and all but two of the directors elected by the Class B member shall resign. For so long as the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property or the Additional Real Estate, the Declarant shall have the right to elect, remove, and replace two directors. The remaining directors shall be elected by all classes of members having voting rights (including the Declarant). After the Declarant or its designees have completed such development and sales activities, the two directors previously elected solely by the Declarant shall be elected by all classes of members having voting rights.

The persons elected shall serve for the remainder of the terms of office of the resigning directors who such persons replace, or if no resignation was required for the terms of office necessary so that the term of office of one-third (or a fraction as near to one-third as possible) of the directors shall expire at the first three annual meetings after their election. The directors receiving the greatest vote shall be elected for the longest available terms. All successor directors shall be elected to serve for staggered terms of three years unless elected to fill a vacancy in which case such director shall serve as provided in Section 5.6 hereof. Except for death, resignation or removal, the directors shall hold office until their respective successors shall have been elected.

The representation scheme established by subsection 5.2(a) shall continue, with two positions on the Board of Directors reserved for a Class A member. In addition, two directors shall be elected solely by the Declarant for so long as the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property or the Additional Real Estate. All other positions on the Board shall be filled by any candidate qualified in accordance with subsection 5.3(c).

### Section 5.3. Election Procedures: qualifications.

(a) Elections Committee. At least forty-five days prior to each meeting of the Association at which directors are elected by members other than the Class B member, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board whose term is not then expiring and at least two other persons who are not members of the Board. The Elections Committee shall develop election procedures and administer such procedures as are



approved by the Board providing for election of directors by ballot of the members at annual meetings and, where appropriate, special meetings.

(b) Nominations. Persons qualified to be directors may submit an application to the chairman of the Elections Committee at least twenty-five days before the meeting at which the election is to be held. Such application shall be signed by at least three other members and either signed by the nominee or accompanied by a document signed by the nominee indicating a willingness to serve as a director; provided, however, that nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one candidate has submitted an application. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve.

(c) Qualifications. No person shall be eligible for election as a member of the Board of Directors unless such person is an Owner, an Owner's spouse, an officer, trustee, general partner or agent of an Owner, the Declarant (or a designee of the Declarant) or a Mortgagee in possession (or a designee of a Mortgagee in possession). No Owner or representative of such Owner shall be elected as a director or continue to serve as a director if such Owner is more than sixty days delinquent in meeting financial obligations to the Association.

(d) Exception During Declarant Control Period. Notwithstanding any other provision of this section, during the Declarant Control Period, the Board of Directors may waive or modify any requirements under (a) and (b) above.

(e) Ward System. If the Board of Directors so resolves, some or all of the "at-large" directors (those directors who do not fill a Board position reserved to represent a particular class of members) shall be elected based on a ward system. If the ward system is implemented, a successor to any director chosen from a particular ward must be an Owner of a Lot within that same ward, except for directors designated by the Class B member. If there is no candidate from a particular ward, however, any person who is otherwise qualified may fill such director chosen from a particular ward must be an Owner of a Lot within that same ward, except for directors designated by the Class E member. If there is no candidate from a particular ward, however, any person who is otherwise qualified may fill such Board position. No Owner may seek election in any one year from more than one ward. Each ward shall be designated on a map of the Property by the Board of Directors, such map to be maintained by the Secretary. Each ward shall elect one director from among the Owners of Lots in that ward. Ward boundaries shall initially be fixed by the Board of Directors and may thereafter be changed only by a Majority Vote of the members.

Section 5.4. Action by Board of Directors. At all meetings of the Board of Directors a majority of the total number of directors shall constitute a quorum for the transaction of business, and a Majority Vote of the directors while a quorum is present shall constitute a decision of the Board of Directors, unless otherwise provided in the Act, these Articles of Incorporation or the Bylaws. The Bylaws may be amended solely in accordance with Article 12 of the Bylaws. The Board of Directors may not mortgage, pledge or dedicate to the repayment of indebtedness or otherwise transfer, convey or encumber any or all of the Association property without the approval of the members and Mortgagees as required by Section 14.4 of the Declaration.

Section 5.5. Removal or Resignation of Directors. Except with respect to initial directors, directors elected by the Declarant and replacements thereof, at any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by members entitled to cast a majority of the total number of votes and a successor may then and there be elected by the members to fill the vacancy thus created.

Any director whose removal has been proposed by the members shall be given at least ten days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. The notice given to members of such meeting shall state that one of the purposes of the meeting is to remove such director. The Declarant may remove and replace any initial director or any director elected by the Declarant or a replacement thereof at will, pursuant to Section 5.2 hereof. A director may resign at any time giving notice to the Board of Directors, the President or the Secretary. Unless otherwise specified, such resignation shall take effect upon the receipt thereof and the acceptance of such resignation shall not be necessary to make it effective. Except for an initial director, any director elected by the Declarant or replacement thereof, a director shall be deemed to have resigned upon disposition by the Owner of the Lot which made such person eligible to be a director, or if not in attendance at three consecutive regular meetings of the Board, if the minutes reflect the Board's decision to remove such director. No director need be a resident of the Property, but beginning at such time as the directors are elected by all members entitled to vote rather than elected solely by the Class B member and at all times thereafter, if any director was a resident when elected such director shall be deemed to have resigned at such time as such director ceases to be a resident.

Section 5.6. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a director by the members, or the Declarant, if appropriate, shall be filled by a Majority Vote of the remaining directors at the meeting of the Board held for such purpose promptly after the occurrence of such vacancy or, if the directors remaining in office constitute fewer than a quorum, an affirmative vote of the majority of the directors remaining in office even though the directors present at such meeting constitute less than a quorum. Each person so elected shall be a director until a successor shall be elected at the next annual meeting of the Association. Vacancies caused by removal of a director by the members shall be filled by a vote of the members, pursuant to Section 5.5 hereof, and shall serve the remainder of the term of the director being replaced. The Declarant shall designate the successor to an initial director or any director elected by the Declarant. The term of the replacement directors shall expire so that the staggered terms shall remain unaffected.

