

BYLAWS  
OF  
POTOMAC CREST CONDOMINIUM

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## BYLAWS

### ARTICLE 1

#### General Provisions

Section 1.1. Name. These Bylaws provide for the governance of the Condominium by the Unit Owners Association pursuant to the requirements of the Condominium Act. The name of the Unit Owners Association is the name of the Condominium followed by the words "Unit Owners Association."

Section 1.2. Office. The office of the Condominium, the Unit Owners Association and the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors.

Section 1.3. Definitions. Terms used without definition have the meanings specified for such terms in the Declaration to which these Bylaws are attached as Exhibit B, or if not defined in the Declaration, the meanings specified for such terms in section 55-79.41 of the Condominium Act. The following terms have the following meanings in the condominium instruments:

(a) "Board of Directors" or "Board" means the executive organ established pursuant to Article 3.

(b) "Common Element Interest" means the number assigned to each unit by Exhibit C to the Declaration which establishes each unit's undivided interest in the common elements, common expenses and surplus and votes in the Unit Owners Association.

(c) "Declarant Control Period" means the period prior to the earliest of (i) the date on which units to which seventy-five percent or more of the aggregate Common Element Interests appertain have been conveyed to unit owners other than the Declarant; (ii) five years after the date of the first conveyance of a condominium unit to a unit owner other than the Declarant (the maximum time period permitted by subsection 55-79.74(a) of the Condominium Act); or (iii) the date specified by the Declarant in a notice to the Unit Owners Association that the Declarant Control Period is to terminate on that date. For the purposes 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.

(d) "Limited Common Expenses" means expenses separately assessed against one or more but less than all of the condominium units generally in accordance with the use of the services, as permitted by section 55-79.83 of the Condominium Act and Section 5.1 of these Bylaws. Except where the context requires otherwise, common expenses shall include Limited Common Expenses.

(e) "Majority Vote" means a simple majority (more than fifty percent) of the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage vote means that percentage vote with respect to the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage approval or vote of the Mortgagees means approval or a vote by the Mortgagees of condominium units to which such percentage of the total number of votes appertain.

(f) "Mortgagee" means an institutional lender holding a first mortgage or first deed of trust ("Mortgage") encumbering a condominium unit in the Condominium which has notified the Unit Owners Association of its status and has requested all rights under the condominium instruments. The foregoing notice shall include the lender's name and address, insurer or guarantor (if known) and the unit number. For the purposes of Article 8, when any right is to be given to a Mortgagee, the Board of Directors shall also give such right to the Federal Home Loan Mortgage Corporation, Fannie Mae (formerly the Federal National Mortgage Association), the Department of Veterans Affairs, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying Mortgages if the Board has notice of such participation.

(g) "Officer" means any person holding office pursuant to Article 4, but contrary to section 55-79.41 of the Condominium Act, shall not mean members of the Board of Directors unless such directors are also Officers pursuant to Article 4.

(h) "Reserved Common Element" means a common element in which the Board of Directors has granted a revocable license for exclusive use by less than all of the unit owners.

(i) "Unit Owners Association" or "Association" means the unincorporated, non-profit association of all the unit owners owning condominium units in the Condominium.

## ARTICLE 2

### Unit Owners Association

Section 2.1. Composition. The Unit Owners Association consists of all of the unit owners. For all purposes the Association acts merely as an agent for the unit owners as a group. The Association has the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association by the Condominium Act and the Declaration. Except as to those matters which the Condominium Act specifically requires to be decided by the vote of the Association, the foregoing responsibilities shall be performed by the Board of Directors or managing agent as more particularly set forth in Article 3.

Section 2.2. Annual Meetings. The annual meetings of the Unit Owners Association shall be held on weekdays (other than legal holidays) at least thirty days before the beginning of

each fiscal year. The first meeting of the Association shall be held within one year after there is a unit owner other than the Declarant.

Section 2.3. Place of Meetings. Meetings of the Unit Owners Association shall be held at the principal office of the Association or at such other suitable place convenient to the unit owners as may be designated by the Board of Directors.

Section 2.4. Special Meetings.

(a) The President shall call a special meeting of the Unit Owners Association: (i) if so directed by resolution of the Board of Directors; (ii) after the termination of the Declarant Control Period, upon a petition signed and presented to the Secretary by unit owners of units to which not less than **twenty** percent of the total Common Element Interest appertains; or (iii) during the Declarant Control Period, upon request of the Declarant. Such resolution, petition or request must (1) specify the time and place at which 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 2.5, 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. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Not later than that date which is one hundred twenty (120) days following the termination of the Declarant Control Period, a special meeting of the Association shall be held at which a majority of the directors shall be elected by the unit owners, including the Declarant if the Declarant owns any units, to serve terms as provided in Section 3.3. If such election is held prior to the time required by this section, the directors elected at such election shall not take office until the earlier of the time such election is required to be held or resignation of a director appointed by the Declarant without appointment of a replacement within ten days. The elected directors shall assume office in the order of the highest number of votes received. Any remaining directors designated by the Declarant shall continue to serve until their terms expire.

Section 2.5. Notice of Meetings. The Secretary shall notify each unit owner of each annual or regularly scheduled meeting of the unit owners at least twenty-one but not more than thirty days, and of each special meeting of the unit owners at least seven but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof. The giving of a notice of meeting in the manner provided in this section and Section 11.1 constitutes service of notice.

Section 2.6. Quorum and Adjournment of Meetings. Except as otherwise provided in these Bylaws, the presence in person or by proxy of unit owners owning units to which twenty percent or more of the total Common Element Interest appertains constitutes a quorum at all meetings of the Unit Owners Association. If at any meeting of the Association a quorum is not present, unit owners of a majority of the Common Element Interests who are present at such meeting in person or by proxy may: (i) recess the meeting to such date, time and place as such unit owners may agree not more than forty-eight hours after the time the original meeting was called, and at the time the meeting is reconvened, the quorum shall be ten percent; or (ii) adjourn

the meeting to a time not less than forty-eight hours after the time the original meeting was called, whereupon the Secretary shall make reasonable efforts to notify unit owners of such date, time and place.

Section 2.7. Order of Business. The order of business at all meetings of the Unit Owners Association shall be as follows: (a) roll call (proof of quorum); (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of Board of Directors; (f) reports of committees; (g) appointment of inspectors of election (when so required); (h) election of directors (when so required); (i) unfinished business; and (j) new business; provided, however, that balloting for election of directors may commence at any time.

Section 2.8. Conduct of Meetings. The President shall preside over all meetings of the Unit Owners Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of all meetings of the Association when not in conflict with the Condominium Act or the condominium instruments. Tellers, appointed by the President or other Officer presiding over the meeting, shall supervise the tallying of all votes, and the names and addresses of the tellers shall be recorded in the minutes of the meeting.

Section 2.9. Voting.

(a) Basis; Multiple Person Owners. Voting at all meetings of the Unit Owners Association shall be on the basis of one vote per unit. Each unit owner is entitled to cast one vote for each unit owned. Where the ownership of a unit is in more than one person, the person entitled to cast the vote of such unit shall be the person named in a certificate signed by all of the owners of such unit and filed with the Secretary (if such a certificate is on file) or, in the absence of such named person from the meeting, the person entitled to cast the vote of such unit shall be the person owning such unit who is present. If more than one person owning such unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to subsection 55-79.77(c) of the Condominium Act. If a unit owner is not a natural person, the vote for such unit may be cast by any natural person having authority to sign deeds on behalf of any person, excluding natural persons, which is, either alone or in conjunction with one or more other persons, a unit owner; provided, however, that such natural person is named in a certificate signed by an authorized officer of such person; and, provided, further, that any vote cast by a natural person on behalf of such unit owner shall be deemed valid unless successfully challenged prior to adjournment of the meeting at which such vote was cast. Such certificate shall be valid until revoked by a subsequent certificate similarly signed and filed. Subject to the requirements of the Condominium Act, wherever the approval or disapproval of a unit owner is required by the Condominium Act or the condominium instruments, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such unit at any meeting of the Unit Owners Association. There shall be no cumulative voting.

(b) Required Vote. Except where a greater number is required by the Condominium Act or the condominium instruments, a Majority Vote is required to adopt

decisions at any meeting of the Association. If the Declarant owns or holds title to a unit, the Declarant shall have the right at any meeting of the Association to cast the vote appurtenant to such unit.

(c) Delinquents. No unit owner may vote at any meeting of the Association or be elected to or serve on the Board of Directors if payment by such unit owner 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 2.10. 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) in which case the proxy form will contain an explanation of the effect of leaving the proxy uninstructed. Proxies may be granted by any unit owner in favor of only: (i) another unit owner, an Officer, the Declarant or such unit owner's Mortgagee, or (ii) with respect to instructed proxies only, the managing agent. No person other than the Declarant, the managing agent or an Officer shall cast votes as a proxy for more than one unit not owned by such person. Proxies shall comply with the requirements of subsection 55-79.77D of the Condominium Act, shall be dated, shall be signed by a person having authority at the time of the execution thereof to sign deeds on behalf of that person, shall terminate after the first meeting held on or after the date of that proxy or any recess or adjournment of that meeting held within thirty days 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 any of the persons owning such unit. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred and eighty days after the date the proxy is signed.

### ARTICLE 3

#### Board of Directors

Section 3.1. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Unit Owners Association and may do all such acts and things as are not by the Condominium Act or the condominium instruments required to be exercised and done by the Association. 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 3.2) if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

(a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each unit owner for the common expenses.

(b) Make assessments against unit owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the unit owners and establish the period of the installment payment of the annual assessment for common expenses.



(c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium; provided, however, that after the Declarant Control Period, (1) any significant reduction therein, or (2) contracting therefor at rates twenty percent or more below the reasonable costs (as budgeted for an average of the prior three years) shall first require a Majority Vote of the unit owners or prior written approval by owners of units to which more than fifty percent of the total number of votes in the Association appertain.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the common elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.

(e) Collect the assessments against the unit owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.

(f) Adopt and amend any rules and regulations in accordance with Subsection 5.8(b); provided, however, that such rules and regulations shall not be in conflict with the Condominium Act or the condominium instruments.

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

(h) Make, or contract for the making of, repairs, additions and improvements to or alterations and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the rules and regulations, act on behalf of the unit owners with respect to all matters arising out of any eminent domain proceeding, and notify the unit owners of any litigation against the Association involving a claim in excess of ten percent of the amount of the annual budget.

(j) Obtain and carry insurance against casualties and liabilities, as provided in Article 6, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Association and not billed to unit owners of individual units or otherwise provided for in Sections 5.1 and 5.2.

(l) In accordance with section 55-79.74:1 of the Condominium Act, keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the common elements and any other expenses incurred, as well as keep records of its governing documents and actions of the Association. Such books and vouchers accrediting

the entries therein shall be available for examination by the unit owners, contract purchasers, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the unit owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent auditor retained by the Board of Directors who shall not be a resident of the Condominium. The cost of such audit shall be a common expense.

(m) Notify a Mortgagee of any default hereunder by the unit owner of the unit subject to such Mortgage, if such default continues for more than sixty days.

(n) Borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the common elements; provided, however, that (except during the Declarant Control Period) either a Majority Vote obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws or the written approval of unit owners of units to which more than fifty percent of the votes in the Association appertain, shall be required to borrow any sum in excess of five percent of the total annual assessment for common expenses for that fiscal year. If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (n) is not repaid by the Association, a unit owner who pays to the creditor a percentage of the total amount due equal to such unit owner's Common Element Interest in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such unit owner's condominium unit, and the Association shall not be entitled to assess the unit for payment of the remaining amount due such creditor.

