

LAKE LAND'OR PROPERTY OWNERS
ASSOCIATION

BYLAWS

ARTICLE 1 - CORPORATION 5

§ 1.1 - Name.....5

§ 1.2 - Properties5

§ 1.3 - Registered agent.....5

§ 1.4 - Authority references5

ARTICLE 2 - MEMBERSHIP AND MEMBERS 6

§ 2.1 - Membership6

§ 2.2 - Members.....6

§ 2.3 - Nondiscrimination.....6

§ 2.4 - Exercise of member's rights and privileges.....6

§ 2.5 - Member in good standing6

§ 2.6 - Immediate family6

§ 2.7 - Membership identification cards.....6

§ 2.8 - Non-transfer6

§ 2.9 - Termination.....7

ARTICLE 3 - MEETINGS OF MEMBERS 7

§ 3.1 - Annual meeting7

§ 3.2 - Annual meeting reports7

§ 3.3 - Special meetings7

§ 3.4 - Meetings location7

§ 3.5 - Presiding 7

ARTICLE 4 - NOTICE OF MEMBER MEETINGS..... 7

§ 4.1 - Notice 7

§ 4.2 - Written notice 7

§ 4.3 - Waiver of notice..... 8

§ 4.4 - Members list for meeting..... 8

ARTICLE 5 - VOTING RIGHTS OF MEMBERS 8

§ 5.1 - Voting entitlement 8

§ 5.2 - Voting provisions 8

§ 5.3 - Voting by proxy 8

§ 5.4 - Acceptance of votes..... 8

§ 5.5 - Quorum..... 9

ARTICLE 6 - BOARD OF DIRECTORS..... 9

§ 6.1 - Board of Directors 9

§ 6.2 - Powers of the Board..... 9

§ 6.3 - Functions of the Board..... 9

§ 6.4 - Qualifications of Directors 9

§ 6.5 - Number of Directors 9

§ 6.6 - Terms of Directors..... 9

§ 6.7 - Consecutive term limits 9

§ 6.8 - Resignation of Directors 10

§ 6.9 - Director removal from office..... 10

§ 6.10 - Appointments to vacancies 10

ARTICLE 7 - ELECTION OF DIRECTORS 10

§ 7.1 - Directors 10

§ 7.2 - Election process 10

§ 7.3 - Holders of election 10

§ 7.4 - Elections..... 11

ARTICLE 8 - OFFICERS OF THE ASSOCIATION	11
§ 8.1 - Officers.....	11
§ 8.2 - General powers and duties.....	11
§ 8.3 - President.....	11
§ 8.4 - Vice-president	11
§ 8.5 - Secretary	11
§ 8.6 - Treasurer.....	11
§ 8.7 - Officer terms.....	12
§ 8.8 - Removal of officers.....	12
§ 8.9 - Resignation of officers.....	12
§ 8.10 - Vacancies.....	12
 ARTICLE 9 - DIRECTOR LIABILITY AND CONFLICT OF INTEREST.....	 12
§ 9.1 - Standards of conduct.....	12
§ 9.2 - Reliability of information.....	12
§ 9.3 - Burden of proof.....	12
§ 9.4 - Limitation on liability	12
§ 9.5 - Conflict of interest.....	12
§ 9.6 - Insurance.....	13
 ARTICLE 10 - MEETINGS OF DIRECTORS	 13
§ 10.1 - Directors meetings.....	13
§ 10.2 - Open meetings.....	13
§ 10.3 - Meeting location.....	13
§ 10.4 - Meeting notice	13
§ 10.5 - Quorum	13
§ 10.6 - Director absence.....	13
§ 10.7 - Work sessions	14
§ 10.8 - Closed sessions.....	14
 ARTICLE 11 - COMMITTEES	 14
§ 11.1 - Appointment.....	14

§ 11.2 - Legal requirements governing committees 14

§ 11.3 - Guidelines for committees 15

§ 11.4 - Standing committees 15

§ 11.5 - Ad Hoc Committees 16

ARTICLE 12 - COMMON AREAS AND AMENITIES..... 16

§ 12.1 - Common areas 16

§ 12.2 - Authorized use 16

§ 12.3 - Proof of authorized use 16

§ 12.4 - Responsibilities 16

§ 12.5 - Persons barred from use..... 17

§ 12.6 - Penalty for unauthorized use..... 17

§ 12.7 - Evasion prohibited..... 17

ARTICLE 13 - CHARGES..... 17

§ 13.1 - Uses of dues, fees and assessments..... 17

§ 13.2 - Annual dues..... 17

§ 13.3 - Lot assessment..... 17

§ 13.4 - Capital assessments..... 17

§ 13.5 - Special assessments 17

§ 13.6 - Construction deposits..... 18

§ 13.7 - Construction fees..... 18

§ 13.8 - Lease fees 18

§ 13.9 - Other fees..... 18

§ 13.10 - Board powers 18

§ 13.11 - Collection procedures 18

§ 13.12 - Remedies 18

ARTICLE 14 - FISCAL MANAGEMENT 19

§ 14.1 - Fiscal year 19

§ 14.2 - Accounting 19

§ 14.3 - Budgets..... 19

§ 14.4 - Unbudgeted expenses	19
§ 14.5 - Fiscal powers and limitations of General Manager	19
§ 14.6 - Fee waivers, reductions, or refunds	19
§ 14.7 - Emergency expenditures.....	19
§ 14.8 - Financial reports	19
ARTICLE 15 - LEGAL COMPLIANCE WITH THE VA POA ACT.....	20
§ 15.1 - Access to association records	20
§ 15.2 - Disclosure	20
§ 15.3 - Adoption and enforcement of Regulations.....	20
ARTICLE 16 - AMENDMENTS	20
ARTICLE 17 - PARLIAMENTARY AUTHORITY	21
ARTICLE 18 - CORPORATE SEAL.....	21

Article 1 - Corporation

§ 1.1 - Name

The name of this Virginia Non-Stock Corporation, formed pursuant to Title 13.1 Chapter 10, of the Code of Virginia, 1950, as amended, is: LAKE LAND'OR PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as "Association". The principal office of the Association is located at 319 Land'Or Drive, Ruther Glen, Virginia 22546.

Ref: NSC 13.1.819, 829, 833

§ 1.2 - Properties

That certain common and private real property located in Madison District, Caroline County, Virginia commonly known and designated as Lake Land'Or Resort Development. The designation Lot shall refer to the numbered plots or parcels of real estate within the Properties as shown and described on Plats of Survey recorded in the clerk's Office of the Circuit Court of Caroline County, Virginia, with the exception of the designated Common areas.

§ 1.3 - Registered agent

The Board shall appoint a registered agent who shall be an individual who is a resident of the Commonwealth of Virginia and who is an officer or Director of the Association or a member of the Virginia State Bar.

Ref: NSC 13.1.833

§ 1.4 - Authority references

The Code of Virginia, 1950 Title 13.1, Chapter 10, "Virginia Non-Stock Corporation Act" as amended and the Code of Virginia, 1950, Title 55, Chapter 26, "Virginia Property Owner's Act", as amended, serve as legal statutes governing the Association and these Bylaws. In addition, the Restrictions and Articles of Incorporation serve as the basis for certain provisions of these Bylaws. In the event there arises any conflict between these Bylaws and any of the enabling statutes, the provisions of the enabling statutes and thereafter the Restrictions and Articles of Incorporation shall apply and take precedence over the provisions of the Bylaws.

Article 2 - Membership and Members

§ 2.1 - Membership

The Association shall have one class of membership as described in the Articles of Incorporation, the terms of which pertaining to membership are specifically incorporated herein by reference. Ownership of the requisite property interest shall be the sole qualification for membership. Upon application and evidence of a recorded deed being presented to the Board of Directors by an applicant of ownership of a Lot(s) embraced within the Properties, the applicant shall be admitted to membership.