## ARTICLE 6

### INITIAL REGISTERED OFFICE

The initial registered office of the Association is the law firm of Jarrell, Hicks & Sasser, P.C. located in the County of Spotsylvania at 9064 Courthouse Road, P.O. Box 127, Spotsylvania, Virginia 22553-0127, at which office the initial registered agent of the Association is James E. Jarrell, III, who meets the requirements of Section 13.1-833 of the Act by reason of the fact that he is a resident of Virginia and member of the Virginia State Bar whose business address is identical with that of the registered office.

## ARTICLE 7

### AMENDMENT

These Articles may not be amended unless the amendment is adopted by at least a Sixty-seven Percent (67%) Vote of the members, pursuant to Section 13.1-886 of the Act. No amendment to these Articles may diminish or impair the rights of the Declarant without the prior written consent of the Declarant. The Association may not make any amendment in violation of Section 14.4 of the Declaration.

ARTICLE 8

DISSOLUTION

The Association may not be dissolved unless the resolution to dissolve is adopted by at least a Sixty-seven Percent (67%) Vote of the members, pursuant to Section 13.1-902 of the Act. The Association may not be dissolved except in accordance with Section 15.1 of the Declaration. Upon termination of the Declaration and the dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be granted, conveyed and assigned to another nonprofit corporation, association, trust or other organization or governmental agency devoted to purposes similar to those for which the Association was created; provided, however, that if a site plan is approved for the Property; or any portion thereof containing Common Area, which changes the design, layout or use of the Property in such a manner that the Common Area is no longer necessary to the new design, layout or use, then the Common Area and other assets of the Association may be distributed as agreed upon by a Sixty-seven Percent (67%) Vote of the members. This Article may not be amended without the prior written approval of Sixty-seven (67%) Percent of the Mortgagees.

ARTICLE 9

MERGERS AND CONSOLIDATIONS

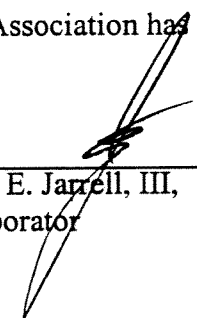
The Association may merge or consolidate with other corporations as provided by the Act, however, no such merger or consolidation in and of itself without further action by the members shall in any way affect the rights of the members in the Association and under the Declaration.

ARTICLE 10

HUD/VA APPROVAL

As long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration, HUD or the Veterans Administration, Annexation of additional properties, dedication of Common Properties and amendment of these Articles of Incorporation.

IN WITNESS WHEREOF, the incorporator of the Association has signed these Articles of Incorporation on July 20, 2001.

  
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James E. Jarrell, III,  
Incorporator

BYLAWS  
FOR  
PELHAM'S CROSSING COMMUNITY ASSOCIATION, INC.

ARTICLE 1

INTERPRETIVE PROVISIONS

Section 1.1 Definitions. Terms used herein without definition shall have the meanings specified for such terms in Section 13.1-803 of the Virginia Nonstock Corporation Act. Definitions, terms and other interpretive provisions set forth in Article 2 of the Articles of Incorporation for Pelham's Crossing Community Association, Inc. are equally applicable to these Bylaws.

ARTICLE 2

MEETINGS OF MEMBERS

Section 2.1. Annual Meetings. The first annual meeting of the Association shall be held not later than the first anniversary of the incorporation of the Association at such time and place as may be fixed by a resolution of the Board of Directors. Subsequent annual meetings of the Association shall be held on weekdays (other than legal holidays recognized as such in Virginia) at least thirty days before the beginning of each fiscal year at such time as may be fixed from time to time by resolutions of the Board of Directors.

Section 2.2. Special Meetings. The Association shall hold a special meeting: (1) upon the call of the President; (2) if so directed by resolution of the Board of Directors; (3) upon a petition presented to the Secretary and signed by members entitled to cast at least ten percent of the total number of votes (excluding the Declarant's votes during the Declarant Control Period); or (4) upon request of the Declarant. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred-eighty days after the date of the first such signature. Such resolution, petition or request must: (1) specify the time and place at which the meeting is to be held; (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.3 hereof, or else specify that the Secretary shall designate the date of the meeting; (3) specify the purposes for which the meeting is to be held; and (4) be delivered to the Secretary. No business other than that stated in such resolution, request or petition shall be transacted at such special meetings.

Section 2.3. Notice of Meetings.

(a) Written notice stating the place, day and time of each annual meeting and, in case of a special meeting, the purposes for which the meeting is called, shall be given by the Secretary to each member entitled to vote at such meeting not less than ten nor more than

sixty days before the date of the meeting. The giving of notice in the manner provided in this section and Article 11 hereof shall be considered service of notice.

(b) Notwithstanding the provisions of Subsection (a), notice of a meeting to act on an amendment to the Articles of Incorporation, a plan of merger or consolidation or dissolution shall be given in the manner provided above not less than twenty-five nor more than sixty days before the date of the meeting. Any such notice shall be accompanied by a copy of the proposed amendment, plan of merger or consolidation or dissolution. Any such amendment, plan of merger or consolidation or dissolution shall not be effective unless notice of such matter was provided in accordance with this subsection.

#### Section 2.4. Waiver of Notice of Meetings.

(a) Whenever any notice is required to be given of any meeting of the Association, a waiver thereof in writing signed by a member entitled to such notice, whether given before or after the meeting, shall be equivalent to the giving of such notice to that member and such waiver shall be delivered to the Secretary for inclusion in the minutes or filing with the Association records.