(o) Acquire, hold and dispose of condominium units and mortgage the same without the prior approval of the Association if such expenditures and hypothecations are included in the budget adopted by the Association.

(p) In its sole discretion, from time to time, designate certain common elements as Reserved Common Elements and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(q) Grant and accept easements through or over the common elements in accordance with subsection 55-79.80B of the Condominium Act.

(r) Upon receipt of such payment as may be established by the Board of Directors in compliance with section 55-79.97. Furnish the statement required by section 55-79.97 within ten days after the receipt of a written request therefor from any unit owner, substantially in the form set forth on Exhibit A to these Bylaws and designated "Certificate for Resale."

(s) Enter into contracts on behalf of the Association; provided, however, that all Association contracts made during the Declarant Control Period which extend beyond the Declarant Control Period must: (i) be for a term limited to two years or less; (ii) be terminable

by the Association upon ninety days written notice; and (iii) be commercially reasonable and made with an entity not affiliated with the Declarant.

(t) Do such other things and acts not inconsistent with the Condominium Act or the condominium instruments which the Board of Directors may be authorized to do by a resolution of the Association.

Section 3.2. Managing Agent. The Board of Directors shall employ for the Condominium a "managing agent" at a compensation to be established by the Board.

(a) Requirements. The managing agent shall be a bona fide business enterprise, and a licensed Common Interest Community Manager, unaffiliated with the Declarant, which manages common interest residential communities, and which satisfies all applicable laws governing managers of common interest communities. Such firm or its principals shall have a minimum of two years experience in real estate community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of the Condominium. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the Condominium and shall employ personnel knowledgeable in the areas of condominium insurance, accounting, contract negotiation, labor relations and condominium regulation.

(b) 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 subsections (a), (c), (d), (e), (h), (i), (j), (k), (l), (m), (r) and (t) of Section 3.1. 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 subsections (b), (f), (g), (n), (o) (p), and (q) of Section 3.1. 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 these Bylaws.

(c) 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 more than one but less than all of the unit owners shall be accounted for and reported separately;

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

(3) cash accounts of the Unit Owners 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, finders 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 in advance to the Board of Directors; and

(6) a quarterly financial report shall be prepared for the Association containing:

(A) an "income statement" reflecting all income and expense activity for the preceding period on an accrual basis;

(B) an "account activity statement" reflecting all receipt and disbursement activity for the preceding period on a cash basis;

(C) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(D) a "balance sheet" reflecting the financial condition of the Association on an unaudited basis;

(E) 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

(F) a "delinquency report" listing all unit owners who are delinquent in paying condominium assessments and describing the status of any actions to collect such assessments.

(d) Limitations. During the Declarant Control Period, the Board of Directors shall employ a managing agent for an initial term not to exceed two years. The Association and the Board of Directors shall not undertake "self-management" or fail to employ a managing agent without the prior consent of at least sixty-seven percent of the unit owners and at least fifty-one percent of the Mortgagees. 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 days written notice and with cause on no more than thirty days written notice.

### Section 3.3. Number and Term of Office.

(a) Designated Members. During the Declarant Control Period, the Declarant shall be entitled to designate directors not elected pursuant to Section 2.4. The initial Board of Directors shall consist of no less than three nor more than seven persons, all of whom shall be designated by the Declarant. The term of office of at least two directors shall expire at the third annual meeting after the special meeting held pursuant to Subsection 2.4(b); the term of office of

up to three additional directors shall expire at the second annual meeting after the special meeting held pursuant to Subsection 2.4(b); and the term of office of any other directors shall expire at the first annual meeting after the special meeting held pursuant to Subsection 2.4(b). The Declarant shall fix the term of each designee. At the special meeting required by Subsection 2.4 (b), a number of the directors designated by the Declarant shall resign if necessary so that a majority of the directors shall have been elected in accordance with Subsection 2.4(b). 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 of the directors shall expire at each of the first three annual meetings after their election. The directors receiving the greatest vote shall be elected for the longest available terms. At the expiration of the term of office of all directors designated by the Declarant or elected at the special meeting held pursuant to Subsection 2.4(b), all successor directors shall be elected to serve for a term of three years. For a period of one year following the termination of service by the directors designated by the Declarant, the Declarant may appoint and replace from time to time a representative who shall be entitled to notice of all meetings of the Board of Directors and to attend and speak (but not vote) at all Board meetings, in all respects as if such delegate were a member of the Board.

(b) Elected Members. No later than the first annual meeting of the Unit Owners Association after the special meeting held pursuant to Subsection 2.4(b), the Board of Directors shall be composed of not less than three and not more than five persons, all of whom shall be unit owners, Mortgagees (or designees of Mortgagees) or designees of the Declarant. An elected director shall serve for a term of three years unless elected to fill a vacancy, in which case such director shall serve as provided in Section 3.6. Except for resignation or removal, the directors shall hold office until their respective successors are elected by the Association.

#### Section 3.4. Election of Directors.

(a) Elections Committee. At least sixty-five days prior to the special meeting required by Subsection 2.4(b), and each annual meeting of the Unit Owners Association thereafter, the Board of Directors may appoint an Elections Committee consisting of a member of the Board whose term is not then expiring and at least one other unit owner. 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 unit owners at annual meetings and, where appropriate, special meetings.

(b) Nominations. A call for nominations shall be sent to all unit owners at least forty-five days prior to sending notice of an election. Persons qualified to be directors may be nominated for election by a nominating petition submitted to the chairman of the Elections Committee at least thirty-five days before the meeting at which the election is to be held signed by persons owning fee simple interests in and representing in the aggregate at least ten units and either signed by the nominee or accompanied by a document signed by the nominee indicating the willingness to serve as a director; provided, however, that additional 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 person has been nominated by petition. The nominee must

either be present and consent to the nomination or have indicated in writing the willingness to serve. This subsection (b) does not apply to persons appointed to the Board by the Declarant.

(c) Qualifications. No person shall be eligible for election as a member of the Board of Directors unless such person is (alone or together with one or more other persons) a unit owner, Mortgagee (or a designee of a Mortgagee) or a designee of the Declarant. No person affiliated with a unit owner nor any unit owner shall be elected as a director or continue to serve as a director if such person is more than sixty days delinquent in meeting financial obligations to the Association and a lien has been filed against such person's unit.

Section 3.5. Removal or Resignation of Directors. Except with respect to directors designated by the Declarant, at any regular or special meeting of the Unit Owners Association duly called, any one or more of the directors may be removed with or without cause by a Majority Vote of the unit owners (as defined in Subsection 1.3(e)) and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the unit owners shall be given at least seven days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A director may resign at any time (i) in person at a meeting of the Board or the Association or (ii) by giving written notice to an Officer. Resignation of a director is effective when delivered unless the notice specifies an effective date which is not more than thirty days after the date of the notice. Except for directors who are designees of the Declarant, a director shall be deemed to have resigned automatically and without notice upon disposition of the unit which made such person eligible to be a director as provided for officers in subsection 55-79.78A of the Condominium Act, or if not in attendance at three consecutive regular meetings of the Board, if the minutes reflect the Board's removal of such director for such absence.

Section 3.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the unit owners shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum because a quorum is impossible to obtain. Directors elected by the unit owners or the Board to fill a vacancy shall serve the remainder of the term of office of the director being replaced. During the Declarant Control Period, the Declarant shall designate the successor to any director previously designated by the Declarant who resigns or is removed (except for directors resigning in accordance with subsection 2.4(b)).

Section 3.7. Meetings of Directors.

(a) Organization Meeting. The first meeting of the Board of Directors following the annual meeting of the Unit Owners Association shall be held within thirty days thereafter at such time and place as shall be determined by a majority of the directors at the annual meeting.

(b) Regular Meetings. 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, but such meetings shall be held at least quarterly during each fiscal year.

(c) Special Meetings. The President may call a special meeting of the Board of Directors on three business days notice to each director, given personally or by mail, telegraph or telephone; such notice shall state the time, place and purpose of the meeting. The President or Secretary shall call a special meeting of the Board of Directors in like manner and on like notice on the written request of at least three directors.

(d) Executive Session. All meetings of the Board of Directors shall be open to unit owners as observers, except that the President or presiding officer may call the Board into executive session on sensitive matters such as personnel, litigation strategy or hearings for violations of the condominium instruments, as provided in subsection 55-79.75B of the Condominium Act. Any final action taken by the Board in executive session shall be recorded in the minutes.

(e) Notice. Notice of meetings of the Board of Directors shall be given to each director, personally or by mail, telegraph or telephone, at least three business days prior to the day named for such meeting. No notice of the organizational meeting shall be necessary if such meeting is held immediately following the annual meeting.

(f) Waiver of Notice. Any director 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 by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by such director of the time, place and purpose of such 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 such meeting.

(g) Quorum of Board of Directors. At all meetings of the Board of Directors 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 of Directors. If at any meeting of the Board of Directors there shall be 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 who participates in a meeting by means of telephone or similar communications equipment whereby all directors participating in the meeting can hear each other at the same time shall be deemed present at the meeting for all purposes.

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

Section 3.8. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors

shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.9. Compensation. No director shall receive any compensation from the Condominium for acting as such.

Section 3.10. Board of Directors as Agent. The Board of Directors shall have the power to act as agent for the unit owners of all of the units and for each of them, to manage, control and deal with the interests of such unit owners in the common elements of the Condominium to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors shall have the power to act as agent for each unit owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to: (i) adjust and settle all claims arising under insurance policies purchased by the Board of Directors, (ii) execute and deliver releases upon the payment of claims and (iii) act on their behalf in any condemnation proceeding or action of eminent domain pursuant to section 55-79.44 of the Condominium Act; provided, however, that the consent of a Mortgagee shall be required if such Mortgagee notifies the Board of Directors pursuant to Section 11.1 within thirty days after receipt of notice of the damage pursuant to Subsection 6.2(c) or notice of the taking in condemnation or by eminent domain pursuant to Section 8.2. The powers set forth in this section are in addition to any rights granted by subsection 55-79.80B of the Condominium Act. The Board of Directors may grant and accept easements and licenses pursuant to subsection 55-79.80B of the Condominium Act.

Section 3.11. Liability of the Board of Directors, Officers, Unit Owners and Unit Owners Association. (a) The Officers, directors and members of committees shall not be liable to the Unit Owners Association or any unit owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the Officers and directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Association. The liability of any unit owner arising out of any contract made by the Officers or Board of Directors, or out of the indemnification of the Officers or directors, or for damages as a result of injuries arising in connection with the common elements solely by virtue of ownership of a Common Element Interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by such unit owner's Common Element Interest. Every agreement made by the Officers, the Board of Directors or the managing agent on behalf of the Association shall, if obtainable, provide that the Officers, the directors or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder shall be limited to the total liability thereunder multiplied by such unit owner's Common Element Interest. The Association shall indemnify and hold harmless each of the members of the any committee from and against all liability to others arising out of the due exercise of such member's responsibilities unless such member's action shall have been taken in bad faith or



contrary to the provisions of the Condominium Act or the condominium instruments. 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 by reason of the fact that such person is or was an Officer or director of the Association or a member of any committee against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Condominium.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a common expense, or for injury or damage to person or property caused by the elements or by any unit owner, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the common elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any unit owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any governmental authority.

