

BYLAWS
OF
PROMENADE AT JOHN
TYLER CONDOMINIUM
ASSOCIATION, INC.

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BYLAWS
OF
PROMENADE AT JOHN TYLER CONDOMINIUM ASSOCIATION, INC.

ARTICLE 1. GENERAL PROVISIONS

1.1. IDENTITY-PURPOSE. These are the Bylaws of Promenade at John Tyler Condominium Association, Inc., a nonstock Virginia corporation (the "Association"). The Association has been organized for the purpose of administering the affairs of Promenade at John Tyler, a Condominium.

1.2. BYLAWS SUBJECT TO OTHER DOCUMENTS. The provisions of these Bylaws are applicable to the Condominium and are expressly subject to the terms, provisions and conditions contained in the Articles of Incorporation of the Association, (the "Articles") and the Declaration of Condominium ("Declaration"), recorded in the Clerk's Office of the Circuit Court for the County of James City, Virginia (the "Clerk's Office"), as the same may be amended from time to time.

1.3. APPLICABILITY. Pursuant to Va. Code Ann. § 55-79.53, every Unit Owner and all those entitled to occupy a Unit shall comply with these Bylaws.

1.4. DEFINITIONS. All definitions set forth in the Declaration are hereby adopted by reference as though set forth herein.

ARTICLE 2. MEMBERSHIP, VOTING, QUORUM, PROXIES.

2.1. MEMBERSHIP. Each Unit Owner shall automatically become a Member of the Association upon his or her acquisition of title to any Unit and such membership shall terminate automatically upon such Unit Owner being divested of title to such Unit, regardless of the means by which such ownership may be divested. No person holding any lien, mortgage or other encumbrance upon any Unit shall be entitled, by virtue thereof, to membership in the Association or to any of the rights or privileges of such membership.

2.2. VOTING. Voting shall be on a per unit basis with each Unit having one (1) vote. Since a Unit Owner may be more than one person, if only one of the Unit Owners is present at a meeting of the Association, that person shall be entitled to cast the votes appertaining to the Unit. But if more than one Unit Owner of the Unit is present, the vote appertaining to that Unit shall be cast only in accordance with their unanimous agreement pursuant to Va. Code Ann. § 55-79.77 C, and such consent shall be conclusively presumed if any one of the Unit Owners purports to cast the vote appertaining to that Unit without protest being made by any of the other Unit Owners of the Unit to the person presiding over the meeting.

2.3. MAJORITY VOTE. Except where a greater percentage is required by the Condominium Act or the Condominium Instruments, the affirmative vote of a majority of Unit

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Owners at any duly called meeting at which a quorum is present shall be binding upon the Members. The term "majority of Unit Owners" shall mean those Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners at which a quorum is present.

2.4. QUORUM. Persons having more than twenty-five percent (25%) of the total authorized votes of all Unit Owners shall constitute a quorum at all meetings of the membership of the Association. In the event of an adjourned meeting as set forth in Section 3.4, a reduced quorum of ten percent (10%) of the total authorized votes of all Unit Owners shall constitute a quorum.

2.5. VOTING BY PROXY. Votes may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice from the Unit Owner to the person presiding over the meeting, that it be revoked. Except to the extent otherwise provided in the Condominium Instruments, any proxy shall be void if it is not dated, or if it purports to be revocable without notice as aforesaid. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate after the first meeting held on or after the date of that proxy or any recess or adjournment of that meeting. The proxy shall include a brief explanation of the effect of leaving the proxy uninstructed. A vote or proxy may be submitted by electronic transmission, provided that any such electronic transmission shall either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the Unit Owner or the Unit Owner's proxy.

ARTICLE 3. ANNUAL AND SPECIAL MEETINGS OF THE UNIT OWNERS

3.1. ANNUAL MEETING. The annual meeting of the Unit Owners shall be held during the month of January of each year, at such date, time and place as is designated by the Board of Directors in the notice thereof. At each annual meeting after the period of Declarant Control has expired or terminated, the Board of Directors shall be elected by the Unit Owners in accordance with Article 4 of these Bylaws and the Association may transact any other business authorized to be transacted by the Unit Owners.