Ref: NSC 13.1.837

§ 2.2 - Members

Every person or entity who is a record owner of a fee or undivided fee interest of any Lot included with the Properties shall be a Member of the Association.

§ 2.3 - Nondiscrimination

No purchaser of a lot and no applicant for Membership shall be rejected for member status on the basis of sex, age, race, color, religion, national origin, or handicap.

§ 2.4 - Exercise of member's rights and privileges

The rights and privileges of a member of the Association, including the use of the Association's common areas and amenities, voting on Association matters and holding office as a Director, can be exercised only by, for, or on the behalf of a person whose membership is "in good standing" and as defined by these Bylaws. Nothing contained herein shall be construed as denying a lot owner direct access to such owner's lot over any road.

§ 2.5 - Member in good standing

- A. "Member in good standing" shall mean those persons, partnerships or corporations who:
 - 1. Own a lot or lots within the Properties, and
 - 2. Have paid and continue to pay the annual dues of the Association, the annual operating and capital assessments and any special assessments or other charges, either imposed or levied from time to time by the Board.
- B. A property owner shall cease to be a member in good standing for the following reasons:
 - 1. Failure to pay when due the applicable charges as outlined in Article 13, or
 - 2. Failure to abide by these Bylaws, the Articles of Incorporation, the Restrictions and Covenants, or the General or Building Rules and Regulations of the Association as determined by the Compliance and Hearing Committee and decided by the Board.
- C. The Association shall give written notice of suspension of membership. The notice shall state the reason for such action and inform the member that use and enjoyment of the common areas and amenities, as well as the privilege to vote and hold office, are suspended until such time as the member is reinstated.
- D. If the record owner of a lot or lots is not a natural person (for example, a corporation, partnership, or a multi-member group or organization) such "person" shall not be permitted to designate more than one natural person to use the Association's amenities, except as otherwise expressly permitted by these Bylaws.

§ 2.6 - Immediate family

A member's immediate family shall be entitled to enjoy the same common area and amenities privileges as a member except for the privilege to vote which is established as one vote per membership

The immediate family is defined as:

- A. One or more persons related by blood, adoption, or marriage but not more than two unrelated adults (and their children under 18 years of age) cohabiting as a single housekeeping unit, and
- B. The adult children or parents of a member who physically reside full-time in the household.

§ 2.7 - Membership identification cards

The Board shall issue to each member in good standing a membership card. The Board may from time to time prescribe the form and contents of such cards.

- A. It shall be the responsibility of each member to notify and provide written proof to the Association of all other persons who physically reside in their primary residence and are entitled to be issued a Membership or Identification Card.
- B. When a lot is owned by two or more persons, not a partnership or corporation, a membership card will be issued to each owner/member provided that each owner/member shall have paid all annual charges, assessments, and fees.
- C. When one or more lots are owned by a partnership, corporation, or any other type of multi-member organization or group that has designated a single person for membership, only one (1) membership card shall be issued to the individual designated by the said partnership, corporation, organization, or group as the card holder. The card holder shall exercise exclusively all privileges of membership available to individual owners of lots within the Lake Land'Or Resort Development. The name of the card holder shall be submitted in writing to the Association and subject to change only with 10 calendar days advance written notice.

§ 2.8 - Non-transfer

Membership in the Association is nontransferable.

§ 2.9 - Termination

Membership shall terminate upon the sale of the lot or lots for which a membership has been issued, or by revocation or suspension by the Board as provided by these Bylaws.

Article 3 - Meetings of Members

§ 3.1 - Annual meeting

The annual meeting of the Members shall be held during the month of April each year on the third (3rd) Saturday at 7 P.M. in the Heritage Clubhouse, or other suitable meeting place as deemed necessary and with proper notification of the members. Principal purposes of the annual meeting are:

- A. To present and discuss the Association's annual report,
- B. To elect Directors, and
- C. To conduct other business as may be necessary.

Ref: NSC 13.1.838

§ 3.2 - Annual meeting reports

At each annual meeting, the Board shall present a written annual report to the members present. This written report shall state the major events and/or issues affecting the Association, major accomplishments during the past fiscal year, and major goals and plans pertinent to the standing Board. This annual report shall also include a written report of the financial condition of the Association as shown by:

- A. Balance sheet,
- B. Operating statement, and
- C. Report of major repair and replacement funds.

Financial statements shall be prepared in accordance with generally accepted accounting principles.

§ 3.3 - Special meetings

A special meeting of members may be called at any time by the president, by the Board, or by a group of members having ten percent (10%) of the membership eligible to vote present, in person or by proxy to constitute a quorum. Only business within the stated purpose or purposes described in the special meeting notice required by these Bylaws may be conducted at a special meeting of members.

Ref: NSC 13.1.839

§ 3.4 - Meetings location

Annual and special meetings of members shall ordinarily take place at the Heritage Clubhouse, however, such meetings may be held at another location within Caroline County as identified in the notice of the meeting.

Ref: NSC 13.1.842

§ 3.5 - Presiding

The president, or in the absence of the president, the vice-president shall preside over all meetings of the members. The secretary, or in the absence of the secretary, the treasurer, shall act as secretary of all meetings. If neither the president, vice-president or secretary or treasurer be present, the members shall choose pro tem officials.

Article 4 - Notice of Member Meetings

§ 4.1 - Notice

The Association shall give members written notice of the date, time, and place of each annual and special members' meetings.

Ref: NSC 13.1.810, 842

§ 4.2 - Written notice

Written notice stating the place, date, and hour of member meetings shall be made and delivered to members as specified below. For special meetings, the purpose or purposes for which the special meeting is called shall be included in the written notice.

- A. Notice of regular and special member meetings may be given by letter or be published in the Association's newsletter publication or both. Such notice shall be considered given when addressed to the member at the current address of record and mailed at a United States Post Office.
- B. For annual or special member meetings not involving action on an amendment of the Articles of Incorporation or on a plan of merger or consolidation or a proposed sale of assets, or dissolution of the corporation, notice of the meeting shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting.
- C. Notice of members' meetings to act on an amendment of the Articles of Incorporation, a plan of merger or consolidation or a proposed sale of assets or dissolution of the corporation shall be given not less than twenty-five (25) nor more than sixty (60) days before the meeting. Any such notice by letter, or by publication in the Association's or both, shall be accompanied by a copy of the proposed amendment or plan for merger or consolidation, or proposed asset sale or corporation dissolution.

Ref: NSC 13.1.842

§ 4.3 - Waiver of notice

Notwithstanding any other provision of these Bylaws, whenever any notice is required to be given any member of any meeting for any purpose under the provisions of law, the Board or these Bylaws, a waiver thereof in writing, signed by the member entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Waivers must be delivered to the secretary for inclusion in the minutes or filing with Association records. Any member who attends a meeting of members:

- A. Waives objection to lack of notice or defective notice of the meeting, unless the member objects at the beginning of the meeting to holding the meeting and transacting business at the meeting, and,
- B. Waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless such member objects to considering the matter when it is presented.

Ref: NSC 13.1.843

§ 4.4 - Members list for meeting

The Association shall make available, at least ten (10) days before each members' meetings, a complete list of members in good standing with the addresses of each. This list of members shall be subject to inspection by any member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the members' meetings and shall be subject to inspection by any member of record during the meeting.

Ref: NSC 13.1.844, 845

Article 5 - Voting Rights of Members

§ 5.1 - Voting entitlement

Members in good standing shall be entitled to vote as the right to vote is conferred to members by the Articles of Incorporation and by these Bylaws. Members are entitled to vote at the annual meeting or any special member meetings on any and all matters that are properly raised at such meetings.