Section 3.12. Common or Interested Directors. Each director shall exercise such director's powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Unit Owners Association and any of its directors, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director 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 vote is counted for such purpose, if any of the conditions specified in any of the following subsections exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to at least a majority of the unit owners, and the unit owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote at the meeting to authorize any

contract or transaction with like force and effect as if such director of the Association were not an officer or director of such other corporation, firm or association or not so interested.

## ARTICLE 4

### Officers

Section 4.1. Designation and Duties. The principal Officers of the Unit Owners Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The President and Vice President shall be residents of the Condominium (except for those directors appointed by the Declarant) and members of the Board of Directors. Any other Officers may, but need not, be unit 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 Condominium Act or the condominium instruments, and shall perform such other duties as may be assigned to such office 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 4.2. Election of Officers. The Officers of the Unit Owners 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 two different individuals shall hold the offices of President, Vice President and Secretary and the President shall not simultaneously serve as the Treasurer. Except for death, resignation or removal, the Officers shall hold office until the Board elects their respective successors.

Section 4.3. Removal or Resignation of Officers. Upon the affirmative vote of a majority of all members of the Board 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. An Officer may resign as provided for a director in Section 3.5.

Section 4.4. President. The President shall: be the chief executive officer of the Unit Owners 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 that all orders and resolutions of the Board are carried into effect; and appoint committees from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5. 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 4.6. Secretary. The Secretary shall: keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; have charge of such books and papers as the Board may direct; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the place to which all notices to unit owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of Secretary. Pursuant to section 55-79.93:1 of the Condominium Act, after the termination of the Declarant Control Period, the Secretary shall file any required annual report with the Virginia Common Interest Community Board and pay the required fee. The Secretary may delegate the responsibility to file to a managing agent.

Section 4.7. Treasurer. The Treasurer shall (together with the managing agent): be responsible for Unit Owners Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of the Board of Directors, the Association or the managing agent, 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. The Treasurer shall ensure that the statements of account of the Association are reconciled no less than quarterly.

Section 4.8. Execution of Documents. Unless otherwise provided in the resolution of the Board of Directors: (i) all agreements, contracts, deeds, leases, checks and other instruments of the Unit Owners Association for expenditures or obligations in excess of two 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 (ii) all such instruments for expenditures or obligations of two percent of the total annual assessment for common expenses for that fiscal year or less, 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 any certification pursuant to subsection 55-79.71D or subsection 55-79.72:1C of the Condominium Act and to sign Certificates for Resale on behalf of the Association. Any Officer may also be designated by Board resolution to sign any amendment to subdivide a unit or relocate boundaries between units on behalf of the Association or at the request of a unit owner, pursuant to section 55-79.69 or 55-79.70 of the Condominium Act.

Section 4.9. Compensation of Officers. No Officer who is also a director shall receive any compensation from the Unit Owners Association for acting as such Officer.

## ARTICLE 5

### Operation of the Property

#### Section 5.1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Unit Owners Association shall be the calendar year unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(1) At least forty 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 and those parts of the units as to which it is the responsibility of the Association to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Condominium Act, the condominium instruments or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the unit owners of all related services. The budget shall also reflect the separate assessment of Limited Common Expenses.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. At least thirty days before the beginning of each fiscal year, the Board of Directors shall send to each unit owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses and any special assessment payable by each unit owner. Such budget shall constitute the basis for determining each unit owner's assessment for the common expenses of the Condominium.

(3) Such budget shall also include any amounts due and payable by the Association for the ensuing fiscal year pursuant to any agreements with adjacent properties, including reciprocal easement agreements with the adjacent Occoquan Ridge Condominium Unit Owners Association.

(c) Assessment and Payment of Common Expenses.

(1) Subject to the provisions of Subsection 9.1(a), the total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed against each unit owner in proportion to such unit owner's respective Common Element Interest, except for Limited Common Expenses, which shall be assessed against each unit owner benefited in proportion to the relative Common Element Interest of such units or in accordance with use of the services, as appropriate. The assessment for common expenses, including Limited Common Expenses, shall be a lien

against each unit owner's unit as provided in Section 9.2. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each unit owner shall be obligated to pay to the Board of Directors or the managing agent (as determined by the Board), one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all unit owners, 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. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the unit owners, be credited according to each unit owner's Common Element Interest to the next periodic installments due from unit owners under the current fiscal year's budget, until exhausted, or distributed to the unit owners. Unless the Board of Directors directs otherwise, any net shortage shall be assessed promptly against the unit owners in accordance with their Common Element Interests and shall be payable either: (1) in full with payment of the next periodic assessment which is due more than ten days after delivery of notice of such further assessment; or (2) in not more than six equal periodic installments, as the Board of Directors may determine.

(2) Any common expenses paid or incurred in making available the same off-site amenities or paid subscription television service to some or all of the unit owners shall be assessed equally against the condominium units involved. Any common expenses benefiting less than all of the condominium units, or caused by the conduct of less than all those entitled to occupy the same or by their licensees or invitees, shall be specially assessed against the condominium unit or units involved, in proportion to their respective Common Element Interests. Any common expenses paid or incurred in providing metered utility services to some or all of the units shall be assessed against each condominium unit involved based on its actual consumption of such services, or if consumption cannot be determined without installation of submeters or additional equipment, units shall be assessed in proportion to their respective Common Element Interests. Further, the Board of Directors may assess other expenses on other bases to the extent permitted by section 55-79.83 of the Condominium Act.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations (including losses due to insurance deductibles), contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except for normal maintenance expenses shown in the annual operating budget, all expenses for repair and replacement of physical assets maintained by the Association shall be charged first against such reserves. Unless otherwise determined by a vote of three-fourths of the directors, the amount held as reserves shall not substantially exceed the amount reasonably required to assure the Association's ability to replace components as they reach the end of their useful lives. If regular annual maintenance extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items or by distribution to the unit owners. If the reserves are inadequate for any reason, including non-payment of any unit owner's assessment, the Board of Directors may at any time levy a

further assessment, which shall be assessed against the unit owners according to their respective Common Element Interests, and which may be payable in a lump sum or in installments as the Board may determine. The Board of Directors shall serve notice of any such further assessment on unit owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next periodic payment which is due more than ten days after the delivery of such notice of further assessment. All unit owners so notified shall be obligated to pay the adjusted periodic amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in subsection (c).

(e) Initial Budget and Initial Capital Payment. (i) Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this section, for the period commencing thirty days after such election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the unit owners during such period as provided in subsection (c).

(ii) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to three times the estimated periodic installment of the annual assessment for common expenses for such purchaser's unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Board of Directors may determine.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a unit owner's obligation to pay the allocable share of the common expenses as provided in these Bylaws whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each unit owner shall continue to pay each periodic installment at the rate established for the previous fiscal year until notified of the periodic payment which is due more than ten days after such new annual or adjusted budget is adopted.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the unit owners or from any other source may be commingled into a single fund.

Section 5.2. Payment of Common Expenses. Each unit owner shall pay the common expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Section 5.1. No unit owner may be exempted from liability for the assessment for common expenses by reason of waiver of the use or enjoyment of any of the common elements or by abandonment of the unit. No unit owner shall be liable for the payment of any part of the common expenses assessed against that unit subsequent to the date of recordation of a conveyance by such unit owner in fee of such unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a unit shall be jointly and severally liable with the selling unit owner for all unpaid assessments against the latter for the proportionate share of the common expenses up to the time

of such recordation, without prejudice to the purchaser's right to recover from the selling unit owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling unit owner within ten days following a written request therefor to the Board of Directors or managing agent and such purchaser shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that each Mortgagee who comes into possession of a condominium unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the condominium unit free of any claims for unpaid assessments or charges against such unit which accrue prior to the time such Mortgagee or purchaser comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all condominium units including the mortgaged condominium unit.

Section 5.3. Collection of Assessments. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any assessments for common expenses due from any unit owner which remain unpaid for more than thirty days after the due date. If a unit owner is delinquent for more than sixty days, the Board of Directors shall file a memorandum of lien in compliance with section 55-79.84 of the Condominium Act prior to the ninetieth day, unless the Board decides by a two-thirds vote not to do so. Any assessment, or installment thereof, not paid within ten days after due shall accrue a late charge in the amount of twenty dollars, or such other amount as may be established from time to time by the Board of Directors.

Section 5.4. Statement of Common Expenses. The Board of Directors shall promptly provide any unit owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for common expenses due from such unit owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5.5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) Chart of Maintenance Responsibilities. Notwithstanding the general provisions for maintenance set forth in subsections (b) and (c), specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Chart of Maintenance Responsibilities attached as Exhibit B to these Bylaws.

(b) By the Unit Owners Association. The Unit Owners Association shall be responsible for the maintenance, repair and replacement of all of the common elements (including the limited common elements) as defined in the condominium instruments, whether located inside or outside of the units, the cost of which shall be charged to all unit owners as a common expense; provided, however, that the Board of Directors may elect not to do so if in the opinion of a majority of the Board of Directors such maintenance, repair or replacement was necessitated by the act, neglect or carelessness for which a unit owner is responsible pursuant to Subsection 9.1(a); and provided, further, that each unit owner shall perform normal maintenance

on the limited common elements appurtenant to such unit owner's unit and any portion of the remaining common elements which the Board of Directors pursuant to the rules and regulations has given such unit owner permission to utilize, including without limitation the items enumerated in subsection (c).

(c) By the Unit Owner.

(1) Each unit owner shall keep the unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition. Each unit owner shall perform this responsibility in such manner as shall not unreasonably disturb or interfere with the other unit owners. Each unit owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Association is responsible.

(2) The unit owner of any unit to which a limited common element balcony, deck or porch, is appurtenant shall perform the normal maintenance for such limited common element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water and shall also make all repairs thereto caused or permitted by such unit owner's negligence, misuse or neglect. All structural repair or replacement shall be made by the Association as a common expense, as provided in subsection (b). In addition, unit owners are required to keep all driveways and sidewalks (including lead sidewalks and community sidewalks adjacent to the unit) cleared of snow and ice.

(3) Any unit owner permitted by the Board of Directors to use a specific portion of the common elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(d) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 5.6. Additions, Alterations or Improvements by the Board of Directors. Except during the Declarant Control Period, whenever in the judgment of the Board of Directors the common elements shall require additions, alterations or improvements costing in excess of two percent of the total annual assessment for common expenses for that fiscal year during any period of twelve consecutive months, the making of such additions, alterations or improvements requires a Majority Vote, and the Board of Directors shall assess all unit owners benefited for the cost thereof as a common expense (or Limited Common Expense). Any additions, alterations or improvements costing less than two percent of the total annual assessment for common expenses for that fiscal year during any period of twelve consecutive months may be made by the Board of Directors without approval of the unit owners and the cost thereof shall constitute a common expense or Limited Common Expense, depending on the nature of the additions, alterations or improvements. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent of the directors, such additions, alterations or improvements are exclusively or substantially



exclusively for the benefit of the unit owners requesting the same, such requesting unit owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 5.7. Additions, Alterations or Improvements by the Unit Owners. No unit owner shall make any structural addition, alteration or improvement in or to the unit without the prior written consent of the Board of Directors or the Covenants Committee, as appropriate. No unit owner shall paint or alter any common element or the exterior of the unit, including the doors and windows, nor shall any unit owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors or the Covenants Committee, as appropriate. Except when a request is being handled by the Covenants Committee, the Board of Directors shall be obligated to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such unit owner's unit within forty-five days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any unit requires execution by the Unit Owners Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by an authorized Officer only, without however incurring any liability on the part of the Board of Directors, the Association or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the approval of any Mortgagee of the affected units, the Board of Directors and any unit owner affected, any unit may be subdivided or may be altered so as to relocate the boundaries between such unit and any adjoining units. The Secretary shall record any necessary amendment to the Declaration to effect such action as provided in section 55-79.69 or 55-79.70 of the Condominium Act. The provisions of this section shall not apply to units owned by the Declarant until deeds of conveyance of such units shall have been recorded; provided, however, that the Declarant's construction or alterations shall be architecturally compatible with existing units. The Declarant shall have the right to make such alterations or subdivisions without the consent of the Board of Directors, and an authorized Officer shall execute any such application required. The Declarant shall also have the right to make improvements to the common elements to complete development of the Property without approval from the Board of Directors or the Covenants Committee.