3.2. SPECIAL MEETING. Special meetings of the Unit Owners may be called at any time by the President or Vice-President. It shall be the duty of the President or the Vice-President to call a special meeting of the Unit Owners if so directed by resolution of the Board of Directors, or upon a petition signed and presented to the Secretary by Unit Owners having at least twenty-five percent (25%) of the total authorized votes in the Association. No business shall be transacted at a special meeting except as stated in the notice.

3.3. NOTICE OF MEETING; WAIVER. Notice of all Unit Owners' meetings shall be given by, or at the direction of, the Secretary or such other appointed officer of the Association, or the Secretary's designee, to each Unit Owner, unless such notice is waived in writing. Such notice will

be written and will state the place, date and time of the meeting, and in the case of a special meeting, the purpose of the meeting. Such notice shall be hand-delivered or mailed to each Unit Owner at their respective Units or such other address as the Unit Owner may have designated by notice, in writing, to the Association, or it may be electronically transmitted to the address provided to the Association by the Unit Owner, not less than twenty-one (21) days prior to the date set for a regular meeting, and not less than seven (7) days for a special meeting. If hand-delivered, the appointed officer shall certify in writing that notice was hand-delivered to the Unit Owner's designated address. Notice that is mailed shall be deemed to be properly given when deposited in the United States mail, postage prepaid, addressed to the Unit Owner at his post office address as it appears on the records of the Association. Notwithstanding the foregoing, notice of any meeting at which there shall be voted upon any amendment to the Articles of Incorporation, a plan of merger, domestication, a proposed sale of assets pursuant to Va. Code Ann. 13.1-900, or the dissolution of the Association, shall be given not less than twenty-five (25) days and not more than sixty (60) days before the meeting date.

3.4. ADJOURNED MEETINGS. If any Unit Owners' meeting cannot be held because a quorum is not present, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall be present or be represented. Valid proxies for the meeting shall continue to be valid until a quorum is present. Should a meeting be adjourned for failure to obtain a quorum, such rescheduled meeting shall be convened if those Unit Owners attending either in person or by proxy, represent ten percent (10%) of the total authorized votes in the Association.

3.5. CONDUCT OF MEETINGS. The President shall preside over all meetings of the Association. In the absence of the President, the Vice President shall chair the meeting. The President may appoint a parliamentarian at any meeting of the Unit Owners. The most recent edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Condominium Instruments or the Condominium Act.

ARTICLE 4. BOARD OF DIRECTORS

4.1. NUMBER; TERM. After the expiration or termination of the period of Declarant Control, the affairs of the Association shall be managed by a Board of Directors, (the "Board") consisting of at least three (3) persons and no more than five (5) persons as determined by the Board of Directors in advance of the Annual Meeting at which the election shall occur. After the expiration or termination of the period of Declarant Control, directors shall be elected annually by the Unit Owners and serve for a two (2) year term which shall commence on January 1 following their election and run until December 31 when the term will end. A Director shall serve until his or her respective successor shall have been elected by the Unit Owners of the Association.

4.2. ELIGIBILITY. No person shall be eligible for election as a member of the Board of Directors unless he or she is (alone or together with one or more other persons) a Unit Owner. Only one person from a Unit may serve as an officer or director at any given time. No person shall be

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elected as a member of the Board of Directors or shall continue to serve as a member of the Board of Directors if he or she is delinquent in his or her financial obligations to the Association or if a violation of the Condominium Instruments or Rules and Regulations concerning the Unit Owner or the Unit has not been remedied in the time allowed for correction in the written notice provided to the Unit Owner by the Association.

4.3. PERIOD OF DECLARANT CONTROL. "The period of Declarant Control" means the period ending on the earliest of (1) the date when Units to which three-fourths of the undivided interests in Common Elements appertain have been conveyed; (2) the fifth anniversary of the date the Declarant ceases to be the only Unit Owner; or (3) the date specified by the Declarant in a notice to each Unit Owner that the Declarant is relinquishing the rights by the Declarant under § 55-79.74(A) of the Code of Virginia of 1950. For the purpose of the preceding sentence, the calculation of Common Element interests shall be based, at any given time, on the Common Element interests to be assigned to all Units then registered with the Virginia Common Interest Community Board, including all Units which can be added to the Condominium pursuant to the Declaration.