Ref: NSC 13.1.846

§ 5.2 - Voting provisions

The following provisions shall govern voting by members who are entitled to vote:

- A. The original member list for meetings shall serve as prima facie evidence as to who are the members entitled to examine such list or records or to vote at any meeting of members.
- B. For all elections of Directors and on all other matters where members are entitled to vote, each membership shall be entitled to cast only one (1) vote regardless of the number of adults in the household, partnership or corporation.
- C. No elections may be conducted entirely by mail.
- D. No cumulative voting shall be allowed.

Ref: NSC 13.1.845, 846, 852

§ 5.3 - Voting by proxy

A member entitled to vote may vote in person at meetings of the members or by proxy. Proxies may provide for voting by members on decisions before the Association or on the election or removal of Directors.

- A. Decision Proxies. Members entitled to vote may vote by proxy on issues or decisions to be brought before the membership at member meetings, provided that:
 - 1. Said decision proxy shall be executed in writing and signed by the member or by a duly authorized attorney-in-fact.
 - 2. No such decision proxy shall be valid after eleven (11) months from its date unless otherwise provided in the proxy.
 - 3. Every decision proxy shall be revocable at the pleasure of the person executing it.
 - 4. A decision proxy becomes effective when received by the Association's designated agent appointed to receive the proxies.
- B. Board Election Proxy. Members entitled to vote may vote by proxy for the election of or dismissal of Directors of the Board, provided that the proxy ballot:
 - 1. Shall contain the printed names of the candidates.
 - 2. Shall be completed and signed by member or a duly authorized attorney-in-fact.
 - 3. Shall designate only the appointed "Holders of Elections" as having authority to receive, open, count, and cast the ballot.
 - 4. Shall be revocable at the pleasure of the person executing it.
 - 5. Shall expire on the day following the annual meeting of members.

Ref: NSC 13.1.847

§ 5.4 - Acceptance of votes

The Association's acceptance of the validity of votes cast by members shall be in accordance with the provisions of Section 13.1-848 of the Virginia Non-Stock Corporation Act.

Ref: NSC 13.1.848

§ 5.5 - Quorum

Ten Percent (10%) of the membership eligible to vote present in person or by proxy shall constitute a quorum. A majority of said quorum shall be necessary for the election of Directors, the dismissal of Directors, and/or adoption of any bylaws or rules.

Ref: NSC 13.1.849, 851

Article 6 - Board of Directors

§ 6.1 - Board of Directors

An elected Board shall govern and ensure effective management of the overall business affairs of the Association. No Director shall receive any compensation from the Association, however, any Directors may be reimbursed for expenses incurred on behalf of the Association upon the vote of a majority of the Directors present, other than the Director seeking reimbursement.

Ref: NSC 13.1.814, 853, 863, 878

§ 6.2 - Powers of the Board

All usual corporate powers conferred by the statutes of Virginia upon Non-Stock Corporations and upon Property Owners Associations shall be exercised by, or under the authority of, the Board of Directors, except those powers specifically stated in the Amended Articles of Incorporation that are specifically reserved by the members.

§ 6.3 - Functions of the Board

In fulfilling its responsibilities, the Board shall carry out, but not be limited to, the following essential functions:

- A. Establish and carry out Association goals, policies, plans and programs, with input from members.
- B. Develop and implement financial policies and practices that are focused on ensuring the long-term viability and financial soundness of the Association.
- C. Appoint, charge, exercise oversight over, and act upon recommendations made by standing committees authorized by these Bylaws and made by such other ad hoc committees as may be appointed from time to time by the Board.
- D. Select and appoint a General Manager, clearly define duties/responsibilities and evaluate performance through a mid-year review and an annual formal evaluation.
- E. Establish an overall organizational structure for accountability and for evaluation of services rendered members, to ensure that high standards of service and performance are set and are being met.
- F. Ensure that members are well informed regarding the affairs of their Association.
- G. Enforce the Restrictions of the Development through prosecution, if necessary, by proceedings at law or in equity against any person or persons violating or attempting to violate any such Covenants or Restrictions either to prevent such persons from doing so, or to recover damages for such violations.

§ 6.4 - Qualifications of Directors

Each Director shall be of legal age (18 years or older) and shall be a member in good standing with no felony convictions of any kind.

Ref: NSC 13.1.854

§ 6.5 - Number of Directors

The number of elected Directors shall be as set forth in the Articles of Incorporation.

Ref: NSC 13.1.855

§ 6.6 - Terms of Directors

At each annual meeting, members of the Board shall be elected and shall each serve for terms of three (3) consecutive years, except as follows:

- A. The term of a Director appointed by vacancy between elections expires at the next member's meeting at which new Directors are to be elected.
- B. Each newly elected Director shall take office at the April meeting and shall hold office for the term for which elected unless said Director resigns from the Board or is properly removed from the Board as provided for in these Bylaws.
- C. If more than three (3) Directors are to be elected, the three (3) candidates receiving the first (1st), second (2nd), and third (3rd) highest number of votes shall serve terms of three (3) years each. The three (3) candidates receiving the fourth (4th), fifth (5th), and sixth (6th) highest number of votes shall serve terms of two (2) years each. All remaining candidates shall serve terms of one (1) year each.

Ref: NSC 13.1.857, 858

§ 6.7 - Consecutive term limits

No Director may serve more than two consecutive full terms, however, Directors who have served two consecutive full terms may again be re-elected after a one year interval. Directors having served two consecutive full terms shall not be eligible for nomination, candidacy, or appointment to vacancy during said one year interval.

§ 6.8 - Resignation of Directors

A Director may resign at any time by delivering written notice to the Board, its President, or its Secretary.

- A. A resignation is effective when notice is delivered unless the notice specifies a later effective date.
- B. Pending vacancies shall be filled in accordance with these Bylaws before the effective date provided that the appointed successor does not take office until the effective date of the vacancy.

Ref: NSC 13.1.859

§ 6.9 - Director removal from office

This section and all of its sub-sections, passed by the members, shall not be eligible for amendment or repeal by the Board of Directors.

- A. At any special meeting duly called for the purpose of removal of any Director, any number of the Directors may be removed, with or without cause, by a majority affirmative vote of a quorum of members present, in person or by proxy. An equal number of successors may then and there be elected to fill the vacancy thus created.
- B. After a Director has been removed pursuant to Para. A above, the members may vote to make such individual ineligible for future service on the Board of Directors. In the absence of such a vote of the members, any member of the Association is eligible to serve on the Board of Directors.
 - 1. Three directors who were removed from office by a vote of the members at a Special Meeting on June 26, 1998 shall be ineligible for future service on the Association's Board of Directors. Passed by the members on March 31, 1999.
 - 2. The names of these directors may be found in the permanent record of the minutes of the March 31, 1999 Continuation of the Special Meeting of the Members. Such names shall be provided annually to the Nominating Committee and the Holders of Election.

Ref: NSC 13.1.860; April 28, 2000, Referendum #3; March 31, 1999; June 26, 1998.

§ 6.10 - Appointments to vacancies

Any Director vacancy occurring between elections shall be filled by the candidates from the most recent election. In filling a Director vacancy by Board appointment, the following provisions shall apply:

- A. Appointment to the vacancy shall be based upon total number of votes received by eligible candidates who did not receive enough votes to be elected in the most recently held member election for Directors, but did receive a number of votes equal to one-fourth (1/4) of the members represented in person or by proxy at said election, until one of these prior candidates accepts appointment as a Director to fill the vacancy. If no such members remain, the Board shall appoint a member from the Compliance and Hearing Committee to serve until the next election.
- B. The term of a Director appointed by the Board to fill a vacancy shall expire at the next members' meeting at which Directors are elected by the membership. Nothing shall preclude the appointed Director from declaring as a candidate for elections as Director at the next scheduled Annual meeting.
- C. Upon the creation of a Board vacancy or vacancies, the President shall notify the eligible candidate(s) of the position offering. Any candidate(s) accepting vacancy positions shall be announced and recognized at the next open meeting or work session.