Section 5.8. Restrictions on Use of Units and Common Elements; Rules and Regulations.

(a) Restrictions. Each unit and the common elements shall be occupied and used as follows:

(1) Except the Condominium designated for a management office or recreational use and except as provided in the Declaration, no unit shall be used for other than housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary non-residential uses from time to time. The Board may also permit the use of all or part of a unit for a home or professional office, provided that

such use is consistent with all applicable laws, ordinances and regulations of any governmental authority. As a condition to consenting to such office use, the Board may require the unit owner to pay any increase in the rate of insurance for the Condominium which may result from such office use. Such permission may not be revoked later except for good cause shown. Nothing in these Bylaws shall be construed to prohibit the Declarant from using any unit owned by the Declarant for promotional, marketing or display purposes or from using any appropriate portion of the common elements for settlement of sales of condominium units and for customer service purposes for this and other projects. Further, the Declarant specifically reserves the right to operate a rental, brokerage and management office at any time in up to two units, to the extent permitted by law.

(2) Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance for the Property or any part thereof applicable for residential use without the prior written consent of the Board of Directors. No unit owner shall permit anything to be done or kept in the unit or in the common elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the common elements.

(3) No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed; provided, however, that the Association and the Board of Directors shall have the power but not the obligation to enforce such laws, ordinances and regulations, enforcement being the primary responsibility of government officials. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the unit owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a common expense.

(4) No unit owner shall obstruct any of the common elements nor shall any unit owner place or cause or permit anything to be placed on or in any of the common elements (except those areas designated for such storage by the condominium instruments or the Board of Directors) without the approval of the Board. Nothing shall be altered or constructed in or removed from the common elements except with the prior written consent of the Board of Directors, as appropriate (subject, however, to the applicable provisions of the Fair Housing Amendments Act of 1988 regarding modifications by handicapped residents).

(5) The common elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units.

(6) No unit shall be used or occupied for (i) transient or hotel purposes or (ii) in any event for an initial period of less than six months. No portion of any unit (other than the entire unit) shall be leased for any period; provided, however, that a reasonable number of roommates is permitted. No unit owner shall lease a unit other than on a written form of

lease: (i) requiring the lessee to comply with the condominium instruments and rules and regulations; (ii) providing that failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor after forty-five days prior written notice to the unit owner, in the event of a default by the tenant in the performance of the lease. The Board of Directors may suggest or require a standard form lease for use by unit owners. Each unit owner shall, promptly after entering into any lease of a condominium unit, forward a conformed copy of the lease to the Board of Directors. The foregoing provisions of this paragraph, except the restriction against use or occupancy for transient or hotel purposes, shall not apply to the Association, the Declarant, or a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure. Further, the restrictions regarding leasing shall not apply to (i) any unit encumbered by a Mortgage issued through a loan program sponsored by or through the Department of Veterans Affairs ("VA") or the Federal Housing Administration ("FHA"), including without limitation, loans guaranteed by VA or insured by FHA; or (ii) any unit owned by a Veteran. The term "Veteran" shall mean any person who has served or currently is serving in any branch of the United States Armed Forces.

(7) Commercial vehicles, trailers, campers, recreational vehicles, boats and other large vehicles may be parked on the Property only if expressly permitted by the rules and regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. All vehicles shall be parked wholly within parking space lines. The garage areas and the limited common element parking spaces or driveways, shall not be used for any purpose which would prevent parking for the intended number of vehicles. Other than as provided above, nothing may be stored, erected, attached to or otherwise placed on the common elements in the parking areas without the prior written consent of the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the common elements. Except in areas designated by the Board of Directors, vehicle repairs other than: (i) emergency maintenance, (ii) ordinary light maintenance (excluding fluid changes and other operations which might soil the common elements) and (iii) normal cleaning (in areas designated by the Board, if any) are not permitted on the common elements. The foregoing restrictions do not apply to construction vehicles used by the Declarant for so long as the Declarant owns a unit.

(8) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited within any unit or upon the common elements, except that the keeping of orderly domestic pets (e.g., dogs, cats or caged birds) not to exceed one per unit without the approval of the Board of Directors, guide animals and aquarium fish (and other limited species of animals which do not normally leave the unit and which do not make noise) is permitted, subject to the rules and regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten days written notice from the Board of Directors. Such pets shall not be permitted upon the common elements unless accompanied by someone who can control the pet and unless carried or leashed. Any unit owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each unit

owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets which may leave the unit shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Association resulting from the presence of such pets.

(9) Except for such signs as may be posted by the Association or by the Declarant for promotional or marketing purposes, no signs of any character (including, without limitation, signs advertising the unit for sale or rent) shall be erected, posted or displayed upon, in, from or about any unit or common element without the prior written approval of the Board of Directors. The foregoing provisions of this paragraph shall not apply to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(10) Sufficient carpeting or rugs shall be maintained on a minimum of eighty percent of the floor surfaces (except foyers, kitchens, closets and bathrooms) in units located over other units to adequately reduce transmission of sound between units. Additional washers, dryers or other major appliances may not be installed in a unit without the prior written approval of the Covenants Committee.

(11) No unit shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail weekly, monthly or any other type of revolving or periodic occupancy by multiple unit owners, cooperators, licensees or timesharing participants.

(12) Draperies, curtains or venetian blinds must be installed by each unit owner on all windows of the unit and must be so maintained thereon at all times so that the exterior color will appear white, off-white or beige.

(13) No unit owner shall use any garage for any purpose that would prevent the parking of vehicles within the garage.

(b) Changes to Rules and Regulations. Each unit and the common elements shall be occupied and used in compliance with the rules and regulations which may be promulgated and changed by the Board of Directors. The Board of Directors shall furnish copies of the rules and regulations to each unit owner. Changes to the rules and regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each unit owner upon request.

Section 5.9. Right of Access. By acceptance of the deed of conveyance, each unit owner thereby grants a right of access to the unit, as provided by subsection 55-79.79(a) of the Condominium Act and Subsection 4.2(a) of the Declaration, to the Board of Directors or the managing agent, or any other person authorized by the Board or the managing agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in the unit or in a common element to which access is obtained through the

unit and threatening another unit or the common elements, performing installations, alterations or repairs to the mechanical or electrical systems or the common elements in the unit or elsewhere in the Property or to correct any condition which violates any Mortgage; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the unit owner. In case of an emergency, such right of entry shall be immediate, whether or not the unit owner is present.

Section 5.10. Utility Charges; User Fees. The cost of utilities serving the Condominium not individually metered or submetered to specific units shall be common expenses allocated pursuant to Section 5.1. The cost of utilities serving one or more units and individually submetered shall be a Limited Common Expense payable by the units served based on actual consumption of such services in accordance with subsection 55-79.83C of the Condominium Act. Pursuant to subsections 55-79.83B and 55-79.83C of the Condominium Act, the Board of Directors may impose reasonable user fees, whether or not designated as Limited Common Expenses, for the use of Reserved Common Elements or personal property of the Unit Owners Association or services provided by or arranged for through the Association.

Section 5.11. Parking Spaces. The cost of maintenance and repair performed by the Association of all limited common element parking spaces shall be a common expense. Driveways located adjacent to garages are limited common elements appurtenant to the unit served for the exclusive use of the owner of such unit. Unit owners shall use their own limited common element driveway and their garage space and shall not use visitor parking except on a temporary, non-recurring basis. Additional parking spaces may be located along the travelways; however, parking in such spaces will be subject to the rules and regulations of the Association. The Property is subject to reciprocal easement agreements with the adjacent Occoquan Ridge Condominium Unit Owners Association recorded among the Prince William County land records in Deed Book 1386 at Page 561 and as Instrument Number 200903310030021. These agreements allow residents of Occoquan Ridge to park along certain portions of Renate Drive on a non-exclusive basis. Likewise, residents of the Condominium are permitted under these agreements to park on portions of the Occoquan Ridge property on a non-exclusive basis. The Association and unit owners shall at all times comply with the terms and conditions of the reciprocal easement agreements.

Section 5.12. Storage; Disclaimer of Bailee Liability. The Board of Directors, the Unit Owners Association, any unit owner and the Declarant shall not be considered a bailee of any personal property stored on the common elements (including property located in vehicles parked on the common elements), whether or not exclusive possession of the particular area is given to a unit owner for parking purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

Section 5.13. Resale Fees. Each purchaser of a unit from a unit owner other than the Declarant shall pay at the time of settlement to the Unit Owners Association a "resale fee" equal to three times the monthly installment of the annual assessment for common expenses and limited common element parking space charges, if any, in effect against such unit on the date of

settlement of such resale. The funds received from resale fees shall be used for such purposes as the Board of Directors may determine.

## ARTICLE 6

### Insurance

#### Section 6.1. General Provisions.

(a) Authority, Liability and Notice. Except as otherwise provided in Section 6.5, all insurance policies relating to the Property shall be purchased by the Board of Directors and the cost thereof shall be allocated as provided in paragraph (2) of Subsection 5.1(c). The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article 6 or for any loss or damage resulting from such failure: (i) if such failure is due to the unavailability of such coverages from reputable insurance companies; (ii) if such coverages are so available only at demonstrably unreasonable cost; or (iii) if the Unit Owners Association's insurance professionals advise that the coverages required by paragraph (2) of Subsection 6.2(b) are not necessary. The Board of Directors shall promptly furnish to each unit owner written notice of the procurement of, subsequent changes in, or termination of, insurance coverages obtained on behalf of the Association, in compliance with subsection 55-79.81(b) of the Condominium Act.

#### (b) Policy Requirements.

(1) All policies of insurance shall be written by reputable companies licensed or qualified to do business in the Commonwealth of Virginia, with qualifications consistent with any applicable Fannie Mae and Freddie Mac requirements. Physical damage policies shall be in form and substance and with carriers acceptable to a majority of the Mortgagees.

(2) The deductible or self-insured retention (if any) on any insurance policy purchased by the Board of Directors shall be a common expense (or a Limited Common Expense, as appropriate); provided, however, that the Association may, pursuant to Subsection 9.1(a), assess any deductible amount necessitated by the act, neglect or carelessness for which a unit owner is responsible against such unit owner.

(3) The Declarant, so long as Declarant shall own any unit, shall be protected by all such policies as a unit owner. The coverage provided to the Declarant under the insurance policies obtained in compliance with this Article 6 shall not be deemed to protect or be for the benefit of any general contractor engaged by the Declarant nor shall such coverage be deemed to protect the Declarant against liability for (or waive any rights with respect to) warranty claims.