4.4. DESIGNATED BOARD. Notwithstanding any provision to the contrary herein, during the period of Declarant Control, the Board of Directors shall consist of three (3) persons, none of whom need to be members of the Association. The initial Board of Directors shall be designated by the Declarant and shall serve until replaced by the Declarant or until their successors have been elected.

4.5. ELECTION OF DIRECTORS. Except for designation of Directors by the Declarant during the period of Declarant Control, election of Directors shall be by the Unit Owners at the annual meeting. The election shall be by written ballot, unless dispensed with by unanimous consent of those present at the meeting, and by a plurality of the votes cast. Votes may be cast in accordance with Article 2. Votes may also be cast electronically or by mail when approved by the Board of Directors. There shall be no cumulative voting.

4.6. RESIGNATION. A Director may resign by giving written notice to the President or Vice-President. A resignation is effective when the notice is delivered unless it specifies a later effective date. A Director's resignation is automatically effected if the Director becomes ineligible to serve. (See Section 4.2 herein).

4.7. REMOVAL OF DIRECTORS. Removal of a Director, with or without cause, will be effected if at any duly convened regular or special meeting, a majority of the Unit Owners vote in favor of removal. A successor who agrees to be considered may immediately be elected by a majority vote of the Unit Owners to fill the vacancy created by the removal. Should the Unit Owners fail to elect a successor, the Board may appoint a successor, who will serve until the next election. Any Director whose removal has been proposed by the Unit Owners shall be given at least seven (7) days' notice of the calling of the meeting and the purpose thereof, and shall be given an opportunity to be heard at the meeting.

4.8. VACANCIES. Except as to vacancies created by removal of Directors by Unit Owners, vacancies in the Board occurring between annual meetings of Unit Owners shall be filled by a majority vote of a quorum of the Board at a regular or special meeting of the Board. A Director elected by the Board to fill such a vacancy shall serve until the next election.

4.9. ORGANIZATIONAL MEETING. The organizational meeting of a newly elected Board shall be held immediately following the Annual Meeting or within ten (10) days of the Annual Meeting. Officers shall be elected at the organizational meeting and they shall serve for a one (1) year term.

4.10. REGULAR MEETINGS. Regular meetings of the Board shall be held on at least a quarterly basis. Notice of each Board meeting shall be given to each director by mail or electronic delivery at least three (3) business days prior to the meeting. Meetings shall be open to all Unit Owners except in those circumstances for which the Condominium Act allows certain portions of meetings of the Board to be closed to the Unit Owners.

4.11. SPECIAL MEETINGS. Special meetings of the Board may be called by the President or by any Director upon at least three (3) business days notice to each Director by mail or electronic transmission. Notice for any special meeting shall include the place, time, date and purpose of the meeting.

4.12. WAIVER. Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director, in person or by telephone communication, shall be deemed a waiver of the notice requirement unless the Director at the beginning of the meeting, or promptly upon his or her arrival, objects to holding the meeting and does not thereafter vote or assent to any action taken at the meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at the meeting.

4.13. QUORUM AND DECISION OF BOARD. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board.

4.14. REMOTE ATTENDANCE BY DIRECTOR. The Board may conduct the meeting, and a Director may attend the meeting, through the use of, video conference or telephone conference or similar electronic means provided that all Directors participating may simultaneously hear each other during the meeting and at least two (2) Directors are present at the meeting. The audio equipment shall be sufficient for the Unit Owners in attendance to hear what is said by any Director participating in the meeting who is not physically present at the meeting location. A Director who participates in a meeting by means of such communication shall be deemed present at the meeting for all purposes.

4.15. ADJOURNMENT OF MEETING. If any Directors' meeting cannot be held because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes have not attended, the Directors who are present may adjourn the meeting, from time to time, until the requisite quorum is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for all purposes including determining a quorum, provided that the same be accomplished within ten (10) days from the date of the meeting.