(b) A member who attends a meeting shall be conclusively presumed to have had timely and proper notice of the meeting or to have duly waived notice thereof, unless such member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or at or prior to consideration of the matter subject to objection, in the case of a special meeting.

Section 2.5. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association if members entitled to cast at least ten percent of the total number of votes are present, in person or by proxy, at the beginning of such meeting. Once a member is present at a meeting such member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new Record Date is set for that adjourned meeting.

If at any meeting of the Association a quorum is not present, a majority of the members who are present at such meeting in person or by proxy may: (1) recess the meeting to such date, time and place as such members may agree not more than forty-eight hours after the time the original meeting was called; or (2) adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called at such date and place as such members may agree, whereupon the Secretary shall announce the date, time and place at the meeting and make other reasonable efforts to notify all members of such date, time and place.

Section 2.6. Order of Business. Unless otherwise specified in the notice of the meeting, the order of business at all meetings of the Association shall be as follows: (1) roll call (proof of quorum); (2) proof of notice of meeting; (3) reading of minutes of preceding meeting; (4) reports of officers; (5) report of Board of Directors; (6) reports of committees; (7) appointment of inspectors of election (when so required); (8) election of directors (when so required); (9) unfinished business; and (10) new business; provided, however, that balloting for election of directors may commence at any time at the direction of the presiding officer.

Section 2.7. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The President may appoint a parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the

Act or the Association Documents.

Section 2.8. Record Date to Determine Members; List of Members. The date for determining which Persons are members and therefore entitled to vote ("Record Date") shall be the close of business on the day before the effective date of the notice to the members of the meeting, unless the Board of Directors shall determine otherwise. The Board shall not fix a Record Date more than seventy days before the date of the meeting or other action requiring a determination of the members, nor shall the Board set a Record Date retroactively. At least ten days before each meeting, the Secretary shall make a complete list of members, with the address of each, available for review by the members before and during the meeting. The list shall be current as of the Record Date.

### ARTICLE 3

#### MEMBERSHIP AND VOTING

Section 3.1. Members and Voting Rights. The voting rights of the members of the Association shall be as set forth in Article 4 of the Articles of Incorporation.

Section 3.2. Additional Provisions Governing Voting.

(a) Association Votes. If the Association is an Owner, the Association shall cast its votes with the majority with respect to any Lot it owns and, in any event, such votes shall be counted for the purpose of establishing a quorum.

(b) Multiple-Person Owners. Since a member may be more than one Person, if only one of such Persons is present at a meeting of the Association, that Person shall be entitled to cast the member's votes. If more than one of such Persons is present, the vote appertaining to that member shall be cast only in accordance with unanimous agreement of such Persons, and such agreement shall be conclusively presumed if any of them purports to cast the vote appertaining to that member without protest being made forthwith to the Person presiding over the meeting by any of the other Persons constituting such member.

(c) Voting Certificate. If a member is not a natural person, the vote by such member may be cast by any natural person authorized by such member. Such natural person must be named in a certificate signed by an authorized officer, partner or trustee of such Person and filed with the Secretary; provided, however, that any vote cast by such natural person on behalf of such member shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote was cast. Such certificate shall be valid until revoked by a subsequent certificate similarly executed and filed. Wherever the approval or disapproval of a member is required by the Association Documents, such approval or disapproval may be made by any Person who would be entitled to cast the vote of such member at any meeting of the Association.

(d) Delinquency. No member may vote at any meeting of the Association or be elected to serve on the Board of Directors if payment by such member of any financial obligation to the Association is delinquent more than sixty days and the amount necessary to bring the account current has not been paid at the time of such meeting or election.

Section 3.3. Manner of Voting.

(a) At a Meeting. Voting by members at a meeting shall be by voice vote (except for the election of directors which shall be by written ballot) unless the presiding officer determines otherwise or any member present at the meeting, in person or by proxy, requests, and by a Majority Vote the members consent to, a vote by written ballot indicating the name of the member voting, the number of votes appertaining to such member, and the name of the proxy of such ballot if cast by a proxy. There shall be no cumulative voting.

(b) By Referendum. In the sole discretion of the Board of Directors, elections may be submitted to a referendum of the members on a ballot, by mail or at polling places. Ballots shall be returned to the Secretary by the date specified on the ballot. The Board of Directors shall determine the method of voting, the form of all ballots, the deadline for return of ballots and the number and location of polling places, if any.

(c) Advisory Referendum. The Board of Directors may include on any ballot questions on which it seeks an advisory vote. Members may suggest questions for an advisory vote which shall be evaluated by the Board for consistency with the exercise of its duties and responsibilities and with the Association Documents. In any advisory vote, each such question on a ballot shall indicate that the vote is for advisory purposes only.

Section 3.4. Proxies. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy how to vote) or uninstructed (leaving how to vote to the proxy's discretion). Only instructed proxies may be granted by any member to the managing agent. No Person other than the Declarant, a Mortgagee, the managing agent or an Officer shall cast votes as a proxy for more than five Lots not owned by such Person. Proxies shall be in writing, shall be dated, shall be signed by the member or a Person authorized by the member (or in cases where the member is more than one Person by or on behalf of all such Persons), shall be valid for eleven months unless a longer time period is provided in the proxy and shall be filed with the Secretary. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from the member.

## ARTICLE 4

### BOARD OF DIRECTORS

Section 4.1. Powers and Duties of the Board of Directors. The business and affairs of the Association shall be managed by the Board of Directors elected in accordance with the procedures and for the terms of office set forth in Article 5 of the Articles of Incorporation. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required by the Act or the Association Documents to be exercised and done by the members. The Board of Directors shall delegate to one of its members or to a Person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Section 5.3 hereof), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by any other provision of the Association Documents or by any resolution of the Association that may hereafter be adopted, the Board shall perform the following duties and take the following actions on behalf of the Association:

(1) Provide goods and services to the members in accordance with the Association Documents, and provide for Upkeep of the Common Area and, to the extent

provided in the Association Documents, of the Lots.