Ref: NSC 13.1.857, 862

Article 7 - Election of Directors

§ 7.1 - Directors

Directors shall be elected by Association members only.

Ref: NSC 13.1.855

§ 7.2 - Election process

The Board has responsibility to ensure that the following actions are taken each year in preparation for the annual election of Directors at the annual meeting of members held in April:

- A. Not later than its regular annual meeting, approve and provide a written charge to a Nominating Committee.
- B. Not later than its regular January meeting, cause to be printed and made available through the Administration office to all Members upon request, an application package for election to the Board of Directors.
- C. Not later than its regular March meeting, approve and provide a written charge to the designated Holders of Election.
- D. Not later than March 1st each year, ensure that each member is sent the following information relating to the annual member meeting and election of Directors:
 - 1. Notice of the date, time and place of the upcoming annual meeting.
 - 2. The resume of all candidates for a Director position on the Board.
 - 3. An information bulletin describing the voting rights of members as well as the process for casting votes for Director positions to become vacant at the upcoming annual meeting.
 - 4. A proxy statement which may be used by a member in the event he or she will be absent from the upcoming annual meeting.

Ref: NSC 13.1.855

§ 7.3 - Holders of election

Holders of Election shall be appointed by the Board and shall execute their duty impartially and to the best of their ability.

§ 7.4 - Elections

At the annual meeting of the members and at the point noted on the agenda, the president shall charge the Holders of Election with conducting the annual election of Directors. Thereupon, the Holders of Election shall:

- A. Receive from the secretary any proxy votes properly submitted prior to the annual meeting,
- B. Receive the votes of members present,
- C. Verify eligibility of the voters from a current eligible member list,
- D. Count all votes received,
- E. Present the election results for the record, and to the Membership,
- F. Subsequently prepare and sign a certificate of election results.

Article 8 - Officers of the Association

§ 8.1 - Officers

The required officers of the Association shall consist of a president, vice-president, secretary, and treasurer.

- A. The Board may add or delete by resolution such other officers and assistant officers as it deems to be in the best interests of the Association.
- B. The same individual may not simultaneously hold more than one office in the Association.
- C. Election or appointment of an officer shall not of itself create any contract rights in the office or the Association.

Ref: NSC 13.1.872

§ 8.2 - General powers and duties

The officers of the Association shall each have such general powers and duties as are customary for corporate officers and as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred upon the officer by the Board. Individual officers may not act independently of the Board except as the Board specifically delegates.

Ref: NSC 13.1.873

§ 8.3 - President

The president is responsible for ensuring the integrity of the Board process including the effectiveness of the Board's work and its adherence to governing documents of the Association. The president shall:

- A. Preside at all annual and special meetings of the members and at all work sessions and meetings of the Board,
- B. Ensure that all orders and resolutions of the Board are carried out effectively and in a timely manner,
- C. Provide guidance and direction, as determined by the Board, to the General Manager of the Association,
- D. Sign written instruments on behalf of the Association, and
- E. Serve as alternative cosignatory on all checks and promissory notes pursuant to such amounts as may be determined from time to time by the Board.

§ 8.4 - Vice-president

The vice-president shall assist the president in his or her duties as requested and shall exercise and discharge such other duties as may be required by the Board. The vice-president shall also act in the place and stead of the president in case of the president's absence, inability or refusal to act, and in so doing, shall exercise the powers and duties of the president.

§ 8.5 - Secretary

The secretary is responsible for the integrity and safekeeping of Association records. The secretary is also responsible to the Board for reporting on and noting any inconsistencies of Board actions. The secretary (or an appointed designated recording secretary) shall:

- A. Record all votes and keep minutes of meetings of the members and proceedings of all Board meetings,
- B. Keep and control the corporate seal of the Association and affix it on all papers requiring the seal,
- C. Serve proper and timely notice of all meetings of members and of the Board,
- D. Affix his or her signature to attest formally to the legitimacy of Association documents, and
- E. Exercise and discharge such other duties as may be assigned by the Board.

§ 8.6 - Treasurer

The treasurer is responsible for ensuring the integrity and safekeeping of the Association's financial records and for oversight of the financial processes and transactions of the Association. The treasurer also shall:

- A. Oversee all funds, securities, receipts and disbursements of the Association,
- B. Cause all moneys of the Association to be deposited, in the name of the Association, in depositories as shall from time to time be selected by the Board,
- C. Render to the president, Board and members an accounting of the financial condition of the Association on a monthly basis, and
- D. Perform all other duties ordinarily incident to the office of treasurer of an Association as well as such other duties as may be assigned by the Board.

§ 8.7 - Officer terms

Within two (2) weeks following the conclusion of the annual meeting of members, the Board shall elect the officers of the Association from among the Directors. Upon acceptance of his or her respective office, each officer shall serve a term of one year, or until a successor is elected and shall qualify. Persons serving as officers may not serve more than two (2) successive elected one-year terms in a particular office but may be reelected to the particular office after a one year interval.

§ 8.8 - Removal of officers

Any officer may be removed, with or without cause, whenever the Board deems that the best interests of the Association will be served by doing so. Any such removal shall require the vote of a majority of Directors.

Ref: NSC 13.1.874

§ 8.9 - Resignation of officers

An officer may resign at any time by delivering written notice to the Board, the president or secretary of the Association. A resignation is effective when notice is delivered unless the notice specifies a later effective date.

Ref: NSC 13.1.874

§ 8.10 - Vacancies

A vacancy in any officer position arising from any cause shall be filled for the unexpired portion of the term through election of a successor by the Board from among the remaining Directors. In filling a position created by a resignation effective at a later date, the Board may fill the pending officer vacancy before the effective date, provided that the successor does not take office until the effective date.

Article 9 - Director Liability and Conflict of Interest

§ 9.1 - Standards of conduct

Directors shall discharge their duties, including duties as an officer or member of a committee, in accordance with their good faith judgment of the best interests of the Association.

Ref: NSC 13.1.870

§ 9.2 - Reliability of information

Unless knowledge or information concerning a matter in question makes reliance unwarranted, a Director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

- A. One or more employees of the Association who the Director believes in good faith to be reliable and competent,
- B. Legal counsel, public accountants or others as to matters the Director believes in good faith are within the person's professional competence, and
- C. A committee of the Board if the Director believes in good faith that the committee merits confidence. A Director is not liable for any actions taken as a Director, or any failure to take any actions, if the Director performs the duties of the office in compliance with this section.

Ref: NSC 13.1.870.1, 870.2

§ 9.3 - Burden of proof

Any person alleging a violation by a Director of standards of conduct shall have the burden of proving the violation.

§ 9.4 - Limitation on liability

An officer or Director who elects to serve the Association without compensation for services shall not be personally liable for damages in any proceeding, however, the liability of an Officer or Director shall not be limited as provided in this section if the Officer or Director engaged in willful misconduct or a knowing violation of criminal law.

Ref: NSC 13.1.870.1, 870.2

§ 9.5 - Conflict of interest

A conflict of interest transaction is a transaction with the Association in which a Director has a direct or indirect personal interest. A conflict of interest transaction is not voidable by the Association solely because of a Director's interests in the transaction if any one of the following is true:

- A. The material facts of the transaction and the Director's interests were disclosed or known to the Board and the Board authorized, approved or ratified the transaction, or
- B. The material facts of the transaction and the Director's interests were disclosed to members entitled to vote on the matter and they authorized, approved or ratified the transaction, or
- C. The transaction was fair to the Association.

Regardless of section C above, for any matter in which a Director has a known or declared conflict of interest, said Director may not participate in the discussion, vote, or any part of related transactions. For any past transaction for which it is discovered that a Director had an undeclared conflict of interest, any decision, vote, contract, or transaction completed in favor of said Director shall be immediately

suspended by the General Manager, without Board action, upon proof of such conflict by any member. Such conflict will be forwarded to the Compliance and Hearing Committee for expeditious review of fairness and disclosure standards, and following a negative decision, said Director shall be immediately removed from any and all Board Officer positions and any and all committees, and immediate resignation from the Board shall be requested by resolution.