4.16. CONDUCT OF MEETINGS. The President shall preside at all Directors' meetings. In the absence of the President, the Vice President shall preside. The Secretary, or such other designee, shall keep a minute book of the Directors' meetings recording all resolutions adopted by the Board.

4.17. POWERS AND DUTIES. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Condominium. The powers and duties of the Association may, subject to the limitations set forth herein and in the Condominium Act, be exercised by the Board, in the Board's sole discretion. Such powers shall include, without limiting the generality of the foregoing, the following:

A. To prepare and adopt an annual budget of the Association in which there shall be established the assessments of each Unit Owner for the Common Expenses as determined necessary by the Board.

B. To make, levy and collect assessments against Unit Owners and Unit Owners' Units to defray the costs and expenses of the Condominium and Common Expenses, and to use the proceeds of said assessments in the exercise of the powers and duties granted to the Association, and to adopt Special Assessments providing for any previously unanticipated expenses. Special Assessments shall be limited to those items which are necessary and all other items which can reasonably be deferred to the regular budgetary meeting shall be so deferred.

C. To provide for the maintenance, repair, replacement, operations, improvements and management of the Common Elements and those portions of Units for which the Association is responsible wherever the same is required to be done and accomplished by the Association for the benefit of its Unit Owners.

D. To make or contract for the making of repairs, additions and improvements to or alterations, replacements and restoration of the Common Elements and those portions of the Units for which the Association is responsible, in accordance with the Condominium Instruments, after casualty, or as a result of condemnation or eminent domain proceedings.

E. To adopt, amend, promulgate and enforce rules and regulations governing the details of the operation and use of the Units and Common Elements, provided that they do not

conflict with the Condominium Act or the Condominium Instruments.

F. To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Units in the Condominium on behalf of the Association, as may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in the Declaration.

G. To contract on behalf of the Association for the management of the Condominium and to delegate to such manager such powers and duties of the Association as the Directors deem fit as set forth in Section 4.20 below.

H. To borrow money and encumber the Common Elements or pledge the assets of the Association for Common Element repairs and replacements as deemed necessary by the Board.

I. To enforce, by legal means, the provisions of the Condominium Instruments and the Rules and Regulations promulgated governing the use of the Condominium, including, without limitation, the assessment of charges against Unit Owners for violations of the Condominium Instruments and the Rules and Regulations in accordance with the provisions of § 55-79.80:2 of the Condominium Act.

J. To cause the Association to pay all taxes and assessments of any type which affect any part of the Condominium, other than Units (unless owned by the Association) and the appurtenances thereto, and to assess the same against the Unit Owners of and their respective Units.

K. To cause the Association to carry insurance as set forth in the Declaration against casualty and liability.

L. To cause the Association to pay all costs of power, water, sewer and other utility services rendered to the Condominium which is not the specific responsibility of a Unit Owner.

M. To cause the Association to employ personnel, for reasonable compensation, to perform services required for proper administration of the purposes of the Association, including accountants, attorneys, contractors and other professionals.

N. To grant and accept exclusive licenses, easements, permits, leases, or privileges to any individual or entity, including non-Unit Owners, which affect Common Elements and to alter, add to, relocate or improve Common Elements when determined by the Board of Directors to be in the best interests of the Association.

O. To obtain an annual audit of the financial records of the Association.

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P. To do such other things and acts not inconsistent with the Condominium Act and the Condominium Instruments, including, without limitation, such things or acts which it may be authorized to do by a resolution of the Association.

4.18. COMPENSATION. No Director shall be entitled to compensation, provided, however, that upon written approval by the Board, a Director may be reimbursed for reasonable, ordinary and necessary expenses incurred in serving as a Director, including reasonable expenses for education and continuing education in managing and operating a condominium association.