(2) Designate, hire, dismiss and, where appropriate, compensate the personnel necessary to provide for the Upkeep of the Common Area and, to the extent provided in the Association Documents, of the Lots, and provide goods and services to the members, as well as purchase equipment, supplies and materials to be used by such personnel in the performance of their duties.

(3) Collect the assessments, deposit the proceeds thereof in depositories designated by the Board of Directors and use the proceeds to carry out the Upkeep of the Property to the extent the Association is so authorized by the Association Documents.

(4) Adopt and amend any reasonable Rules and Regulations not inconsistent with the Association Documents.

(5) Open bank accounts on behalf of the Association and designate the signatories thereon.

(6) Enforce the provisions of the Association Documents.

(7) Act with respect to all matters arising out of any eminent domain proceeding affecting the Common Area owned in fee simple by the Association.

(8) Notify the members of any litigation against the Association involving a claim in excess of ten percent of the total annual assessment for Common Expenses.

(9) Obtain and carry insurance against casualties and liabilities, as provided in Article 10 of the Declaration, pay the premiums therefor and adjust and settle any claims thereunder.

(10) Pay the cost of all authorized goods and services rendered to the Association and not billed to Owners of individual Lots or otherwise provided for in Article 6 of the Declaration.

(11) Notify a Mortgagee of any default in paying assessments for Common Expenses by an Owner (which remains uncured for sixty days) or for any other default, simultaneously with the notice sent to the defaulting Owner.

(12) Acquire, hold and dispose of Lots and mortgage the same without the prior approval of the members if such expenditures and hypothecations are included in the budget.

(13) Charge reasonable fees for the use of the Common Area owned in fee simple by the Association and for services.

(14) Suspend the right of any Owner or other occupant of a Lot, and the right of such Person's household or company, guests, employees, customers, tenants, agents and invitees to use the Common Area owned in fee simple by the Association in accordance with Subsection 12.1(g) of the Declaration.

(15) Prepare an annual budget in accordance with Article 6 of the Declaration.

(16) Adopt an annual budget and make assessments against the



Owners to defray the Common Expenses of the Association, establish the means and methods of collecting such assessments from the Owners and establish the period of the installment payment, if any, of the annual assessment for Common Expenses.

(17) Borrow money on behalf of the Association when required for any valid purpose; provided, however, that (except during the Declarant Control Period), either a Majority Vote of members obtained at a meeting held for such purpose or written approval by members entitled to cast more than fifty percent of the total number of votes shall be required to borrow any sum in excess of fifteen percent of the total annual assessment for Common Expenses for that fiscal year and, subject to Section 14.4 of the Declaration, mortgage any of the Common Area owned in fee simple by the Association.

(18) Execute deeds, plats of resubdivision and applications for construction permits, for the Common Area owned in fee simple by the Association, as may be necessary or desirable in the normal course of the orderly development of the Property, at the request of the Declarant.

(19) Dedicate or transfer any portion of the Common Area owned in fee simple by the Association or grant easements, rights-of-way or licenses over and through the Common Area pursuant to Section 3.1 of the Declaration and subject to the restrictions set forth in Section 14.4 of the Declaration.

(20) In its sole discretion, designate certain portions of the Common Area owned in fee simple by the Association as Reserved Common Area, pursuant to Section 3.8 of the Declaration, and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(21) Prepare and execute all disclosure information required by the Virginia Property Owners Association Act and deliver the same to appropriate parties upon payment of such fees as the Board deems reasonable and as permitted by such Act.

(22) Do anything else not inconsistent with the Act or the Association Documents.

Section 4.2. Number of Directors. During the Declarant Control Period, the Board of Directors shall consist of not less than four nor more than seven directors as provided in Section 5.2(a) of the Articles of Incorporation. After the Declarant Control Period, the Board shall consist of seven directors as provided in Section 5.2(b) of the Articles of Incorporation.

## ARTICLE 5

### MANAGING AGENT

Section 5.1. Compensation. The Board of Directors may employ for the purpose of administering the Property a managing agent at a compensation to be established by the Board.

Section 5.2. Requirements. The managing agent shall be a bona fide business enterprise which manages common interest communities. Such firm or its principals shall have a

minimum of two(2) years' experience in community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of the Property. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the Property and shall employ personnel knowledgeable in the areas of insurance, accounting, contract negotiation, labor relations and property management. Otherwise, the managing agent may be a full-time employee of the Association who shall organize, staff, train and administer the in-house personnel solely to manage the Property.

Section 5.3. Duties. The managing agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitation, the duties listed in Paragraphs 4.1 (1), (2), (3), (6), (7), (8), (9), (10), (11), (12), (13) and (21). The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in Paragraphs 4.1 (4), (5), (14), (15), (16), (17), (18), (19) and (20). The managing agent shall perform the obligations, duties and services relating to the management of the Property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of the Act and the Association Documents.

Section 5.4. Standards. The Board of Directors shall impose appropriate standards of performance upon the managing agent. Unless the managing agent is instructed otherwise by the Board of Directors:

(1) the accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to one or more but less than all of the Owners shall be accounted for and reported separately;

(2) two (2) or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Association shall not be commingled with any other entity's accounts;

(4) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finder's fees, service fees or otherwise; any discounts received shall benefit: the Association;

(5) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(6) a financial report shall be prepared for the Association at least quarterly, containing: (i) an "income statement" reflecting all income and expense activity for the preceding period on an accrual basis; (ii) an "account activity statement" reflecting all receipt and disbursement activity for the preceding period on a cash basis; (iii) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format; (iv) a "balance sheet" reflecting the financial condition of the Association on

an unaudited basis; (v) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and (vi) a "delinquency report" listing all Owners who are delinquent in paying assessments and describing the status of any actions to collect such assessments.