(4) Each such policy shall provide that:

(A) The insurer waives any right to claim by way of subrogation against the Declarant, the Association, the Board of Directors, the managing agent or the unit owners, and their respective guests, invitees, tenants, agents and employees and, in the case of the unit owners, the members of their households;

(B) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any unit owner (including the members of such unit owner's household and such unit owner's guests, invitees, tenants, agents and employees) or of any member, officer or employee of the Board of Directors or the managing agent without a prior demand in writing that the Board or the managing agent cure the defect and neither shall have so cured such defect within sixty days after such demand;

(C) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty days prior written notice to the Board of Directors, the managing agent, as to liability insurance, flood insurance (if applicable), and director's and officer's liability only, and all Mortgagees;

(D) The Association is the "First Named Insured" under the policy.

#### Section 6.2. Property Insurance.

(a) Coverage. The Board of Directors shall obtain and maintain a policy of insurance against Special Causes of Loss (formerly "all-risk"), including without limitation fire damage, vandalism, malicious mischief, sprinkler leakage (if applicable), cost of demolition, debris removal, and water damage coverage, insuring the entire Property (including without limitation all of the units and the fixtures initially installed therein by the Declarant, and replacements thereof up to the value of those initially installed by the Declarant, but not including furniture, wallcoverings, improvements and additions, furnishings or other personal property supplied or installed by unit owners), together with all air conditioning and heating equipment and other service machinery contained therein and covering the interests of the Unit Owners Association, the Board of Directors and all unit owners and their Mortgagees, as their interests may appear, (subject, however, to the loss payment and adjustment provisions in favor of the insurance trustee), in an amount equal to one hundred percent of the then current replacement cost of the Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain such coverage on all real and personal property owned by the Association. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board may determine, of the then current replacement cost of the Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this section.

(b) Waivers and Endorsements. Such policy shall also provide:

(1) a waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so;

(2) the following endorsements (or equivalent): (A) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or unit owner or their agents when such act or neglect is not within the control of the insured, or the unit owners collectively; nor by any failure of the insured, or the unit owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the unit owners collectively, have no control); (B) ordinance/law coverage for (i) the "cost of demolition" of the undamaged portion of the Property; (ii) "contingent liability from operation of building laws or codes"; and (iii) "increased cost of construction"; (C) "condominium replacement cost"; (D) "inflation guard"; and (E) "agreed amount" or elimination of coinsurance" clause; and

(3) that any "no other insurance" clause expressly exclude individual unit owners' policies from its operation so that the physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual unit owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual unit owners or their Mortgagees, unless otherwise required by law; and

(4) such deductibles and self-insured retentions as to loss as the Board of Directors in its sole discretion deems prudent and economical.

(c) Certificates. A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same, at least thirty days prior to expiration of the then current policy.

(d) Notice to Mortgagees. The Board of Directors shall promptly notify all Mortgagees of any event giving rise to a claim under such policy arising from damage to the common elements in excess of five percent of the then current replacement cost of the Property. The Board of Directors shall promptly notify the Mortgagee of a unit of any event giving rise to a claim under such policy arising from damage to such unit.

Section 6.3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring each director and officer, the managing agent, each unit owner and the employees of the Unit Owners Association against any liability to the public or to the unit owners (and their guests, invitees, tenants, agents and employees) arising out of, or incident to the ownership or use of the common elements. Such insurance shall be issued on a commercial general liability basis and shall contain: (1) a cross liability endorsement under which the rights



of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (2) hired and non-owned vehicle coverage; (3) host liquor liability coverage with respect to events sponsored by the Association; (4) products and completed operations coverage; and (5) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to a unit owner because of negligent acts of the Association or of another unit owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than one million dollars covering all claims for bodily injury, property damage, personal injury and advertising injury. This coverage, or a separate policy, shall also contain protection for the Association if it operates a website or conducts business using the website, email or similar means. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained so that the total of the primary and excess limits are in an amount not less than four million dollars.

Section 6.4. Other Insurance. The Board of Directors shall obtain and maintain:

(a) Fidelity. Adequate fidelity coverage to protect against dishonest acts on the part of Officers, directors, trustees and employees of the Unit Owners Association and all others who handle, or are responsible for handling, funds of the Association, including the managing agent and employees of such managing agent. Such fidelity bonds shall: (i) name the Association as an obligee; (ii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; (iii) provide that the managing agent (including its employees) is an insured under the policy; and (iv) provide that such bond may not be cancelled or substantially modified without ten (10) days prior written notice to the Association and the Insurance Trustee. Such bond or insurance policy shall provide coverage in an amount equal to the lesser of: (a) \$1 million, or (b) the amount of reserve balances of the unit owners' association plus one-fourth of the aggregate annual assessment of such unit owners' association. Notwithstanding the foregoing, the minimum coverage amount shall be \$10,000. In addition, to the extent Fannie Mae or Freddie Mac require greater coverage amounts than set forth in this subsection, the Association shall obtain such greater coverage amounts.

(b) Flood Insurance. If required by any governmental or quasi-governmental agency, including without limitation Fannie Mae or the Federal Home Loan Mortgage Corporation, flood insurance in accordance with the then applicable regulations of such agency.

(c) Workers' Compensation. Workers' compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement).

(d) Machinery/Mechanical Breakdown Insurance. If applicable, pressure, mechanical and electrical equipment including information technology equipment and air conditioning equipment coverage on a comprehensive form in an amount not less than the greater of (i) five hundred thousand dollars per accident per location or (ii) the replacement cost of all such insured equipment.

(e) Directors and Officers Liability Insurance. Directors and officers liability insurance in an amount not less than one million dollars including coverage for the Association, directors, officers, committee members and employees. The policy may also provide that the managing agent is an insured under the policy except with respect to claims that the managing agent may file against the Association or that the Association may file against the managing agent. Such coverage, to the extent available, shall include non-monetary damages, breach of contract, fair housing disputes and allegations of wrongful purchase of the insurance program in form, content or amount; and

(f) Other. Such other insurance as the Board of Directors may determine or as may be requested from time to time by a Majority Vote. Such insurance may include, without limitation: (i) business income and extra expense; (ii) employee benefits; (iii) employment practices liability; (iv) auto (owned); (v) medical payments protection; and (vi) electronic data processing (EDP) coverage.

#### Section 6.5. Unit Owner Insurance.

(a) Insurance Restriction. No unit owner shall acquire or maintain insurance coverage so as to: (i) decrease the amount which the Board of Directors, on behalf of all unit owners, may realize under any insurance policy maintained by the Board; or (ii) cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a unit owner. No unit owner shall obtain separate insurance policies on the Condominium except as provided in this section.

(b) Required Coverage. (1) Each unit owner shall obtain personal insurance for such unit owner's benefit, at such unit owner's expense, covering the unit and such unit owner's personal property and personal liability, as well as any improvements made to the unit by such unit owner (under coverage normally called "improvements and betterments coverage"). Such personal insurance shall also include coverage for "loss assessment" that may be levied by the Association against the unit owner (including loss assessment for Association insurance deductibles and retentions) and shall provide protections for the unit owner for any permitted home business pursuits. The Association shall not be responsible for any claim for loss of business, income, clients, reputation or other loss from a permitted home business use because of any damage or claim (insured or otherwise) to the common elements or arising from actions of the Association, the Board of Directors, committee members or the managing agent.

(2) If an Owner fails to obtain the insurance coverage required by this subsection, the Board of Directors may purchase such insurance coverage on such unit owner's behalf and assess the unit owner for the cost thereof. The Declarant, the Association and the Board of Directors shall not be held liable for the failure of any unit owner to purchase insurance or for not purchasing such insurance on the unit owner's behalf.

Section 6.6. Insurance Trustee. All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners Association, the unit owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board as "insurance trustee" to be applied pursuant to the terms of Article 7. The sole duty of the insurance trustee shall be to receive such

proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insureds and their beneficiaries.

## ARTICLE 7

### Repair and Reconstruction After Fire or Other Casualty

Section 7.1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 7.4, if all or any part of any building is damaged or destroyed as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including without limitation any damaged units, and the floor coverings, fixtures and appliances initially installed therein by the Declarant, and replacements thereof installed by the unit owners up to the value of those initially installed by the Declarant, but not including any other furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the unit owners in the units unless covered by insurance obtained by the Unit Owners Association). Notwithstanding the foregoing, each unit owner shall have the right to supervise the redecorating of the unit.

### Section 7.2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of the building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion (including without limitation any damaged units and the floor coverings, fixtures and appliances initially installed therein by the Declarant, and replacements thereof installed by the unit owners up to the value of those initially installed by the Declarant, but not including any other furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the unit owners in the units unless covered by insurance obtained by the Unit Owners Association) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the insurance trustee determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a common expense and a special assessment for such amount shall be levied.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the Property, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible; provided, however, that other action may be taken if approved by at least fifty-one percent of the Mortgagees.

Section 7.3. Disbursements of Construction Funds.

(a) Construction Fund and Disbursement. The proceeds of insurance collected on account of casualty, and the sums received by the insurance trustee from collections of assessments against unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(1) If the estimated cost of reconstruction and repair is less than five percent of the total annual assessment for common expenses for that fiscal year, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors; provided, however, that upon request of twenty percent of the Mortgagees, such fund shall be disbursed pursuant to paragraph (2).

(2) If the estimated cost of reconstruction and repair is five percent of the total annual assessment for common expenses for that fiscal year or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the insurance trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all unit owners in proportion to their Common Element Interests and shall be distributed in accordance with the priority of interests at law or in equity in each unit.

(c) Common Elements. When the damage is to both common elements and units, the insurance proceeds shall be applied first to the cost of repairing those portions of the common elements which enclose and service the units, then to the cost of repairing the other common elements and thereafter to the cost of repairing the units.

(d) Certificate. The insurance trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary, certifying: (i) whether the damaged Property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund or whether surplus funds to be distributed are less than the assessments paid by the unit owners; and (iii) all

other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the insurance trustee promptly after request.

Section 7.4. When Reconstruction Is Not Required. Unless the Condominium is terminated, if the Board of Directors elects not to repair insubstantial damage to the common elements, the Board of Directors shall use the insurance proceeds to remove all remains of the damaged improvements and restore the site to an acceptable condition compatible with the remainder of the Condominium and distribute the balance of any insurance proceeds received on account of such damage to all unit owners in proportion to their respective Common Element Interests. If the Condominium is terminated pursuant to section 55-79.72:1 of the Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the insurance trustee among all unit owners in proportion to their respective Common Element Interests, after first paying out of the share of each unit owner, to the extent sufficient therefor, the amount of any unpaid liens on the unit in the order of priority of such liens.

## ARTICLE 8

### Mortgages

Section 8.1. Notice to Board of Directors. A unit owner who mortgages the unit shall notify the Board of Directors of the name and address of the Mortgagee.

Section 8.2. Notice of Default, Casualty or Condemnation. The Board of Directors when giving notice to any unit owner of a default in paying an assessment for common expenses (which remains uncured for sixty days) or any other default, shall simultaneously send a copy of such notice to the Mortgagee of such unit. The Board of Directors shall also promptly notify each Mortgagee of any casualty when required by Subsection 6.2(c), of all actions taken under Article 7 and of any taking in condemnation or by eminent domain pursuant to section 55-79.44 of the Condominium Act and actions of the Unit Owners Association with respect thereto.

Section 8.3. Notice of Amendment of Condominium Instruments. The Board of Directors shall give notice to all Mortgagees at least seven days prior to the date on which the unit owners, in accordance with the provisions of these Bylaws, materially amend the condominium instruments.