Ref: NSC 13.1.871

§ 9.6 - Insurance

The Association shall purchase and keep in effect liability insurance on behalf of all individuals who are or were Directors, appointed committee members or managers of the Association. Amounts of such insurance coverage may be governed by the recommendation of the Association's attorney of record.

Ref: NSC 13.1.882

Article 10 - Meetings of Directors

§ 10.1 - Directors meetings

As the elected Directors representing the members, the Board may schedule and conduct regular meetings, special meetings, hearings, and work sessions. Such meetings shall be held only after due notice thereof is given and only if a Board quorum is present.

Ref: NSC 13.1.864

§ 10.2 - Open meetings

All regular meetings and special meetings, hearings, and work sessions of the Board shall be open to all members of record at the time of the meeting, except that certain closed meetings of the Board are not open to members as described in Article 10, Section 7.

- A. Members shall not have voting rights on specific matters before the Board at regular and special meetings of the Board or at hearings conducted at Board meetings.
- B. Members in attendance at regular and special meetings of the Board, and in attendance at hearings or work sessions of the Board, shall be granted time to speak on any subject. The president may, in the interest of time, limit the presentation of any member.

§ 10.3 - Meeting location

Regular and special meetings as well as work sessions, hearings and closed meetings of the Board shall ordinarily take place at Lake Land'Or, however, such meetings may be held at another location, within Caroline County, as identified in the due notice of the meeting.

Ref: NSC 13.1.866

§ 10.4 - Meeting notice

Meetings of the Board may be held at any time upon call of the president, vice-president, or secretary or by any three (3) or more Directors. Notice must be given orally in person or by telephone or in writing by direct delivery or mail to each Director. Oral notice must be given not less than 48 hours prior to such meeting. Written notice must be given at least five (5) days prior to the date of the meeting.

- A. If the notice is mailed, such notice shall be deemed to be delivered when deposited in the United States mails, addressed to the Director at the address as it appears in the records of the Association, with postage prepaid thereon.
- B. If notice is oral, such notice shall be deemed delivered when given in person or by telephone or upon adoption of any resolution at a meeting of the Board which fixes and announces the date of the next meeting.
- C. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting except where a Director attends said meeting for the express purpose of objecting to the transacting of any business because the meeting has not been lawfully called or conveyed.
- D. Neither the business to be transacted at, nor the purpose of, any regular meeting of the Board need be specified in the notice or waiver of notice of such meeting.
- E. For special meetings of the Board, the purpose or purposes of the meeting must be part of the notice and only business within the stated purpose(s) described in the meeting notice may be conducted at a special meeting of the Board.

Ref: NSC 13.1.866, 867

§ 10.5 - Quorum

A majority of the current Directors shall constitute a quorum for transaction of the Board's business. The act of a majority of the Directors present at a meeting at which a quorum is present shall be deemed to be the act of the Board.

Ref: NSC 13.1.868

§ 10.6 - Director absence

If a member of the Board is absent from three consecutive meetings of the Board or from three consecutive scheduled work sessions, or committee meetings where the Director is a member of such committee, without cause deemed sufficient by the remaining members of the Board, the Board may request the resignation of that Board member.

§ 10.7 - Work sessions

Work sessions for the Board shall be held as needed, however, the Board is not permitted to vote on any matter or resolution during a work session. All matters requiring a vote must be addressed and voted upon during a regular meeting or during a special meeting called specifically for the purpose or purposes for which the vote is to be taken.

§ 10.8 - Closed sessions

The Board may convene in closed session with all other members of record excluded in order to consider personnel matters, consult with legal counsel, discuss and consider contracts, discuss potential or pending litigation, discuss matters involving violations of the Restrictions or Regulations pursuant thereto for which a member, family members, leaseholders, guests or other invitees are responsible, or, to discuss and consider the personal liability of members.

- A. Assembling in closed session shall require an affirmative vote of the Board in an open meeting.
- B. The motions for a closed session shall state specifically the purpose or purposes of the closed session.
- C. Reference to the motion and the stated purpose(s) for the closed session shall be included in the meeting minutes.
- D. The Board shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted from open meetings, and further, to those purposes stated specifically in the motion for closed session.
- E. No contract, motion or other action adopted, passed or agreed to in closed session shall become effective unless the Board, following the closed session, reconvenes in open meeting and takes a vote on such contract, motion or other actions, which shall be reasonably identified in the open meeting.
- E. The requirements of this section shall not require the disclosure of information in violation of law.

Ref: POA 55.510.1

Article 11 - Committees

§ 11.1 - Appointment

The Board may create as many standing or ad hoc committees as considered necessary to assist in governance and management of the Association. Such committees shall be created or dissolved at the pleasure of the Board.

- A. The creation of a committee and appointment of one or more Directors to a committee shall be approved by a majority of all Directors present and voting when the appointment action is taken.
- B. The Board is responsible for developing the purpose, duration, and charge for each committee established prior to the designation of a committee chairperson.
- C. Committee members must be in good standing and remain in good standing. Committee chairpersons, and additional committee members who are not Directors, shall be approved by the Board.
- D. Committee members may be removed by the Board for any cause. Any vacancy thereby created shall be forthwith filled by the Board.
- F. All committee members shall act within existing legal statutes and within the Restrictions, Articles of Incorporation, Bylaws, and Rules Regulations of the Association.

Ref: NSC 13.1.869

§ 11.2 - Legal requirements governing committees

The following Rules shall govern the actions of standing or ad hoc committees approved by the Board:

- A. All committee meetings and work sessions normally shall be open to all members. Committees shall be permitted to conduct closed sessions in those situations identified in Section 8 (Closed Sessions) of Article 10. In such cases, the committee shall comply with the requirements of that section.
- B. All committee meetings and work sessions shall ordinarily take place at Lake Land'Or, however, such meetings may be held at another location within Caroline County as identified in the due notice of the meeting.
- C. A quorum for all committee meetings shall be attendance by a simple majority of the committee's membership at the time of the meeting. The act of the majority of members present at any meeting at which a quorum is present shall be the act of the committee.
- D. Members of any committee may participate in a meeting of such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, participation by such means shall constitute presence in person at such meeting.
- E. Each approved committee member shall serve for a term of one year, a term as specified by the Board, or until a successor is approved by the Board, and shall remain a member in good standing for the entire term of approval. Vacancies shall be filled by approval by the Board only.
- F. Committees shall keep written summary minutes of all proceedings that are properly prepared by the secretary of the committee and approved by signature of the chair or vice-chair. Originals of minutes of all committee meetings are to be permanently filed in the principal office of the Association. Such records may be inspected by any member or the member's agent or attorney for any proper purpose during regular business hours and upon five (5) days notice.
- G. Committees may act only to the extent specified in these Bylaws and in the committee's charge as delegated by the Board.
- H. The committee chair, or in the absence of the chair, the vice-chair shall present a monthly report of progress and plans to the Board.

Ref: NSC 13.1.869

§ 11.3 - Guidelines for committees

The following guidelines shall govern the conduct of Board committees as well as committee members:

- A. Committees are approved:
 - 1. To provide recommendations to the Board relating to policies, issues, or major decisions, and/or
 - 2. To exercise oversight on behalf of the Board of specifically designated functions of the Association.
- B. Approved committees, whether standing or ad hoc, may not speak or act for the Board except when formally given such authority by the Board for specific, time-limited purposes.
- C. Delegated authority to committees must be carefully stated and limited in the committee's charge in order not to conflict with other authority and duties delegated by the Board.
- D. Committees cannot exercise direct authority over the Association staff nor over any contractor that provides services to the Association unless such authority is specifically delegated by the Board.
- E. Committees cannot directly approve or disapprove decisions or actions of the General Manager, however, such committees may make recommendations to the Board regarding decisions or actions of the General Manager.
- F. Committees are entitled to staff support by the General Manager or other managers who will serve, when appointed, as ex-officio committee members without vote.
- G. When Directors are appointed to a committee, the number of Directors serving on the committee shall not ordinarily constitute a majority of committee membership.