4.19. CONFLICT OF INTEREST. As set forth in Va. Code Ann. 13.1-871, a conflict of interests transaction is a transaction with the Association in which a Director has an interest that precludes him or her from being a disinterested Director. A conflict of interests transaction is not voidable by the Association solely because of the Director's interest in the transaction if any one of the following is true: 1. The material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors and the board of directors authorized, approved or ratified the transaction; 2. The material facts of the transaction and the Director's interest were disclosed to the members entitled to vote and they authorized, approved or ratified the transaction; or 3. The transaction was fair to the Association.

For purposes of 1, a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the disinterested Directors on the Board of Directors. A transaction shall not be authorized, approved, or ratified under this section by a single Director. If a majority of the disinterested Directors vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a Director who is not disinterested does not affect the validity of any action taken under section 1 if the transaction is otherwise authorized, approved or ratified as provided in that section.

For purposes of 2, a conflict of interest transaction is authorized, approved, or ratified if it receives the vote of a majority of the votes entitled to be counted under this section. The vote controlled by a Director who is not disinterested may not be counted in a vote of members to determine whether to authorize, approve, or ratify a conflict of interests transaction under section 2. The Director's votes, however, may be counted in determining whether the transaction is approved under other sections of the Nonstock Corporation Act. A majority of the members, whether or not present, that are entitled to be counted in a vote on the transaction under this section constitutes a quorum for the purpose of taking action under this section.

In addition, no remuneration shall be accepted by a Director from vendors, contractors or others providing goods and services to the Unit Owners' Association, whether in the form of commissions, finders fees, service fees or otherwise, and any discounts received shall benefit the Association; and any financial or other interest which the Director may have in any firm or company providing goods or services to the Association shall be disclosed promptly to the Board of Directors.

4.20. MANAGING AGENT. The Board of Directors shall employ for the Condominium a Common Interest Community Manager as the "Managing Agent" at a rate or compensation to be established by the Board of Directors. Any Managing Agent must be registered with the Virginia Common Interest Community Board and be covered by its own fidelity bond, naming the Association as an additional insured.

A. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize. 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 (A) (as it pertains to the adoption, but not the preparation of the annual budget), (B), (E), (F), (G), (H), (I), and (N) of Section 4.17 of this Article 4. The Managing Agent may perform the obligations, duties and services relating to the management of the Condominium, the rights of Mortgagees and make recommendations concerning the maintenance of reserve funds in compliance with the provisions of these Bylaws.

B. The Board of Directors may impose appropriate standards upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board of Directors:

(1) no remuneration shall be accepted by the Managing Agent from vendors, contractors or others providing goods and services to the Unit Owners' Association, whether in the form of commissions, finders fees, service fees or otherwise, and any discounts received shall benefit the Unit Owners' Association;

(2) any financial or other interest which the Managing Agent may have in any firm or company providing goods or services to the Unit Owners' Association shall be disclosed promptly to the Board of Directors; and

(3) a monthly financial report shall be prepared for the Unit Owners' Association disclosing such financial information as requested and in the form specified by the Board of Directors.

C. The Board of Directors may designate one of its members as a liaison who shall be authorized to direct and/or interact with the Managing Agent on any matter relating to the Condominium.

ARTICLE 5. OFFICERS.

5.1. GENERALLY. The principal officers of the Association shall be a President, a Vice President, a Treasurer and a Secretary. The President and Vice-President shall be Directors. The officers shall be elected annually by the Directors at the Organizational Meeting for a one (1) year term and shall serve until their successors are elected. The Board may, from time to time, elect such other officers to manage the affairs of the Association, as it deems appropriate. The positions of Treasurer and Secretary may be combined.

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5.2. ELIGIBILITY. No person shall be eligible for election as an officer unless he or she is (alone or together with one or more other persons) a Unit Owner. Only one person from a Unit may serve at any given time. No person shall be elected as an officer or shall continue to serve as an officer if he or she is delinquent in financial obligations to the Association or if a violation of the Condominium Instruments or Rules and Regulations concerning the Officer or their Unit has not been remedied in the time allowed for correction as provided in the written notice to the Unit Owner from the Association. Notwithstanding the foregoing, during the period of Declarant Control, an officer need not be a Unit Owner.