Section 8.4. Notice of Change in Managing Agent. The Board of Directors shall give notice to all Mortgagees requesting such notice at least thirty days prior to changing the managing agent.

Section 8.5. Mortgagees' Approvals. Subject to any greater requirements of section 55-79.71 or 55-79.72:1 of the Condominium Act or Section 10 of these Bylaws:

(a) Two-Thirds Vote. Unless at least sixty-seven percent of the Mortgagees and at least sixty-seven percent of the unit owners (other than the Declarant) have given their prior written approval, the Unit Owners Association shall not: (i) (except following destruction

or condemnation) change any unit's Common Element Interest except as provided in section 55-79.44 of the Condominium Act; (ii) (except following destruction or condemnation) partition, subdivide, abandon, encumber, sell or transfer the common elements of the Condominium (except for the granting of utility easements, etc. pursuant to subsection 55-79.80B of the Condominium Act); (iii) (except following destruction or condemnation) by act or omission withdraw the submission of the Property to the Condominium Act, except as provided by section 55-79.72:1 of the Condominium Act; (iv) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; or (v) use hazard insurance proceeds for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in Section 7.4.

(b) Majority Vote. Unless at least fifty-one percent of the Mortgagees and at least sixty-seven percent of the unit owners (other than the Declarant) have given their prior written approval, the Association shall not: (i) following destruction or condemnation, change any unit's Common Element Interest except as provided in section 55-79.44 of the Condominium Act; (ii) following destruction or condemnation, by act or omission, withdraw the submission of the Property to the Condominium Act or terminate the Condominium, except as provided by section 55-79.72:1 of the Condominium Act; or (iii) add or amend any material provision of the condominium instruments which establishes, provides for, governs or regulates any of the following: (1) voting; (2) assessments, assessment liens or subordination of such liens; (3) reserves for maintenance, repair and replacement of the common elements (or units if applicable); (4) insurance or fidelity bonds; (5) rights to use of the common elements; (6) maintenance responsibility; (7) expansion or contraction of the Condominium or conversion of convertible land; (8) boundaries of any unit; (9) the interests in the common elements or limited common elements; (10) convertibility of units into common elements or of common elements into units; (11) leasing of units; (12) imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer, or otherwise convey the unit; or (13) any provisions which are for the express benefit of Mortgagees.

(c) Non-Material Amendments. Any addition or amendment to the condominium instruments shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only.

(d) Presumptive Approval. If the Unit Owners Association notifies a Mortgagee of additions or amendments in accordance with subsection 55-79.73:1A of the Condominium Act and does not receive a written objection within the time period provided for in section 55-79.73:1 of the Condominium Act, then the Unit Owners Association shall be deemed to have received the written consent of such Mortgagee.

#### Section 8.6. Other Rights of Mortgagees.

(a) All Mortgagees or their representatives shall have the right to attend and to speak at meetings of the Unit Owners Association. All such Mortgagees shall have the right to examine the condominium instruments, rules and regulations and books and records of the Condominium, to receive the annual report filed by Declarant pursuant to section 55-79.93:1 of

the Condominium Act and to require the submission of annual financial reports and other budgetary information.

(b) VA/FHA Requirements. A holder, insurer or guarantor of a first mortgage, upon written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the unit number, shall be entitled to timely written notice of: (i) any proposed amendment to the condominium instruments effecting a change in: (a) the boundaries of any unit or the exclusive easement rights of a unit owner; (b) the interests in the common elements or limited common elements appertaining to any unit or the liability for common expenses appertaining thereto; (c) the number of votes of the Association appertaining to any unit; or (d) the purposes to which any unit or the common elements are restricted; (ii) any proposed termination of the Condominium; (iii) any condemnation loss or casualty loss which affects a material portion of the Condominium, or results in losses greater than ten percent of the annual budget, or which affects any unit on which there is a first mortgage held, insured or guaranteed by such eligible holder; (iv) any delinquency in the payment of assessments or charges owed an owner of a unit subject to the mortgage of such eligible holder where such delinquency has continued for a period of sixty days; (v) at least ten days prior notice of any lapse, cancellation or material modification of any insurance policy maintained by the Association; and (vi) at least thirty days prior notice of any proposal to terminate the Declaration or dissolve the Condominium.

## ARTICLE 9

### Compliance and Default

Section 9.1. Relief. Each unit owner shall be governed by, and shall comply with, all of the terms of the Condominium Act, condominium instruments and rules and regulations, as any of the same may be amended from time to time. In addition to the remedies provided in section 55-79.53 the Condominium Act, a default by a unit owner shall entitle the Unit Owners Association, acting through its Board of Directors or through the managing agent, to the following relief.

(a) Additional Liability. Each unit owner shall be liable to the Association or to any affected unit owner for the expense of all maintenance, repair or replacement rendered necessary by such unit owner's act, neglect or carelessness or the act, neglect or carelessness of any member of such unit owner's household or such unit owner's guests, invitees, tenants, agents or employees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including without limitation legal fees, incurred as a result of a failure to comply with the Condominium Act, the condominium instruments and the rules and regulations by any unit owner (or any member of such unit owner's household or such unit owner's guests, invitees, tenants, agents or employees) may be assessed against such unit owner's unit.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a unit owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

(c) No Waiver of Rights. The failure of the Unit Owners Association, the Board of Directors or of a unit owner to enforce any right, provision, covenant or condition which may be granted by the condominium instruments or the Condominium Act shall not constitute a waiver of the right of the Association, the Board or the unit owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any unit owner pursuant to any term, provision, covenant or condition of the condominium instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the condominium instruments or the Condominium Act or at law or in equity.

(d) Interest. In the event of a default by any unit owner in paying any sum assessed against the condominium unit other than for common expenses which continues for a period in excess of fifteen days, interest from the due date at a rate not to exceed the lower of the maximum permissible interest rate which may be charged by a Mortgagee under a Mortgage at such time or the current delinquent tax rate charged by the Internal Revenue Service may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(e) Abating and Enjoining Violations by Unit Owners. The violation of any of the rules and regulations adopted by the Board of Directors, the breach of any provision of the condominium instruments or the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; (ii) to use self-help to remove or cure any violation of the condominium instruments or the rules and regulations on the common elements (including without limitation the towing of vehicles) or in any unit; or (iii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; provided, however, that before any construction may be altered or demolished (except in emergencies) judicial proceedings shall be instituted.

(f) Legal Proceedings. Failure to comply with any of the terms of the condominium instruments and the rules and regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the managing agent or, if appropriate, by any aggrieved unit owner and shall not constitute an election of remedies.

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(g) Charges. In accordance with section 55-79.80:2 of the Condominium Act, the Board of Directors may levy reasonable charges against unit owners for violations of the Condominium Act, the condominium instruments or the rules and regulations by the unit owner, the members of such unit owner's household, or such unit owner's guests, invitees, tenants, agents or employees. No charge may be levied for a single violation in an amount more than the maximum amount permitted by subsection 55-79.80:2B of the Condominium Act. Each day a violation continues, after notice is given to the unit owner, is a separate violation. If a unit owner requests in writing a hearing before the charge is imposed, the imposition of the charge shall be suspended until the hearing is held. Charges are special assessments and shall be collectible as such.

(h) Other Remedies. In accordance with section 55-79.80:2 of the Condominium Act, the Board of Directors may suspend or revoke a unit owner's privileges (other than the non-exclusive easement for access to the unit and vital utility services) for a reasonable period not to exceed the duration of the default or violation if payment of the assessment on the unit is delinquent more than thirty days or for any other violation of the condominium instruments or the rules and regulations.

#### Section 9.2. Lien for Assessments.

(a) Lien. The total annual assessment of each unit owner for common expenses or any special assessment, or any other sum duly levied (including without limitation charges, interest, late charges, etc.), made pursuant to these Bylaws, is hereby declared to be a lien levied against the condominium unit of such unit owner as provided in section 55-79.84 of the Condominium Act, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Condominium and, as to special assessments and other sums duly levied, on the first day of the next month which begins more than seven days after delivery to the unit owner of notice of such special assessment or levy. The Board of Directors or the managing agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien.

(b) Acceleration. In any case where an assessment against a unit owner is payable in installments, upon a default by such unit owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire balance of the annual assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting unit owner and such unit owner's Mortgagee by the Board of Directors or the managing agent.

(c) Enforcement. The lien for assessments may be enforced and foreclosed in any manner permitted by the laws of the Commonwealth of Virginia, by power of sale (pursuant to subsection 55-79.84I of the Condominium Act and Section 9.3) or action in the name of the Board of Directors, or the managing agent, acting on behalf of the Unit Owners Association. During the pendency of such suit the unit owner shall be required to pay a reasonable rental for the unit for any period prior to sale pursuant to any judgment or order of any court having

jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the Commonwealth of Virginia.

(d) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section 9.3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity or the enforcement of the lien established by the condominium instruments or the Condominium Act, all of the unit owners may be required by the Declarant or the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by recording a declaration of trust in the land records where the condominium instruments are recorded granting unto one or more trustees appropriate powers to the end that, upon default in the performance of such bond such declaration of trust may be foreclosed by such trustees acting at the direction of the Board of Directors. If any such bonds have been executed and such declaration of trust is recorded, then any subsequent purchaser of a unit shall take title subject to such declaration of trust and shall assume the obligations provided for therein.

Section 9.4. Subordination and Mortgage Protection. Notwithstanding any other provisions to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of a Mortgagee if the Mortgage was made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such unit pursuant to foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall extinguish the lien for unpaid assessments, but shall not relieve the purchaser of the unit at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

## ARTICLE 10

### Amendments to Bylaws

Section 10.1. Amendments. These Bylaws may not be modified or amended except as provided in section 55-79.71 of the Condominium Act; provided, however, that until the expiration of the Declarant Control Period, Sections 2.4, 2.9, 3.3, 3.4, 3.5, 3.6 and 10.1 may not be amended without the prior written consent of the Declarant. All amendments to the Bylaws shall be prepared and recorded by the Secretary.

Section 10.2. Material Amendments or Extraordinary Actions. If the Department of Veterans Affairs ("VA"), or the U.S. Department of Housing and Urban Development ("HUD"), or the Federal Housing Authority ("FHA") holds, insures or guarantees a mortgage encumbering

a condominium unit in the Condominium, then the provisions of this Section 10.2 shall apply to all material amendments or extraordinary actions of the Association.

(a) Material Amendments. A material amendment to the Association Documents includes any amendment adding, deleting or amending any provisions regarding:

- (1) assessment basis or assessment liens;
- (2) any method of imposing or determining any charges to be levied against unit owners;
- (3) reserves for maintenance, repair or replacement of common elements;
- (4) maintenance obligations;
- (5) allocation of rights to use the common elements;
- (6) any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on units;
- (7) reduction of insurance requirements;
- (8) restoration or repair of the common elements;
- (9) the addition, annexation or withdrawal of real estate to or from the Property except as provided in the Condominium Act;
- (10) voting rights;
- (11) restrictions affecting lease or sale of a unit; and
- (12) any provision which is for the express benefit of the Mortgagees.