Section 5.5. Limitations. The Board of Directors may employ a managing agent for an initial term not to exceed two (2) years; provided, however, that the terms of any such management agreement may be renewable by mutual agreement of the parties for successive one-year terms. Any contract with the managing agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than ninety (90) days written notice and with cause on no more than thirty (30) days written notice.

#### ARTICLE 6 OFFICERS

Section 6.1. Designation and Duties of Officers. The principal officers of the Association shall be the President (who shall also serve as Chairman of the Board of Directors), the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also elect an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The President and Vice President shall be Owners (or an officer, partner or employee of an Owner), except for those directors designated or elected by the Declarant, and directors. Any other Officers may, but need not, be Owners, representatives of Owners or directors. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent (if any) inconsistent with the Act or the Association Documents, and shall perform such other duties as maybe assigned to such Officer by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the President (or the Board of Directors if the President fails to do so) may appoint another qualified person to act in such Officer's stead on an interim basis.

Section 6.2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any Officer may hold more than one position; provided, however, that the offices of President, Vice President and Secretary shall be held by three different individuals. Except for death, resignation or removal, the Officers shall hold office until their respective successors shall have been elected by the Board.

Section 6.3. Resignation or Removal of Officers. Any Officer may resign by delivering written notice to the Board of Directors. Unless otherwise specified, such resignation shall take effect upon the receipt thereof, and acceptance of such resignation shall not be necessary to

make it effective. Upon the affirmative vote of a majority of the total number of directors, any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 6.4. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The person appointed to fill a vacancy shall serve for the remainder of the term of the Officer such person replaces.

Section 6.5. 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; see to the execution of the resolutions of the Association and the Board of Directors; see that all orders and resolutions of the Board are carried into effect; and, in general, perform all the duties incident to the Office of President.

Section 6.6. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other director to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President.

Section 6.7. 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 and as may be required by Section 13.1-932 of the Act and Section 55-510 of the POA Act or otherwise by law; give or cause to be given all notices required to be given by the Association; give each Owner notice of any Assessment against such Owner's Lot as soon as practicable after any such Assessment is made; give each Owner notice and a copy of the Rules and Regulations and any amendment thereof; maintain a register setting forth the place to which all notices to Owners and Mortgagees hereunder shall be delivered; file or cause to be filed the annual reports required by Section 13.1-936 of the Act and Section 55-516.1 of the POA Act or otherwise by law; make it possible for any Owner or Mortgagee to inspect and copy at reasonable times and by appointment the records of the Association; and, in general, perform all the duties incident to the Office of Secretary.

Section 6.8. Treasurer. The Treasurer shall be responsible for Association funds and securities; keep or cause to be kept full and accurate financial records and books of account showing all receipts and disbursements; prepare or cause to be prepared all required financial data, including the Statement of Common Expenses required by Section 6.6 of the Declaration; deposit all monies and other valuable effects in the name of the Board of Directors or the Association in such

depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of Treasurer.

## ARTICLE 7

### COMMITTEES

Section 7.1. Covenants Committee. The Board of Directors shall establish a Covenants Committee as set forth in Article 9 of the Declaration.

Section 7.2. Other Committees. The Board of Directors may create and abolish from time to time such other committees consisting of two or more persons as the Board may deem appropriate to aid in the administration of the affairs of the Association. Such committees shall have the powers and duties fixed by resolution of the Board from time to time. The Board shall appoint the chair of each committee, and may either appoint the other members thereof or leave such appointment to the committee chair.

## ARTICLE 8

### MEETINGS OF BOARD OF DIRECTORS AND COMMITTEES

Section 8.1. Types of Meetings. The first (organizational) meeting of the Board of Directors following an annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be determined by a majority of the directors to elect Officers, appoint committee members and establish the manner of operation of the Board for the ensuing year. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors; provided, however, that after the Declarant Control Period, such meetings shall be held at least quarterly during each fiscal year. Special meetings of the Board of Directors may be called by the President, and shall be called by the President or Secretary upon the written request of at least two directors. Meetings of the Covenants Committee or any other committee or subcommittee of the Association shall be held on an as needed basis. All meetings of the Board of Directors or any Committee shall be open to members as observers, except that the President or presiding officer or chairman of a committee may call the board or committee into executive session on sensitive matters such as personnel, litigation strategy or hearings with respect to violations of the Association Documents. Any final action taken in executive session shall be recorded in the minutes. The Board of Directors or any committee may hold their meetings in the Commonwealth of Virginia or outside the state as the Board may from time to time determine.

Section 8.2. Notice. Notice of meetings shall be given to each director or committee member, as appropriate, personally or by mail, telegraph or telephone, orally or in writing, at least three business days prior to the day named for such meeting. Such notice shall state the place, day and time and, in the case of special meetings, the purpose thereof. No notice of the organizational meeting of the Board of Directors shall be necessary if such meeting is held immediately following the annual meeting.

Section 8.3. Waiver of Notice. Any director or committee member, as appropriate, may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute a waiver of notice of the time, place and purpose of such meeting, unless the director

or committee member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or at or prior to consideration of the matter subject to objection, in the case of a special meeting. If all directors or committee members, as appropriate, are present at any meeting of the Board of Directors or committee member, no notice shall be required and any business may be transacted at such meeting.