5.3. PRESIDENT. The President shall be the chief executive officer of the Association, and shall preside over all meetings of the Association, and shall have all of the powers and duties which are incident to the office of President of an association. The President shall be a member of the Board.

5.4. VICE PRESIDENT. The Vice President shall in the absence or disability of the President, exercise the power and perform the duties of President, and shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors or President.

5.5. SECRETARY. The Secretary shall assure that minutes of all meetings of the Directors and the Members are kept, attend to the giving and serving of all notices to the Members, Directors and mortgagees, if required, keep the nonfinancial records of the Association, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or President. The Assistant Secretary, if any, shall perform the duties of Secretary when the Secretary is absent.

5.6. TREASURER. The Treasurer shall be responsible for reviewing all financial statements prepared by the Management Agent or Manager; shall coordinate with the Management Agent or Manager the opening of all accounts; shall have the authority to sign checks; coordinate the annual preparation of tax returns; and monitor the proper deposit and disbursement of funds by the Management Agent or Manager. The Treasurer shall oversee the keeping of proper books of account and shall provide such financial reports as requested by the President or the Board.

5.7. RESIGNATION. An officer may resign by giving written notice to the President or Vice-President. A resignation is effective when the notice is delivered unless it specifies a later effective date. An officer's resignation is automatically effected if the officer becomes ineligible to serve. (See Section 5.2 herein).

5.8. REMOVAL. Removal of an officer, with or without cause, will be effected if at any regular or special meeting of the Board, a majority of the Board votes in favor of removal. A successor who agrees to be considered may immediately be elected by a majority vote of the Board to fill the vacancy thus created. The officer elected to such vacancy shall serve the remainder of the

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term.

5.9. COMPENSATION. No officer shall be entitled to compensation, provided, however, that upon written approval by the Board, an officer may be reimbursed for reasonable, ordinary and necessary expenses incurred in serving as an officer, including reasonable expenses for education and continuing education in managing and operating a condominium association.

ARTICLE 6. INDEMNIFICATION

6.1. DIRECTORS; OFFICERS. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action or suit by or in the right of the Association) by reason of the fact that he or she is or was a director or officer of the Association, or is or was serving at the request of the Association as a director, officer, partner or trustee of another association, partnership, joint venture, trust or other enterprise, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, excepting from such indemnification only such judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) in relation to any claim, issue or matter as to which such person shall have been finally adjudged to be liable for his or her gross negligence or willful misconduct in the performance of his or her duties. Each such indemnity shall inure to the benefit of the heirs, executors and administrators of such person.

6.2. APPROVAL BY BOARD OF DIRECTORS. Any indemnity under Article 6.1 above shall (unless authorized by a court) be made by the Association only as authorized in a specific case upon determination that the director, officer, partner or trustee was not guilty of gross negligence or willful misconduct in the performance of his or her duties, and, in the case of a settlement, that such settlement was, or if still to be made is, consistent with the best interests of the Association. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to such action, suit or proceeding; (ii) by independent legal counsel in a written opinion if such quorum is not obtainable; or (iii) by the members of the Association. If the determination is to be made by the Board of Directors, it may rely as to all questions of law on the advice of independent counsel.

6.3. EXPENSES. Expenses incurred in defending an action, suit, or proceeding, whether civil, criminal, administrative or investigative, may be made by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, partner or trustee to repay such amount, unless it shall be ultimately determined that he or she is entitled to be indemnified by the Association as authorized in this Article.

6.4. REMEDY NOT EXCLUSIVE. The right of indemnification provided by this Article shall not be exclusive of any other rights to which any person may be entitled, including any right under

policies of insurance that may be purchased and maintained by the Association or others, even as to claims, issues or matters in relation to which the Association would not have the power to indemnify such person under the provisions of this Article.

6.5. EMPLOYEES AND AGENTS. The Board of Directors shall, generally and in specific cases, indemnify employees and agents of the Association to the same extent as provided in this Article with respect to officers and directors.

6.6. INSURANCE. The Association may purchase and maintain errors and omissions insurance at its sole expense in such amounts and on such terms and conditions as the Board of Directors may deem reasonable and as required by the Declaration, against all liabilities or losses it may sustain in consequence of the indemnification provided for in this Article. Such insurance shall list the Association as the name of the insured.