(b) Extraordinary Actions. An extraordinary action of the Association includes:

- (1) merging or consolidating the Association (other than with another non-profit entity formed for purposes similar to the Association);
- (2) determining not to require professional management if professional management has been required by the Association Documents, a Majority Vote of the unit owners or a majority of the Mortgagees;

(3) expanding the Association to include land not previously described as additional land which increases the overall land area of the Condominium or number of units by more than ten percent;

(4) abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of the common elements except for:

- (i) granting easements which are not inconsistent with or which do not interfere with the intended use of such common elements;
- (ii) dedicating common elements as required by a public authority;
- (iii) limited boundary-line adjustments made in accordance with the provisions of the condominium instruments or the Condominium Act;
- (iv) transferring common elements pursuant to a merger or consolidation with the non-profit entity formed for purposes similar to the Association;

(5) using insurance proceeds for purposes other than repair and reconstruction of the insured improvements; or

(6) making capital improvements (other than for repair or replacement of Common Element Improvements) during any period of twelve consecutive months costing more than twenty percent of the annual operating budget.

(c) Owner Approval. Any material amendment or extraordinary action listed above must be approved: (i) in writing by Owners entitled to cast at least sixty-seven percent of the total number of votes entitled to be cast by Owners, including a majority of the votes entitled to be cast by Owners other than the Declarant during the Declarant Control Period; or (ii) by at least a Sixty-seven Percent Vote of the Owners, including a Majority Vote of Owners other than the Declarant during the Declarant Control Period, entitled to be cast at a meeting for approval of material amendments or extraordinary actions provided that: (A) at least twenty-five days notice of the meeting is provided to all Owners; (B) the notice of the meeting states the purpose of the meeting and contains a copy or summary of any material amendments or extraordinary actions proposed; and (C) the notice of the meeting also contains a copy of the proxy that can be cast in lieu of attendance at the meeting.

(d) Additional Material Amendments and Extraordinary Actions. The following amendments and actions must be approved in writing by unit owners entitled to cast at least sixty-seven percent of the total number of votes in the Association, including a majority of the total number of votes entitled to be cast by unit owners other than the Declarant:

- (1) termination of the Declaration or of the Condominium;
- (2) dissolution of the Association, except pursuant to a merger; or
- (3) conveyance of all the common elements.

(e) VA or FHA Consent. If a VA guarantee or FHA insurance is in effect on a Mortgage, then during the Declarant Control Period, any action described in Section 10.2(a), (b) or (d) shall also require the approval of VA or FHA if the Association Documents have previously been approved by such agency. The foregoing shall only apply for so long as a unit within the Property is encumbered by a loan guaranteed by VA or insured by FHA. In addition, during the Declarant Control Period, VA and FHA shall be informed of all amendments to the Association Documents if such documents have been previously approved by such agency. This provision may be enforced only by FHA or VA.

Section 10.3. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagee.

## ARTICLE 11

### Miscellaneous

Section 11.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid (pursuant to section 55-79.75 of the Condominium Act), or if notification is of a default or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to a unit owner, at the address which the unit owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of such unit owner's unit, or (ii) if to the Unit Owners 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 unit owners pursuant to this section. If a unit 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.

Section 11.2. 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 these Bylaws or the intent of any provision.

Section 11.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 11.4. Construction. These condominium instruments are intended to comply with all of the applicable provisions of the Condominium Act and shall be so interpreted and applied. The failure to comply strictly with the time periods required by the condominium instruments, unless also required by the condominium Act, shall not invalidate any action of the Board of Directors or the Unit Owners Association in the absence of a written objection by the Declarant, a unit owner or a Mortgagee within ten days after the failure to comply.

Section 11.5. Use of New Technology. Due to the ongoing development of new technologies and corresponding changes in business practices, to the extent permitted by law now or in the future: (1) any notice required to be sent or received; (2) any signature, vote, consent or approval required to be obtained; or (3) any payment required to be made, under the condominium instruments may be accomplished using the most advanced technology available at that time if such use is a generally accepted business practice. The use of technology in implementing the provisions of the condominium instruments dealing with notices, payments, signatures, votes, consents or approvals shall be governed by this Section.

(a) Electronic Means. To the extent permitted by law, the Unit Owners Association and its unit owners and occupants may perform any obligation or exercise any right by use of any technological means providing sufficient security, reliability, identification and verifiability. Acceptable technological means shall include without limitation electronic communication over the internet, the community or other network, whether by direct connection, intranet, telecopier or e-mail.

(b) Signature Requirements. Any requirement for a signature under the condominium instruments may be satisfied by a digital signature meeting the requirements of applicable law.

(c) Electronic Funds Transfer. Payment of all sums to and from the Association and the unit owners and occupants may be made by electronic transfer of funds creating a record evidencing the transaction for the period such record would be required to be available in non-electronic form.

(d) Voting Rights. Voting and approval of any matter under the condominium instruments may be accomplished by electronic means provided that a record is created as evidence thereof and maintained as long as such record would be required to be maintained in non-electronic form.

(e) Non-technology Alternatives. If any unit owner, occupant or third party does not have the capability or desire to conduct business using electronic or other technological means, the Association shall make reasonable accommodation, at its expense, for such person to conduct business with the Association without use of such electronic or other means until such means has become generally (if not universally) accepted in similar communities in the area.

## ARTICLE 12

### Alternative Dispute Resolution

The purpose of the Declaration is to establish a harmonious community. Because the prompt, efficient, fair and non-belligerent resolution of any disputes is desirable, any controversy arising out of or relating to the condominium instruments, or a breach thereof, or any other dispute between (i) the Declarant and (ii) the Unit Owners Association, or (iii) any unit owner shall be resolved as set forth in this Article.

Section 12.1. Direct Communication. The parties to the disagreement shall set forth their respective positions in the dispute in correspondence. Each party shall respond within seven days after receipt of a letter from the other until agreement is reached.

Section 12.2. Mediation. If the dispute cannot be resolved through direct communication of the parties, either party may request appointment of a neutral and properly credentialed mediator. Both parties shall participate in the mediation in good faith until the dispute is resolved for a period not to exceed thirty days without the consent of all parties. The cost of the mediation shall be divided equally among the parties.

#### Section 12.3. Arbitration.

(a) Method. If the dispute cannot be resolved through mediation, either party may request appointment of one or more neutral arbitrators. If the parties cannot agree on a single arbitrator, then each party shall appoint one arbitrator and the two appointed arbitrators shall select the third arbitrator. Each arbitrator shall be properly credentialed with expert knowledge and practical experience regarding the subject in dispute. The initiating Person shall give written notice of its decision to arbitrate by providing a specific statement setting forth the nature of the dispute, the issue or amount involved and the remedy sought. The parties shall have an equal and fair opportunity to present their respective positions to the arbitrators, orally or in writing, as the arbitrators may specify depending on the nature of the dispute. The arbitrators may require such testimony, materials and documentation as they may determine to be appropriate. The arbitrators shall provide a written resolution within thirty days after the conclusion of the presentations of the parties and receipt of requested materials and documents.

(b) Costs. The arbitrator shall award to the prevailing party, if any, as determined by the arbitrator, all of its costs and expenses, including any attorney's fees, arbitrator's fees and out-of-pocket expenses of any kind. The term "prevailing party" shall mean the party whose position is most nearly upheld in arbitration. (For example, the prevailing party would be the party who is required to pay \$1,000.00 in the arbitration proceeding where such party had, prior to the commencement of the arbitration, offered \$500.00 by way of settlement and the opposing party, refusing such offer, had claimed entitlement to \$10,000.00).

(c) Binding Nature, Applicable Law. The consideration of the parties to be bound by arbitration is not only the waiver of access to determination by a court and/or jury, but also the waiver of any rights to appeal the arbitration finding other than for the reasons set forth in Sections 8.01-581.010 and 8.01-581.011 of the Code of Virginia (1950), as amended. A judgment upon an award rendered by the arbitrator may be entered in any court having jurisdiction. Unless otherwise provided in this Article, the terms of Sections 8.01-577 and 8.01-581.01 et seq. of the Code of Virginia (1950), as amended, shall apply to the proceedings under this subsection.

Section 12.4. Location. The alternative dispute resolution proceeding shall be held in Prince William County, Virginia, unless otherwise mutually agreed by the parties.

Section 12.5. Sole Remedy; Waiver of Judicial Rights. The Declarant, the Unit Owners Association and each unit owner expressly consent to the procedures established in this Article as their sole and exclusive remedy, and expressly waive any right they may have to seek resolution of any dispute contemplated by this Article in any court of law or equity, and any right to trial by judge or jury; provided, however, that any party may pursue judicial adjudication of a decision of the Board of Directors: (i) suspending party's right to use a portion of the common elements pursuant to Subsection 9.1(h); (ii) imposing a charge pursuant to Subsection 9.1(g); or (iii) a judicial grant of injunctive relief obtained pursuant to Subsection 9.1(e). The provisions of this Article shall not reduce or delay the Association's rights to levy a late charge, collect interest, or file and pursue a lien as provided in Articles 5 and 9 with respect to any Assessment or other charges due from a unit owner hereunder. If a dispute involves the Declarant or the Association, no Person shall file a memorandum of lis pendens or similar instrument that would encumber or create a lien upon the real estate owned either by the Declarant or the Association.

Section 12.6. Disputes Requiring Emergency Relief. If a dispute requires immediate, emergency relief such as would be available through judicial injunctive relief, then either party to the dispute may seek such relief as a temporary resolution pending the opportunity to conduct other procedures under this Article.



POTOMAC CREST CONDOMINIUM  
CERTIFICATE FOR RESALE

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

FROM: Potomac Crest Condominium Unit Owners Association

RE: Condominium Unit No. \_\_\_\_\_  
Potomac Crest Condominium  
Woodbridge, Virginia

Pursuant to section 55-79.97 of the Condominium Act, as amended, we hereby certify that as of the date hereof, except as herein stated:

A. The status of assessments with respect to the condominium unit is as follows:

Current assessment due \_\_\_\_\_ \$ \_\_\_\_\_  
*Due Date*

Assessment in arrears \_\_\_\_\_ \$ \_\_\_\_\_  
*Periods Covered*

Other fees or charges due \_\_\_\_\_ \$ \_\_\_\_\_  
*Description*

Fees or charges in arrears \_\_\_\_\_ \$ \_\_\_\_\_  
*Description*

TOTAL DUE \$ \_\_\_\_\_

Assessments, fees and charges  
for the current fiscal year not yet due \$ \_\_\_\_\_

The Association levies annual assessments, payable in equal monthly installments, to pay common expenses. Special assessments may also be levied for the same purpose. A fee of up to \_\_\_\_\_ Dollars is currently charged by the Association for the preparation of a Certificate for Resale (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 except:

Initial and resale purchasers are required to pay to the Association an amount equal to three times the monthly installment of assessments at closing.

B. The condominium instruments do not create any rights of first refusal or other restraints on free alienability of any of the condominium units.

C. The following, if any, is a list of all expenditures of funds approved capital expenditures currently planned by the Unit Owners Association or the Board of Directors which

requires an assessment in addition to the regular assessment during the current or immediately succeeding fiscal year:

[Fill in if applicable.]

D. Attached to this certificate is a copy or summary of the current reserve study report. As of the date of this certificate, there is an outstanding balance in the reserve for replacement fund (reserve account) 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.]

E. Attached to this certificate is a copy of the statement of financial condition (balance sheet), an income and expense statement (if any), for the year ended \_\_\_\_\_, 20\_\_, the most recent fiscal year for which such statement is available, and a copy or summary of the current operating budget of the Unit Owners Association.

F. There are no unsatisfied judgments against the Unit Owners Association nor any pending suits in which the Unit Owners Association is a party which either could or would have a material impact on the Unit Owners Association or the unit owners or which relates to the condominium unit shown above except as follows:

[Fill in status and nature if applicable.]