Section 8.4. Quorum. At all meetings of the Board of Directors or a committee a majority of the total number of directors or committee members, as appropriate, shall constitute a quorum for the transaction of business, and a Majority Vote while a quorum is present shall constitute the decision of the Board of Directors, unless provided otherwise in the Act, the Articles of Incorporation or the Bylaws. If at any meeting there is less than a quorum present, a majority of those 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 or committee member, as appropriate, who participates in a meeting by any means of communication by which all directors or committee members may simultaneously hear each other during the meeting shall be deemed present at the meeting for all purposes.

Section 8.5. Conduct of Meetings. The President shall preside over meetings of the Board of Directors and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at the meetings. The chairman of a committee shall preside over the meeting of the committee and may appoint any member of committee to keep minutes. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors or committee when not in conflict with the Act or the Association Documents.

Section 8.6. Action Without Meeting. Any action by the Board of Directors or a committee required or permitted to be taken at any meeting may be taken without a meeting if a consent in writing setting forth the action taken shall be signed either before or after such action is taken by all of the directors or committee members, as appropriate. Any such written consent shall have the same force and effect as a unanimous vote and shall be filed with the minutes of the Board of Directors or committee.

## ARTICLE 9

### FIDUCIARY DUTIES

Section 9.1. Execution of Documents. Unless otherwise provided in the resolution of the Board of Directors: (1) all agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of two-tenths of one percent of the total annual assessment for Common Expenses for that fiscal year, and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors; and (2) all such instruments for expenditures or obligations of two-tenths of one percent or less of the total annual assessment for Common Expenses for that fiscal year, except from reserve accounts, may be executed by any one person designated by the Board of Directors. Any Officer of the Association may be designated by Board resolution to sign a Statement of Common Expenses or an Association Disclosure Packet on behalf of the Association.

Section 9.2. Conflicts of Interest.

(a) Rule and Exceptions. Each director or Officer shall exercise such director's or Officer's powers and duties in good faith and in the best interests of the Association. No contract or other transaction between the Association and any of its directors or Officers, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors or Officers of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because of such relationship or because any such director or Officer is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction or because such director's or Officer's vote is counted for such purpose if any of the following conditions exist: (1) the material facts of the transaction and the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a majority of directors entitled to vote on the transaction, but in no event may such a transaction be authorized, approved or ratified by a single director; (2) the material facts of the transaction and the common directorate or interest is disclosed or known to all of the members entitled to vote on the matter, and the members who are entitled to be counted in a vote on the transaction approve or ratify the contract or transaction by a majority of the total number of votes entitled to be cast; or (3) the contract or transaction is commercially reasonable to the Association in view of all the facts known to any director or Officer at the time such contract or transaction is authorized, ratified, approved or executed.

(b) Vote Not Counted. Any common or interested directors or Officers may be counted in determining the presence of a quorum of any meeting of the Board of Directors, a committee thereof, or the members which authorizes, approves or ratifies any contract or transaction, but such director's vote shall not be counted with respect to any matter as to which such director would have a conflict of interest; such director may vote, however, at the meeting to authorize any other contract or transaction.

Section 9.3. Liability and Indemnification.

(a) No Personal Liability. The directors, Officers and members of the Covenants Committee shall not be liable to the Association or any member for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. Directors and Officers shall have no personal liability with respect to any contract made by them on behalf of the Association. No member shall be liable for the contract or tort liability of the Association by reason of ownership or membership therein. Every agreement made by the Board of Directors, the Officers or the managing agent on behalf of the Association shall, if obtainable, provide that the directors, the Officers or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder.

(b) Indemnification. The Association shall indemnify the directors, Officers and members of the Covenants Committee to the extent that it is contemplated a nonstock corporation may indemnify its directors, officers and employees pursuant to Sections 13.1-875 through 13.1-883 of the Act; provided, however, that before the Association uses association funds for indemnification, all insurance proceeds must be obtained and applied toward such indemnification.

(c) Directors and Officers Liability Insurance. The Association shall have the power, pursuant to Article 10 of the Declaration, to purchase and maintain insurance on behalf of any person who is or was a director, Officer or member of the Covenants Committee against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Association would

have the power to indemnify such Person against such liability under the provisions of this section. Further, the availability of the Association's indemnity shall not relieve any insurer of any liability under an insurance policy held by the Association.

Section 9.4. Compensation of Directors and Officers. No salary or other compensation shall be paid by the Association to any director or Officer of the Association for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by such director or Officer of other services to the Association nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or Officer.

## ARTICLE 10

### BOOKS AND RECORDS

Section 10.1. Maintenance. The Association shall keep books and records as required by Section 13.1-932 of the Act. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once a year by an auditor retained by the Board of Directors who shall not be an Owner or an occupant of a Lot. The cost of such audit shall be a Common Expense. The Association shall also file and maintain the annual reports required to be filed with the Virginia State Corporation Commission by Section 13.1-936 of the Act.

Section 10.2. Availability. The books and records of the Association shall be available for examination by the members, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days at the times and in the manner established by the Board of Directors for the general knowledge of the members in accordance with Section 13.1-933 of the Act and Section 55-510 of the Virginia Property Owners' Association Act. The list of members required by Section 2.8 hereof shall be available for inspection for a period of ten days prior to the meeting and at the meeting. Pursuant to Section 13.3 of the Declaration, all Mortgagees or their representatives shall have the right to examine the books and records of the Association on the same terms and conditions as the members and Owners. The Board of Directors may fix from time to time a reasonable charge to cover the direct and indirect costs of providing any documents to a member, or Mortgagee.

Section 10.3. Accounting Report. Within one hundred twenty days after the end of each fiscal year, the Board of Directors shall make available to all members and to each Mortgagee requesting the same, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures, plus reserves.

Section 10.4. Fiscal Year. The first fiscal year of the Association shall begin on the date of incorporation and end on the last day of December, unless otherwise determined by the Board of Directors. Each subsequent fiscal year shall commence on January 1 and end on December 31, unless otherwise determined by the Board of Directors.