ARTICLE 7. COMMITTEES

7.1. BOARD AUTHORITY. The Board may delegate portions of its responsibilities to committees established for that purpose; appoint and remove committee members, in its sole discretion; and adopt committee charters detailing the responsibilities of the committee and standards of conduct for committee members as deemed necessary by the Board of Directors, provided, however, that the Board shall not delegate any authority to any committee or committee member to enter into any contract or agreement on behalf of the Association, or make any other sort of binding promise on behalf of the Association, or authorize the expenditure of any funds of the Association, or modify or change any existing contract or agreement of the Association. Each committee shall have two or more committee members who shall be Unit Owners and who shall serve at the pleasure of the Board. The creation of a committee and the appointment of committee members shall be approved by a majority of the Directors. A committee shall exercise its powers as the same are set forth in a committee charter or as determined by the resolution of the Board.

ARTICLE 8. FISCAL MANAGEMENT

8.1. BUDGET. At least sixty (60) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements which the Association is obligated to maintain and for such other areas of Association responsibility. The budget shall contain estimates of the income and expenses of the Association for such fiscal year, including, without limitation, the following: (i) the cost of all operating expenses of the Condominium and services furnished, including charges by the Association, if any, for facilities and services furnished by it; (ii) the cost of wages, materials, and supplies; (iii) the costs of necessary management and administration, including any fees paid to any management agent; (iv) the amount of all taxes and assessments levied against the Association or which the Association is otherwise required to pay, if any; (v) the costs of any insurance coverage as may be required or carried by the Association; (vi) the cost of furnishing utilities to the extent

furnished by the Association and not billed directly to a Unit Owner; and (vii) the cost of funding all reserves established by the Association, including, when appropriate, a general operating reserve and/or reserve for replacements; and (viii) the estimated cost of repairs, maintenance and replacement of the Condominium to the extent required to be made by the Association. The budget shall include a proposed breakdown of the annual assessment against each Unit for the aforesaid expenses.

8.2. DEPOSITORY; WITHDRAWALS. The depository of the Association shall be such federally insured bank or banks as shall be designated, from time to time, by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Board. Should the Association employ a Managing Agent, and should in the course of such employment said Managing Agent be charged with any responsibilities concerning control of any of the funds of the Association, then, and in such event, any agreement with such Managing Agent pertaining to the deposit and withdrawal of monies shall supersede the provisions hereof during the term of any such agreement.

8.3. FISCAL YEAR. The fiscal year of the Association shall begin on the first day of January of each year; provided, however, that the Board is expressly authorized to adopt a different fiscal year in accordance with the provisions and regulations established from time to time by the Internal Revenue Code of the United States of America, at such time as the Board deems advisable. The budget year shall begin on January 1st of each year.

ARTICLE 9. AMENDMENTS TO BYLAWS

9.1. AMENDMENT. No amendment of these Bylaws may be made without the prior written consent of the required percentage of Mortgagees where such approval is provided for in Article 10.3 herein or where such approval is required elsewhere in the Condominium Instruments or by the Condominium Act. No amendment shall be made to any Condominium Instrument either during the Declarant Control Period or while the Declarant is the owner of any Unit without the prior written consent of the Declarant. Except for Phase Amendments or amendments annexing additional plats, any amendment of the Declaration during the Declarant Control Period shall require the approval of VA. No amendment to the Condominium Instruments shall diminish or impair the rights of the Declarant under the Condominium Instruments including, but not limited to, the rights reserved to the Declarant herein, without the prior written consent of the Declarant. Except as specifically provided in the Condominium Instruments, no provision of the Condominium Instruments shall be construed to grant to any Unit Owner, or to any other person, any priority over the rights of Mortgagees.

9.2. UNIT OWNER APPROVAL. Any amendment of these Bylaws shall require the approval of not less than two-thirds (2/3) of the total votes authorized in the Association, provided, however, that no amendment shall change (i) the boundaries of any Unit; (ii) the undivided interest in the Common Elements; (iii) the liability for Common Expenses; or (iv) the number of votes in the

Association that appertains to any Unit unless approved by one hundred percent (100%) of the Unit Owners.