Ref: NSC 13.1.869

§ 11.4 - Standing committees

The Board shall annually approve by resolution the standing committees described below:

A. Building Committee

The Board shall approve by resolution a Building Committee which shall consist of at least five (5) members in good standing, one of whom shall be a current Director and shall serve as chair of the committee. The Committee shall also have a vice-chair and secretary. The General Manager shall serve as an ex-officio member of the Committee. The committee shall have as its sole purposes:

- 1. Review of applications from lot owners, for construction on a lot or lots within the Properties, of a single family dwelling, addition to or modification of an existing dwelling or building, and construction of an additional building, garage, storage shed, fence, patio or dock, and
- 2. Oversight of the inspection of properties, as accomplished by the General Manager or other designee, for which an application has been submitted to ensure that such construction of planned structures complies with the Covenants of record and with the plans submitted to and approved by the Committee.

In carrying out its two principal functions, the Committee shall meet at least monthly, or more often as the number of applications received dictates, and shall follow, and ensure that property owners follow, guidelines written in the Building Rules and Regulations.

B. Budget Committee

The Board shall, no later than June 1st, approve a Budget Committee which shall have as its principal purposes,

- 1. Preparation of recommendations to the Board regarding the Association's budgeting process to include data required, forms and formats for budgeting and other matters aimed at improving the preparation of Association budgets,
- 2. Review and modification as considered necessary of the annual operating, capital, and major repair and replacement budget recommendations of the General Manager,
- 3. Review and modification as considered necessary of the Association's reserves plan for major repair and replacement annual up-date submitted by the General Manager,
- 4. Plan and conduct public meetings and/or work sessions relating to Association budgets,
- 5. Prepare and submit a final draft of Association budgets, the reserves plan, and committee recommendations to the Board not later than December 1st,
- 6. Ensure publication of the Association's draft budgets, as reviewed and modified at the discretion of the Board, and
- 7. Conduct a formal hearing for members on published draft budgets.

The Budget Committee shall consist of at least seven (7) members in good standing who are property owners. At least two (2) committee members shall be current Directors, one of whom shall be the elected treasurer who shall chair the Budget Committee. A vice-chair and secretary must be elected by the committee. The chair, or in the absence of the chair the vice-chair shall preside over all meetings. The secretary shall be responsible for all minutes and records of the committee.

C. Compliance And Hearing Committee

The Board shall approve by resolution a Compliance and Hearing Committee from among the membership-at-large which shall serve the following purposes as delegated by the Board:

- 1. To recommend to the Board fair hearing procedures for enforcement of the Restrictions, Bylaws, and Regulations,
- 2. To serve as the approved tribunal for hearing matters involving alleged violations of the Restrictions, Bylaws, and Regulations of the Association, and
- 3. To make recommendations to the Board regarding penalties for proven violations of the Restrictions, Bylaws and Regulations.

In fulfilling its duties, this committee shall be governed by the guidelines entitled "Compliance and Hearing Regulation for Enforcement of the Restrictions, Bylaws and Regulations of the Lake Land'Or Property Owner's Association". The committee shall consist of seven (7) members in good standing, none of whom may be current Directors. Terms shall consist of three (3) members each to serve one year each, two (2) members each to serve two years each, and, two (2) members each to serve three years each. A chair, vice chair, and secretary shall be elected by the committee members.

D. Nominating Committee

The Board shall, at the Annual Meeting of the Members, approve a Nominating Committee. The committee shall have as its sole purposes:

1. Establishment of procedures for and times of acceptance of nominations for election to the Board,
2. Seeking nominees interested in being considered, and
3. Making final recommendations of candidates to the Board and members.

The committee shall have discretion regarding its methods and procedures and its contacts with prospective nominees. The Nominating Committee shall consist of at least five (5) members in good standing, none of whom shall be current Directors or members seeking election. Members of the Nominating Committee shall elect a chair, vice-chair and secretary. The chair, or in the absence of the chair the vice-chair, shall preside over all meetings. The secretary shall be responsible for all minutes and records of the committee. The following requirements shall govern the work of the committee:

1. Actively seek interested candidates sufficient to have at least two (2) prospective nominees for each vacant Board position. The committee shall also accept other nominations for the Board made by one or more members, provided that such additional nominations are submitted with the written signatures of thirty (30) members and provided that such nominations are submitted to the Nominating Committee not later than December 1st of each year. Nominations not accompanied by the required signatures or not submitted by the established date shall impose no responsibility on the Nominating Committee.
2. Hold at least two (2) meetings after first having given Association members at least a ten-day prior written notice.
3. Obtain consent from candidates and a written resume not to exceed 200 words in length.
4. Present to the Board by March 1st a slate of qualified and willing nominees that contains at least two (2) members for each vacancy.

§ 11.5 - Ad Hoc Committees

The Board may annually appoint by resolution as many ad hoc committees as considered necessary. Ad hoc committees shall be appointed in the same manner as standing committees and shall function under the same legal requirements and guidelines as prescribed in these Bylaws for standing committees.

Article 12 - Common Areas and Amenities

§ 12.1 - Common areas

“Common areas” shall mean real estate owned of record at any time, now and in the future, by the Association for the common and exclusive use and enjoyment of the members of the Association.

§ 12.2 - Authorized use

The following persons shall be authorized the full use and enjoyment of common areas and amenities, providing that such use and enjoyment is consistent with the Regulations of the Association as published and in effect at the time of use:

- A. Members of the Association in good standing and family members of the member who reside full-time in the member’s household.
- B. Invited guests of members in good standing, provided that:
 1. Such guests are accompanied by the member or an adult member of the member’s immediate household, or
 2. Such guests possess a guest card authorized by the member and issued by the Association entitling them to such use.

§ 12.3 - Proof of authorized use

It is the sole responsibility of the member to ensure that proof of authorized use of common areas and amenities is available as listed below and that proof is presented when requested to designated Association employees and authorized security officers on duty:

- A. Members must present a current membership card issued by the Association.
- B. Family members over age 12 residing in the member’s household must present a current identification card issued by the Association.
- C. Guests of members must identify the person who invited them and that person must then present a guest pass authorized by the member and issued by the Association. OR,
- D. Guests of members must present a fully completed guest pass issued by the Association and a valid form of photo I.D.

In all situations (A-E) above, the authorized Association staff person or Security Officer may also request and must be presented a photo identification card to be matched with cards and passes issued by the Association.

§ 12.4 - Responsibilities

Fulfilling the following responsibilities shall be a requirement of the continued full use of and enjoyment of the common areas and amenities:

- A. Members in good standing have a responsibility to use all common areas and amenities in a responsible and prudent manner. Deliberate damage or misuse shall be considered to the detriment of the Association and will cause action to be taken against the member as provided for in the Bylaws and Rules and Regulations of the Association and/or as provided for at law or equity.
- B. Members are solely responsible for the actions of their family members, guests, and leaseholders and thus have a duty to inform them of the Restrictions, Bylaws, and Rules and Regulations of the Association. Failure of family members, guests, and leaseholders to abide by the Association’s Restrictions, Bylaws, and Rules and Regulations will cause action to be taken against the offender as provided for in the Bylaws and Rules and Regulations of the Association and as provided for at law or equity.

§ 12.5 - Persons barred from use

The following shall be considered not in good standing and shall be barred from and not entitled to the use and enjoyment of common areas and amenities:

- A. Property owners whose amenities privileges have been temporarily suspended or revoked or whose membership has been legally revoked according to the Bylaws of the Association and they are thus not in good standing.
- B. Property owners whose Association's annual dues/assessments are more than thirty (30) days past due.
- C. Household members, guests, or leaseholders of property owners who are not in good standing.