G. The Unit Owners Association holds hazard, property damage and liability insurance policies covering the common elements and the units as required by the Bylaws. Each unit owner should obtain insurance covering property damage to betterments and improvements installed in the unit and personal property contained therein (not covered by the Unit Owners Association policy) as well as insurance covering personal liability. You are urged to consult with your insurance agent.

H. The Unit Owners Association has no knowledge of whether improvements or alterations made to the unit or the limited common elements assigned thereto are in violation of the condominium instruments except as follows:

[Fill in if applicable.]

If the Unit Owners Association has given the unit owner notice of any current or pending rule or architectural violation, a copy of the notice is attached to this certificate.

I. There is no leasehold estate affecting the Condominium.

J. The Condominium is not located within a development subject to the Virginia Property Owners' Association Act (section 55-508 et seq., Chapter 26 of the Code of Virginia, as amended). The documents for Potomac Crest Condominium Unit Owners Association impose certain covenants and restrictions on the units within the Condominium and require the payment of additional fees.

K. There is no limitation in the condominium instruments on the number of persons who may occupy a unit as a dwelling.

L. The condominium instruments do not restrict a unit owner's right to display the U.S. Flag.

M. The Unit Owners Association has filed with the Common Interest Community Board the annual report required by section 55-79.93:1. Filing No. \_\_\_\_\_, Expiration Date \_\_\_\_\_.

N. Attached to this certificate is a copy of the Bylaws and Rules and Regulations of the Condominium including all amendments. In addition, attached are copies of any approved minutes of the Association and Board of Directors meetings for six calendar months preceding the request for this resale certificate.

The information contained in this Certificate for Resale, issued pursuant to sections 55-79.97 (as applicable to nonresidential condominiums), 55-79.84H and 55-79.85 of the Condominium Act, as amended, based on the best knowledge and belief of the Unit Owners Association, is current as of the date hereof.

The name and address of the President of the Unit Owners Association is: \_\_\_\_\_.

The Unit Owners Association may charge a fee for the preparation of this Certificate for Resale as allowed by law.

The Association hereby certifies that it has filed with the Common Interest Community Board the Annual Report required by Section 55-79.93:1 of the Condominium Act. Registration/Filing No. \_\_\_\_\_ Expiration Date: \_\_\_\_\_

POTOMAC CREST CONDOMINIUM  
UNIT OWNERS ASSOCIATION

Dated \_\_\_\_\_, 20\_\_\_\_.

By \_\_\_\_\_  
Officer:

\_\_\_\_\_  
I hereby acknowledge that I received this Certificate for Resale on \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Unit Owner

\_\_\_\_\_  
I hereby acknowledge that I have received and read the information contained in this I Certificate for Resale on \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Purchaser

POTOMAC CREST CONDOMINIUM  
Maintenance Responsibilities

I	II	III	IV	V
ITEMS	COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	LIMITED COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	UNIT COMPONENTS UNDER ASSOCIATION RESPONSIBILITY	CERTAIN OTHER COMPONENTS UNDER UNIT OWNER'S RESPONSIBILITY WITHOUT RESPECT TO OWNERSHIP OF THE COMPONENT
Plumbing & related systems & components thereof.	All maintenance, repair & replacement of portions of plumbing serving more than one unit. Water damage to common elements or units other than the one which is the primary source of the problem through negligence of the occupants of such units.	If any, same as in Column II.	Only to the extent that a malfunction originates outside the unit in which the malfunction occurs or may occur.	All portions within a unit including fixtures & appliances attached thereto. Water damage to a unit, when the primary source of such problem is through the negligence of the occupants of that unit.
Electrical & related systems & components thereof excluding appliances, fixtures & lights serving only one unit.	All, in all regards.	All, in all regards.	--	All, in all regards, for items serving only one unit.
Heating, ventilating & cooling systems & components thereof.	If any, all, in all regards, serving more than one unit, as a common expense.	If any, same as in Column II.	--	All, in all regards, serving only one unit.
Parking Spaces.	All surface parking spaces in all regards.	All driveway parking spaces in all regards, except snow removal and routine sweeping.	--	All, in all regards for garage parking spaces included as part of unit. Snow removal and routine sweeping of driveway adjacent to and serving the unit.
Private streets and alleys.	All, in all regards.	--	--	--
Refuse collection system.	All, in all regards	--	--	--

POTOMAC CREST CONDOMINIUM  
Maintenance Responsibilities

I	II	III	IV	V
ITEMS	COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	LIMITED COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	UNIT COMPONENTS UNDER ASSOCIATION RESPONSIBILITY	CERTAIN OTHER COMPONENTS UNDER UNIT OWNER'S RESPONSIBILITY WITHOUT RESPECT TO OWNERSHIP OF THE COMPONENT
Grounds, including all paved areas and other improvements thereon lying outside the main walls of the building and all underground utility systems.	All in all regards, except snow removal on lead walks and community sidewalks and maintenance of plantings and improvements approved by the Association and installed by the unit owner	--	--	Maintenance of plantings and improvements approved by the Association and installed by the unit owner. Snow removal on lead sidewalks and community sidewalks located adjacent to the unit.
Building, exterior roof, exterior vertical walls, foundation.	All, in all regards.	--	--	--
Windows.	All which do not serve a unit, if any, in all regards.	--	--	All in all regards. Replacement shall be per specifications of Association
Doors, main entry to units, garage doors.	--	All surfaces exposed to outside including buck, trim & sill, but not including door panel.	--	Door panel, interior trim. Hardware set including lock and door chime assembly and hinges/closure mechanisms and garage door opener.
Balcony and patio doors.	--	--	--	In all regards including routine latch mechanism, cleaning, and weather-stripping.
Balconies, patios & railings.	--	In all regards except routine cleaning.	--	Routine cleaning.

POTOMAC CREST CONDOMINIUM  
Maintenance Responsibilities

I	II	III	IV	V
ITEMS	COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	LIMITED COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	UNIT COMPONENTS UNDER ASSOCIATION RESPONSIBILITY	CERTAIN OTHER COMPONENTS UNDER UNIT OWNER'S RESPONSIBILITY WITHOUT RESPECT TO OWNERSHIP OF THE COMPONENT
Screens (balcony or patio doors and windows).	All which do not serve a unit, in all regards, if any	--	--	All which serve the unit in all respects. Replacements to be of same color, grade & style.

NOTESMAINTENANCE RESPONSIBILITIES:

This chart and the titles and headings used herein are not intended to describe or encompass all maintenance functions nor to delineate all respective responsibilities between the unit owners, severally, and the Association. The placement of responsibility under any specific column does not always accurately reflect the precise character and nature of ownership. The appropriate sections of the Declaration determine ownership. In many cases maintenance responsibility is allocated to the Unit Owners Association to ensure central maintenance responsibility, uniformity and quality of repair, and to protect community health and safety. Where such maintenance is required due to the negligent or wrongful act or omission of a unit owner (or such unit owner's household, tenants, employees, agents, visitors, or guests or pets), the Association will perform the necessary maintenance at the sole expense of the unit owner.

Column I: Items. Items appearing in this column are illustrative and not exhaustive.

Column II: Common Elements Under Association Responsibility. Responsibility for determining and providing for the maintenance, repair and replacement requirements of the common elements and determining the costs thereof shall be primarily the responsibility of the Board of Directors and such designees to which it may delegate certain such responsibilities.

Column III: Limited Common Elements Under Association Responsibility. Responsibility for determining the maintenance, repair and replacement requirements of the limited common elements shall be a shared responsibility between the Board of Directors and the unit owner of a unit to which a specific limited common element is exclusively appurtenant; provided, however, that the Board shall have the final responsibility for determining the need for and accomplishing such maintenance, repair and replacement activities.

Column IV: Unit Components Under Association Responsibility. The items in this column are legally and by definition a part of a unit but are attached or directly connected to or associated with the common elements and common expense items in such a way that a clear distinction between unit owner and Association responsibility cannot be made. Moreover, such items frequently involve matters of concern relative to the general health, safety and welfare of all of the occupants of the building. Thus, certain costs which appear to benefit a single unit owner but which affect other unit owners are declared a common expense, especially when the correct functioning of an activity or element is integral to or supportive of the legally defined common elements and common expenses.

Column V: Certain Other Components Under Unit Owner's Responsibility Without Respect to Ownership of the Component. The items in this column are not intended to be exclusive and all-encompassing and do not affect responsibilities expressly provided for otherwise.

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Exhibit C  
to the Declaration

POTOMAC CREST CONDOMINIUM  
COMMON ELEMENT INTEREST TABLE

(Phase 1)

<u>Unit Type</u>	<u>No. Per Type</u>	<u>Size (approximate gross sq. ft. per Unit)</u>	<u>Par Value</u>	<u>Common Element Interest Per Unit</u>	<u>Total Common Element Interest Per Type</u>
Asbury	2	1,314	1,000	11.111	22.222
Bromley	2	1,324	1,000	11.111	22.222
Creswick	2	1,790	1,250	13.889	27.778
Danforth	2	2,041	1,250	13.889	27.778
TOTAL	8				100%

LIST OF UNITS

<u>PHASE/UNIT NO.</u>	<u>UNIT TYPE</u>	<u>STREET ADDRESS</u>
1-41	Asbury	12804 Lotte Drive
1-42	Bromley	12802 Lotte Drive
1-43	Danforth	12800 Lotte Drive
1-44	Danforth	12798 Lotte Drive
1-45	Creswick	12796 Lotte Drive
1-46	Creswick	12794 Lotte Drive
1-47	Bromley	12792 Lotte Drive
1-48	Asbury	12790 Lotte Drive



## NOTES TO COMMON ELEMENT INTEREST TABLE

1. The identifying number for each condominium unit consists of the building number followed by the unit number as set forth above on this Exhibit C. The identifying number is a sufficient legal description of the condominium unit for all purposes when set forth together with the name of the Condominium, the name of the jurisdiction in which the Condominium is situated and the instrument number where the first page of the Declaration is recorded.
2. Par value is the number of points assigned by the Declarant, calculated on the following basis. Units with similar or the same layout and size (in square feet) are grouped together and assigned a par value in points based on the size range as follows:

<u>Approximate Size in Square Feet</u>	<u>Par Value</u>
Less than 1,500	1000
1,500 or more	1250

All points are then totaled and each unit's Common Element Interest is calculated by dividing such unit's par value by the total number of points and multiplying by 100 to convert to a percentage. Units created later will be given a par value and have their Common Element Interests calculated using the same formula.

3. Common Element Interest per unit has been determined by taking the ratio of the par value of each unit to the total par value of all units in the Condominium. The listed par value for each unit is based upon the formula set forth above and the calculation of Common Element Interest has been rounded. The Common Element Interest shown for each unit is subject to change in the following circumstances:
  - A. If the Declarant or the Board of Directors at the request of any unit owner changes the Common Element Interest allocated to a unit pursuant to the procedures set forth in sections 55-79.69 or 55-79.70 of the Condominium Act as permitted by the Bylaws of the Condominium.
  - B. If the Declarant adds more units to the Condominium either by adding all or any portion of the additional land or by converting all or any portion of the convertible land, each Common Element Interest set forth above will decrease. The Common Element Interest of each unit will then be determined on the basis of the proportion which the par value of each unit bears to the total par value of all units.
  - C. If the Declarant withdraws all or any portion of the withdrawable land on which there are one or more condominium units, the Common Element Interest of each unit will increase. The Common Element Interest of each unit will then be determined on the basis of the proportion which the par value of each unit bears to the total par value of all units.

4. The Common Element Interest also is the percentage appurtenant to each unit for common expense liability.

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