ARTICLE 10. MORTGAGEES.

10.1. NOTICE TO BOARD OF DIRECTORS. A Unit Owner who mortgages his Unit shall notify the Board of Directors of the name and address of the Mortgagee and shall file a conformed copy of the Note and Deed of Trust with the Board.

10.2. MORTGAGEE APPROVAL. An Institutional Lender, upon written request to the Association (such request to state the name and address of the Institutional Lender and the Unit Number secured by the mortgage of the Institutional Lender), shall have the right to timely written notice of the following:

A. Any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing the mortgage.

B. Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Unit which is subject to a mortgage.

C. A lapse, cancellation or material modification of any insurance policy maintained by the Association.

10.3. NOTICE OF PROPOSED ACTION REQUIRING MORTGAGEE APPROVAL. The Board of Directors shall give notice to all Mortgagees seven (7) days prior to the date on which the Unit Owners' Association proposes to take any action requiring Mortgagee approval pursuant to these Bylaws.

10.4. MORTGAGEES' APPROVALS

(a) Majority Vote Unless at least fifty-one percent (51%) of the Mortgagees and at least sixty-seven percent (67%) of the Unit Owners have given their prior written approval, the Association shall not (i) amend the provisions of the Declaration, these Bylaws or any of the other Condominium Instruments governing the following: (1) voting rights; (2) assessment liens, or the priority of assessment liens; (3) reductions in reserves for maintenance, repair, and replacement of Common Elements; (4) responsibility for maintenance and repairs; (5) reallocation of interests in the general or Limited Common Elements, or rights to their use; (6) redefinition of any Unit boundaries; (7) convertibility of Units into Common Elements or vice versa; (8) expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project; (9) hazard or fidelity insurance requirements; (10) imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit; or (11) any provision that expressly benefits Mortgage holders, insurers or guarantors; or (ii) take any of the following actions: (1) a decision by the Association to establish self-management if the Condominium consists of fifty (50) or more

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Units; (2) restoration or repair of the project (after damage or partial condemnation) in a manner other than that specified in the documents; or (3) any termination of the legal status of the Condominium after a substantial destruction or condemnation occurs.

(b) Presumptive Approval. A Mortgagee who is notified of additions or amendments and who does not submit to the requesting party a negative response within sixty (60) days after receipt of such notice (provided the notice was delivered by certified or registered mail, return receipt requested) shall be deemed to have approved such request.

10.5. OTHER RIGHTS OF MORTGAGEES. All Mortgagees or their representatives shall have the right to attend and to speak at meetings of the Unit Owners' Association, but shall not have the right to vote at such meetings unless so provided by the Condominium Instruments or the Condominium Act. All such Mortgagees shall have the right to examine the Condominium Instruments, the Rules and books and records of the Condominium during regular business hours and after reasonable advance written notice, to receive the annual report filed by the Declarant pursuant to Section 55-79.93 of the Condominium Act, and to require the submission of annual financial reports and other budgetary information. If the Condominium contains less than fifty (50) Units and the Association has not prepared an audited financial statement, a Mortgagee shall have the right to have one prepared at its own expense.

ARTICLE 11. GENDER.

Unless the contrary appears to have been intended, words in the plural number shall include the singular and words in the singular shall including the plural, the words of the male gender shall include the female gender and the neuter gender.

ARTICLE 12. CAPTIONS.

The captions to paragraphs of these Bylaws are intended for convenience only and are not deemed to be all inclusive as to the matters contained in such paragraphs or considered in connection with the construction of any of the provisions of these Bylaws.

INSTRUMENT 170011679
RECORDED IN THE CLERK'S OFFICE OF
WILLIAMSBURG/JAMES CITY COUNTY ON
June 6, 2017 AT 02:19 PM
MONA A. FOLEY, CLERK
RECORDED BY: AXS

2 Large/Small Plat(s) Recorded
herewith as # 170011679

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