Notwithstanding the foregoing, a property owner shall not be denied direct access to such owner's lot over any road.

Ref: POA 55-514

§ 12.6 - Penalty for unauthorized use

Persons barred from use of common areas and amenities by Section 6 above, who then make unauthorized use of such common areas and amenities, shall be exposed to all available remedies of the Association and remedies at law or equity that may be pursued by the Association for illegal use of and trespass upon common areas and amenities.

§ 12.7 - Evasion prohibited

A property owner who is not a member in good standing shall not be entitled to guest privileges to use common areas and amenities as a guest of another member if the intent or effect in so doing shall amount to an evasion of Restrictions, Bylaws, or Rules and Regulations of the Association.

Article 13 - Charges

§ 13.1 - Uses of dues, fees and assessments

Dues, operating assessments, special assessments, and fees charged by the Association shall be used solely for operation of Association services and for current and future maintenance, upkeep, and expansion, including capital expenditures and reserves for anticipate capital expenditures, of those common areas and amenities situated within the development and existing as the responsibility of the Association.

§ 13.2 - Annual dues

Each membership shall pay annual dues of sixty dollars (\$60.00) to the Association, its successors or assigns, annually on the first day of April, irrespective of whether or not the privilege of use and enjoyment of common areas and amenities is exercised by the member.

§ 13.3 - Lot assessment

An assessment applicable to each lot, with the annual amount to be determined by the Board, will be charged and shall be paid annually in accordance with the adopted budget resolution, determining method and plan of payments, irrespective of whether or not the privilege of use and enjoyment of common areas and amenities is exercised by the member. Funds from lot assessments are to be used for operation and maintenance of the Association. An exemption is granted for up to two additional original subdivision lots which are adjacent to the primary lot of the member, provided that:

- A. The member's dwelling, garage, and/or its septic system have been constructed over the lot line(s) of up to three adjacent lots owned by the same member. The member has sole responsibility for providing the Association with a plat approved by a licensed surveyor which shows that construction crosses the lines of the lots.
- B. The member has completed action to legally combine up to three adjacent original subdivision lots into one lot and duly recorded this action with the Recorder of Deeds in the Circuit Court of Caroline County. The member shall have sole responsibility for providing the Association proof that lots have been legally combined.

§ 13.4 - Capital assessments

A capital assessment applicable to each lot, with the annual amount to be determined by the Board, will be charged and shall be paid annually on the first day of July, irrespective of whether or not the privilege of use and enjoyment of common areas and amenities is exercised by the member. This capital assessment shall be used exclusively for new capital purchases, replacement capital purchases and maintenance or repair of capital items. An exemption is granted for up to three original subdivision lots as stated in 13.3 - Lot assessment.

§ 13.5 - Special assessments

If found to be in the best interests of the Association, in order to conserve the assets of the Association, and providing that the terms and conditions imposed by the Articles of Incorporation are complied with, the Board may, from time to time, and upon resolution adopted by it, charge each member with a special assessment. Such special assessments shall be in addition to the annual dues, statutory maintenance fee, lot fee, or any other charges imposed by the Association. Such resolution shall state the amount of the special assessment and shall state the last day on which such special assessment is due, provided, however, that each member shall have a period of at least ninety (90) calendar days in which to make full payment of the special assessment. Such special assessment notice shall be accompanied by a purpose statement, itemizing the assessment amount, destination of the funds, expected schedule of expenditure of assessment funds, and the names of any persons, groups, or businesses receiving or expected to receive any portion of said funds. An exemption is granted for up to three original subdivision lots as stated in 13.3 - lot assessment.

- A. Notification of the special assessment shall be given by the Association to each member no later than ten (10) business days after the adoption of the resolution calling for the special assessment. For purposes thereof, the mailing of a letter or an invoice to each member at the then known address of the member shall be deemed sufficient notification.
- B. The ninety (90) day period allowed for payment of the special assessment shall commence no sooner than the date of notification outlined above.
- C. If, at a called and constituted meeting of all of the members, a quorum being present of at least ten percent (10%) of the total number of votes entitled to be cast at any meeting of the members present in person or represented by a written proxy, said meeting taking place within sixty (60) days of promulgation of the notice of special assessment, there is passed by a vote of at least a majority of the members present in person or represented by proxy, a resolution calling for the rescission or reduction of the special assessment, then said special assessment or portion thereof shall become null and void and not collectible against any member.
- D. There shall be no similar special assessment made by the Association within a period of six (6) months from the date of the meeting of the members providing at such meeting a rescission reduction of a special assessment became effective.
- E. Any moneys paid by a member because of a special assessment subsequently rescinded or reduced pursuant to this Section, shall be promptly refunded to said member.

§ 13.6 - Construction deposits

The Association shall be entitled to and shall charge a refundable deposit in a reasonable amount for construction on a lot within the Properties of a single family dwelling or other authorized, approved structures. The Board is hereby authorized to set the amount and conditions of such deposits.

§ 13.7 - Construction fees

The Association shall be entitled to and shall charge a non-refundable construction fee in a reasonable amount for any construction on a lot within the Properties of a single family dwelling or other authorized approved structure. The Board is hereby authorized to set the amount and conditions of such fees.

§ 13.8 - Lease fees

The Association shall be entitled to and shall charge a leaseholder fee for leaseholder use of the common areas and amenities, irrespective of whether or not the privilege of use is exercised by the leaseholder. The Board is hereby authorized to set the type and amount of leaseholder fees. All such established leaseholder charges must be paid in full before the tenant can occupy the property as a leaseholder. All leases shall be for a minimum period of twelve (12) months.

- A. The leaseholder, together with the member-owner of the property being leased, shall be jointly and severally liable for the payment of all established leaseholder charges imposed by the Board during the period of leaseholder tenancy, except that lot, capital, and special assessments shall be the sole responsibility of the member.
- B. Members who choose to lease their property retain entitlement to full use and enjoyment of all common areas and amenities irrespective of whether or not the privilege of use is exercised by the property owner, therefore, members who lease their property to others shall remain responsible for paying annual dues, lot assessments, special assessments, and other fees as may be charged as determined annually by the Board.

§ 13.9 - Other fees

The Association shall be entitled to and shall set and collect use, service, and late fees. The type and amount of such other fees shall be recommended by the Budget Committee and determined annually by the Board.

§ 13.10 - Board powers

As pertains to the assessments and fees described in these Bylaws, nothing shall preclude the Board from:

- A. Increasing or decreasing the amount of fees or charges,
- B. Changing the method by which fees and charges are determined,
- C. Deciding and setting dates when fees and charges are due and payable, or
- C. Deciding the terms and conditions by which dues and charges might be paid.

§ 13.11 - Collection procedures

Following the adoption of each annual budget, the Board shall publish and distribute to all members the approved schedule of payments, including, but not limited to: available payment plans, due dates, grace periods, late fees, and collection procedures.

§ 13.12 - Remedies

Failure on the part of any member or lot owner within the development to pay each, every, and all of the charges, dues fees, or assessments imposed by this Article shall expose such lot owner to any and all remedies available to the Association, which remedies shall include the placing of a lien of record against the lot of the said owner and the responsibility to pay all costs incurred by the Association in the enforcement of such lien.

Article 14 - Fiscal Management

§ 14.1 - Fiscal year

The fiscal year of the Association shall be from April 1st to the following March 31st each year.

§ 14.2 - Accounting

Financial activities of the Association shall be in accordance with generally accepted accounting principles as defined by the Accounting Principles Board of the American Institute of Certified Public Accountants. Records of the Association are to be audited annually by an independent auditing firm selected by the Board.