## ARTICLE 11

### NOTICES

Section 11.1 Notices. Except as specifically provided otherwise in the Act or the Association Documents, all notices, demands, bills, statements or other communications under the Association Documents shall be in writing and shall be deemed to have been duly given if delivered personally or by telegraph, teletype or other form of wire or by private carrier or sent by United States mail, postage prepaid pursuant to Section 13.1-810 of the Act, or if notification is of a default, hearing or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid: (1) if to a member, at the address which the member shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such member; (2) if to the Association, the Board of Directors or to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the members pursuant to this section; or (3) if to a Mortgagee, at the address indicated by the Mortgagee in a written notice to the Association. If mailed, such notice shall be deemed to be given when deposited in the United States Mail addressed to the member's address shown in the Association records. If a Lot is owned by more than one Person, each such Person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder, otherwise, the Person receiving the notice shall have the responsibility for notifying the other Persons comprising the Owner.

## ARTICLE 12

### AMENDMENTS

Section 12.1 Amendment of Bylaws. These Bylaws may be amended by a Majority Vote of the members if the proposed amendment has been inserted in the notice of meeting or all of the members are present in person or by proxy. Except for Articles 4 and 12 and Sections 2.2, 2.5 and 9.3 hereof, these Bylaws may also be amended by a Majority Vote of the Board of Directors; provided, however, that the proposed amendment has been inserted in the notice of the meeting. The Board of Directors shall send any amendment to the members within thirty days after adoption. No amendment to these Bylaws may diminish or impair the rights of the Declarant under the Bylaws without the prior written consent of the Declarant. No amendment to these Bylaws may diminish or impair the rights of the Mortgagees under the Bylaws.

Section 12.2 FHA/VA Approval. As long as there is a Class B membership, then the Federal Housing Administration, HUD and Veterans Administration each have the right to veto any amendment to these Bylaws.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of PELHAM'S CROSSING COMMUNITY ASSOCIATION, INC., a Virginia nonstock corporation; and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by the Unanimous Written Consent in Lieu of Organization Meeting of the Board of Directors thereof, dated July 30, 2001.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 30 day of July, 2001.

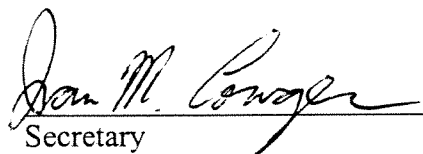
  
Secretary

Exhibit A to the Bylaws

PELHAM'S CROSSING COMMUNITY ASSOCIATION, INC.

ASSOCIATION DISCLOSURE PACKET

TO: \_\_\_\_\_

FROM: Pelham's Crossing Community Association, Inc.  
State of Incorporation: Virginia  
Name and Address of Registered Agent:  
James E. Jarrell, III  
9064 Courthouse Road, P.O. Box 127  
Spotsylvania, Virginia 22553-0127

RE: Section \_\_\_\_ Lot No. \_\_\_\_\_, Pelham's Crossing, Spotsylvania County,  
Virginia

DATE: \_\_\_\_\_

In accordance with Section 55-512 of the Virginia Property Owners' Act, as amended, we hereby certify that based on the best knowledge and belief of the Association the information set forth below is accurate as of the date hereof.

A. The status of assessments and mandatory fees or charges with respect to the Lot is as follows:

|  |                 |
|--|-----------------|
| Current assessment due _____   | \$ _____        |
| Assessment in arrears _____  | \$ _____        |
| Other fees or charges due _____  | \$ _____        |
| Fees or charges in arrears _____   | \$ _____        |
| <b>TOTAL DUE</b>   | <b>\$ _____</b> |
| Known assessments, fees and charges<br>for the current fiscal year not yet due | \$ _____        |

In addition to the above described assessments, there is an initial assessment of \$ \_\_\_\_\_ due from the purchaser at the time of any conveyance of a lot.

The Association levies annual assessments (which may be payable in equal periodic installments) to pay Common Expenses. Additional assessments may also be levied for the same purpose. A fee of \_\_\_\_\_ Dollars is currently charged by the Association for the preparation of an Association Disclosure Packet (such as this one). A late charge of

\_\_\_\_\_ Dollars is currently applied to any assessment or installment thereof not paid within ten days after the date it becomes due. There are no other fees or charges imposed by the Association or any other entity or facility except:

[Fill in if applicable, i.e. Separate Recreation Charges]

B. Attached is a statement of capital expenditures made or anticipated for the current and two succeeding fiscal years, to the extent such information is available.

C. As of the date hereof, there is an outstanding balance in the reserve for the replacement funds (reserve accounts) of approximately \$ \_\_\_\_\_. Of that balance, the following amounts, if any, have been designated by the Board of Directors for the following specific projects:

[Fill in if applicable.]

D. Attached is (1) a copy or summary of the current operating budget, and (2) a copy or summary of the income and expense statement for the year ended \_\_\_\_\_, 2000 the most recent fiscal year for which such statement is available.

E. There are no unsatisfied judgments against the Association nor any pending suits (other than collection cases) in which the Association is a party or which could or would have a material impact on the Association or which relates to the Lot referenced above, except as follows:

[Fill in status and nature if applicable.]

F. The Association holds hazard, property damage and liability insurance policies covering the Common Area as required by the Declaration in the following amounts: \_\_\_\_\_ hazard and property damage; liability. The Association also maintains fidelity bonds in the amount of \_\_\_\_\_. It is suggested that each Owner obtain insurance covering property damage to such Owner's Lot and personal property contained therein as well as insurance covering personal liability. In addition, the Owners of Multifamily Residential Lots and Commercial Lots are required to maintain certain minimum insurance coverages. You are urged to review Article 10 of the Declaration and to consult with your insurance agent. Copies of the insurance policies are available for inspection or information is obtainable as follows:

[Fill in Contact for Insurance Information.]