Ref: NSC 13.1.932

§ 14.3 - Budgets

The Board shall review, modify as desired, and subsequently adopt annually for each fiscal year:

- A. An operating budget,
- B. A capital budget, and
- C. A reserve for repair and replacement budget as presented by the Budget Committee to the Board.

Once adopted for the applicable fiscal year, these budgets shall be the guidelines by which all decisions relating to sources and uses of funds by the Association are made, however, nothing shall preclude revisions being made in these budgets so long as all revisions are made by resolution of the Board at a meeting of the Board. The adopted or revised budgets shall give the president and General Manager delegated authority to spend funds for those items proposed and in those amounts approved.

§ 14.4 - Unbudgeted expenses

Unbudgeted expenses are not authorized. Unbudgeted expenses are defined as follows:

- A. Purchasing or contracting for any single items, or any group of related items, which would cause the expenses of a major budget category, as defined in the budget, to exceed by the end of the fiscal year the budgeted amount originally approved or revised by the Board.
- B. Purchasing, leasing, or rental of any equipment when the consideration exceeds \$2,000.00, unless such equipment is first specifically named and authorized in an approved original or approved revised budget.
- C. The hiring of any employee not previously included in the originally approved or approved revised budget, except that the General Manager may hire temporary hourly employees to fulfill Association needs so long as the budgeted amount for such temporary employees is not exceeded.

§ 14.5 - Fiscal powers and limitations of General Manager

The following fiscal limitations are placed by the Board on the General Manager. The General Manager:

- A. Has delegated authority to make line item adjustments within a major budget category, provided that the budgeted amount for the major budget category is not exceeded in any fiscal year. Such adjustments will be routinely reported to the Board at its next regular meeting.
- B. Has delegated authority to reprogram funds from one major budget category to another major budget category, provided that such reprogramming of funds can be justified as in the Association's interest and provided that total reprogramming of funds between any two categories does not exceed for a given fiscal year 5% or \$20,000.00, whichever is less, of the total funds budgeted in the category.
- C. May not award any purchase order for materials or equipment, or any contract for services, where the amount exceeds \$2,000.00 unless there has first been solicited at least three quotes or bids from vendors or contractors.
- D. May not spend more than \$2,000.00 for any given purchase or contract without the signature of at least one Board officer.

§ 14.6 - Fee waivers, reductions, or refunds

There shall be no waivers of, reductions of, or refunds of any amounts owed the Association, including, but not limited to, dues, assessments, fees, charges, penalties, fines, bills for services or any other sums owed for any other reason, without the prior approval of the Board. The Board shall issue annually a policy specifying any waivers, reductions, or refunds authorized for the fiscal year.

§ 14.7 - Emergency expenditures

Notwithstanding any other provision outlined in these Bylaws, emergency expenditures by the president and/or General Manager are hereby authorized:

- A. To prevent a hazard to life or health,
- B. To prevent substantial damage to any common areas or amenities, and
- C. To protect other capital assets of the Association. In no case shall such emergency expenditures exceed the sum necessary to abate or remove the hazard or potential damage.

§ 14.8 - Financial reports

The General Manager shall prepare financial reports of the Association as required by the treasurer and the Board. The treasurer shall review and present such reports to the Board.

- A. Monthly reports shall include at a minimum:

1. A statement of revenues and expenses, and
 2. A statement of the cash position of the Association.
- B. Annual reports shall include at a minimum:
1. Balance sheet,
 2. Statement of revenues and expenses,
 3. Report of reserve funds, and
 4. Report of the independent auditor.

Article 15 - Legal Compliance with the VA POA Act

§ 15.1 - Access to association records

The Association shall keep detailed records of receipts and expenditures affecting the operation and administration of the Association.

- A. Subject to the exception provisions of Section 1B of this Article, all books and records kept by or on behalf of the Association shall be available for examination and copying by a member or his or her authorized agent. This right of examination shall exist without reference to the duration of membership and may be exercised only during reasonable business hours or at a mutually convenient time and location and upon five (5) days written notice.
- B. Books and records kept by or on behalf of the Association shall be withheld from inspection to the extent that they concern:
1. Personnel records or individual personnel matters,
 2. An individual's medical records,
 3. Records relating to business transactions that are currently in negotiation,
 4. Internal correspondence between and among members of the Association, the Association's employees and the Association's legal counsel that related to potential, pending, or current litigation involving the Association,
 5. Complaints pending against an individual member, as well as all related documents,
 6. Pending litigation,
 7. Disclosure of information in violation of law, or
 8. Minutes of closed sessions.
- C. The Association will impose and collect a charge, reflecting the actual costs of materials and labor, prior to providing copies of any books and records to a member in good standing.

Ref: NSC 13.1.933, 934

§ 15.2 - Disclosure

The Association shall comply with Sections 55.511 and 55.512 of the Virginia Property Owner's Association Act which require that the Association shall make available to an owner or his/her authorized agent, within fourteen (14) days after a written request therefor and receipt of the appropriate fee, an Association disclosure packet, which, upon receipt, the seller shall deliver to the purchaser.

- A. The Association's disclosure packet shall conform to the requirements set forth in the Virginia Property Owner's Association Act.
- B. The Association shall charge a fee for the preparation and issuance of the required disclosure packet which shall reflect the actual cost of preparation but may not exceed the statutory limit of \$100.00.

§ 15.3 - Adoption and enforcement of Regulations

The Board shall have the power to establish, adopt, and enforce Regulations, including emergency Regulations, with respect to use of the common areas and amenities and with respect to such other areas of responsibility assigned to the Association by the Restrictions, except where expressly reserved by the Restrictions to the members.

- A. Any Bylaw or Regulation adopted by the Board may be repealed or amended by the members but only at a special meeting of the members called for that purpose, only if ten percent (10%) of the membership eligible to vote are present, in person or by proxy, to constitute a quorum, and only if a majority of said quorum vote to repeal or amend the provision(s) of the Bylaws or Regulations being considered.
- B. Regulations will be enforced by any method normally available to the owner of private property in Virginia, including, but not limited to, application for injunctive relief or damages, during which the court may award to the Association court costs and reasonable attorney's fees.
- C. The Board shall have the power to enforce fines against any member for any violation of the Restrictions, Bylaws, or Rules and Regulations for which the member or his or her family members, members of their household, guests, and leaseholders or other invitees are responsible.

Ref: NSC 13.1.823, 824

Article 16 - Amendments

The power to alter, amend or repeal these Bylaws or adopt new Bylaws shall be vested in the Board acting on behalf of the members, except where reserved for the members as set forth by the Virginia Nonstock Corporation Act, Section 13.1.892.2. Before making any elective changes in these Bylaws, the Board shall first publish proposed changes and hold a public hearing regarding such changes in accordance with these Bylaws. Changes mandated by amendments to applicable state statutes or changes to the table of contents or index will not require prior notice or hearing but will be published. The Bylaws may contain any provision for the Regulation and

management of the affairs of the Association not inconsistent with law, the Articles of Incorporation, or Restrictions. Notice of proposed change must be given in the written notice of the meeting called for that purpose. Upon approval by the Board of this Article, it shall be deemed in force with the same status as amendments approved by the members, allowing repeal or amendment only by the members, and removing such powers from the Board.

Ref: NSC 13.1.892

Article 17 - Parliamentary Authority

The Board shall adopt annually its Rules of Order. Robert's Rules of Order shall serve as a source of secondary guidelines for the proper conduct of the business of the Association not covered in the adopted Rules of Order.

Article 18 - Corporate Seal

The seal of the Association shall have inscribed thereon the name of the Corporation and the County or City of its principal office. The seal may be used by printing, engraving, lithographing, stamping or otherwise making, placing or affixing, or causing to be printed, engraved, lithographed, stamped or otherwise made, placed or affixed upon any paper or document, by any process whatsoever, an impression, facsimile or other reproduction of said seal.