G. The Association has not given notice to the Owner of the Lot and has no knowledge of whether improvements or alterations made to the Lot or uses made of the Lot or Common Areas assigned to the Lot, if any, are in violation of the Association Documents except as follows:

[Fill in if applicable.]

H. Attached is a copy of the Declaration, Articles of Incorporation, Bylaws, Rules and Regulations and Design Guidelines of the Association (to the extent such documents exist), including all amendments.

The Association contact for questions regarding this Disclosure Packet is

---

(Name, Address and Telephone Number)

NOTE: Pursuant to Section 1.3 of the Declaration, upon acquiring title to a Lot each new Owner shall immediately give written notice to the Secretary of the Association stating name and address of such new Owner and the number or address of the Lot. If a new Owner gives such notice within thirty days after acquiring title to a Lot, there will be no charge for adding such Owner's name to the Association records. After thirty days there will be a charge of \_\_\_\_\_ Dollars assessed against such Owner to cover the administrative costs of record keeping.

PELHAM'S CROSSING COMMUNITY ASSOCIATION, INC.  
UNANIMOUS WRITTEN CONSENT  
OF THE BOARD OF DIRECTORS  
IN LIEU OF ORGANIZATIONAL MEETING

In lieu of the Organizational Meeting for the Board of Directors of Pelham's Crossing Community Association, Inc., (the "Association"), a nonstock corporation formed pursuant to Chapter 10 of Title 13.1 of the Code of Virginia (1950), as amended, the undersigned, being all of the Directors of the Association do hereby consent to the following actions of the Board of Directors.

WHEREAS, the Articles of Incorporation have been filed with the Commonwealth of Virginia State Corporation Commission and accepted for record effective July 24, 2001; and

WHEREAS, the Directors named in the Articles of Incorporation wish to provide for the transaction of business by the Association; and

WHEREAS, the Directors desire to elect a President and Vice-President/Secretary-Treasurer to sign documents to initiate the Association's operations and to supervise the Association's internal affairs.

THEREFORE BE IT

RESOLVED, That L. Franklin Sealy and Ivan Cowger shall be and hereby are elected by the Directors to serve as the President and Vice President/Secretary-Treasurer, respectively, of the Association for the ensuing fiscal year, to act and serve in such capacity until their successors shall be elected and qualified.

FURTHER RESOLVED, That the officers of the Association are hereby authorized and directed to open bank accounts with such depositories (the accounts of which are insured by an agency of the United States of America) as they may choose, in their discretion, to conduct the financial affairs of the Association.

FURTHER RESOLVED, That the officers of the Association, in their respective capacities, are authorized and empowered to do any and all duties necessary to set up, begin and make effective the general operation of the business of the Association, without the necessity for prior approval of the Directors.

WHEREAS, the location of the registered office of the Association and the name of the registered agent of the Association have been set forth in the Articles of Incorporation.

THEREFORE, BE IT

RESOLVED, That the registered office of the Association shall be located at Jarrell, Hicks & Sasser, P.C.; 9064 Courthouse Road, P.O. Box 127, Spotsylvania, Virginia

22553-0127, and the registered agent of the Association shall be James E. Jarrell, III, all as so stated in the Articles of Incorporation.

FURTHER RESOLVED, That the registered agent shall act under the direction and supervision of the legal counsel of this Association in all matters arising out of or pertaining to the agency.

WHEREAS, the Directors wish to ratify and approve the Bylaws which have been prepared on behalf of the Association;

THEREFORE, BE IT

RESOLVED, That the Bylaws submitted to and read by the Board of Directors shall be and hereby are adopted as the Bylaws of the Association.

FURTHER RESOLVED, That a copy of the Bylaws shall be inserted into the minute book of the Association.

WHEREAS, Article 4, Section 4.1 of the Bylaws for Pelham's Crossing Community Association, Inc., assigns to the Board of Directors all of the powers and duties necessary for the administration of the affairs of the Association and further states that the Board may do all such acts and things as are not required by the Act or the Association Documents to be exercised and done by the members; and

WHEREAS, Article 9 of the Declaration for Pelham's Crossing Community Association, Inc., provides that the Board of Directors shall establish a Covenants Committee; and

WHEREAS, the Board of Directors wishes to appoint persons to serve as members of the Covenants Committee;

THEREFORE, BE IT

RESOLVED, That Linda F. Sealy, Robyn Sealy Haynes and James E. Jarrell, III, shall be and hereby are appointed to serve as members of the Covenants Committee for terms of three years each.

WHEREAS, the Board of Directors has been advised that Pelham's Crossing, LLC, the developer of the subdivision, wishes to grant to the Association a Natural Preservation Easement over certain portions of the subdivision's common area, under the terms of the "First Declaration of Restrictions For Preservation Area Within Pelham's Crossing Subdivision," a copy of which

is attached hereto as Exhibit A; and that it appears to be in the Association's best interests to accept the easement;

THEREFORE, BE IT

RESOLVED, That the President of the Association is hereby directed to execute such documents as are necessary to accept the natural preservation easement from the developer.

The undersigned, being all of the Directors of Pelham's Crossing Community Association, Inc., hereby waive notice of the Organizational Meeting for the Board of Directors and hereby consent to the foregoing actions of the Directors contained herein.

Dated: 7-30, 2001

Initial Directors:

  
\_\_\_\_\_  
L. FRANKLIN SEALY

  
\_\_\_\_\_  
JAMES E. JARRELL, JR.

  
\_\_\_\_\_  
IVAN COWGER

  
\_\_\_\_\_  
KENNY BUTZNER