

BY-LAWS

BY-LAWS

OF

CAMBRIDGE SQUARE HOMES ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is CAMBRIDGE SQUARE HOMES ASSOCIATION hereinafter referred to as the "Association." The principal office of the Association shall be located at such place as may be designated from time to time by the Board of Directors. Meetings of Members and the Board of Directors may be held at such places within or without the State of Virginia as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to CAMBRIDGE SQUARE HOMES ASSOCIATION, its successors and assigns.

Section 2. "Board of Directors" or "Board" shall mean and refer to the board of directors of the Association.

Section 3. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the members of the Association and so designated in the Declaration (hereinafter defined).

Section 4. "Declaration" shall mean and refer to the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS applicable to the Property, recorded, to be recorded, in the Clerk's Office of the Circuit Court of the County of PRINCE WILLIAM, VIRGINIA.

Section 5. "Declarant" shall mean and refer to EQUITY RESOURCES, INC its successors and assigns.

Section 6. "Lot" shall mean and refer to the numbered lots on the record subdivision plat of the Property and does not include any of the Common Area.

Section 7. "Member" shall mean and refer to every person or entity who a membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest as security for the performance of an obligation.

Section 9. "Property" shall mean and refer to that certain real property described in the Declaration and such additions as may hereafter be brought within the jurisdiction of the Association.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every person or entity who is an Owner of a fee or undivided fee interest in any Lot, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from any Lot. Ownership of a Lot shall be the sole qualification for membership of any Lot.

Section 2. Suspension of Membership Rights. During any period in which a Member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use of the recreational facilities of such member may be suspended by the Board of Directors (or any committee duly appointed by the Board of Directors) until such assessment has

been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days, for violation of any rule and regulations established by the Board of Directors governing the use of the Common Area and facilities.

ARTICLE IV

PROPERTY RIGHTS, RIGHTS OF ENJOYMENT

Each member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration. Any Member may delegate his right of enjoyment of the Common Area and facilities to the members of his family, tenants or contract purchasers, who reside on the Property. Such Member shall notify the secretary of the Association in writing of the name or names of such delegate(s). The rights and privileges of such delegate or delegates are subject to suspension to the same extent as those of the Member.

ARTICLE V

BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a board of five (5) directors, who must be Members. This restriction shall be construed to disallow the Declarant, while it is a Member, from appointing one or more agents on its behalf to act as a director or directors.

Section 2. Election. At the first annual meeting, the Members shall elect three directors to serve for a term of one year, three directors to serve for a term of two years, and three directors to serve for a term of three years; each annual meeting thereafter, the Members shall elect three directors to serve for a term of three years. Any vacancy occurring in the initial or any subsequent Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board, or by a sole director and, if not previously so filled at the next succeeding meeting of

Members of the Association. Any director elected to fill a vacancy shall serve as such until the expiration of the term of the director whose position he was elected to fill.

Section 3. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the Members. In the event of death, resignation or removal of a director, his successor shall be selected as set forth in Section 2 of this ARTICLE V.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association; however, by resolution of the Board, any director may be reimbursed for his actual out-of-pocket expense incurred in the performance of his duties as a director.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held no less often than quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after notice has been provided as set forth in Section 4 of this ARTICLE VI.

Section 3. Quorum. A majority of the directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Notice. When notice of any meeting of the Board is required, such notice shall be given at least three days previous to such meeting by written notice delivered personally or sent by mail or telegram to each director at his address as shown on the records of the Association. Any director may waive notice of any meeting before or after the time of the meeting stated therein. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law, the Articles of Incorporation, these By-Laws or the Declaration.

Section 5. Proxies. At all meetings of the Board of Directors, each director may vote in person or by proxy. All proxies shall be in writing and filed with the acting secretary at such meeting.

Section 6. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more other persons who are Members of the Association. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the Members. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The persons receiving the largest number of votes shall be deemed elected. Cumulative voting shall not be permitted.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

(a) Appoint and remove officers of the Association and establish their compensation, if any;

(b) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties, within the limits set out in the Declaration, the Articles of Incorporation, and these By-Laws, for the infraction thereof;

(c) exercise for the Association all powers, duties and authority vested or delegated to the Association and not reserved to the Members by other provisions of these By-Laws, the Article of Incorporation, or the Declaration; and

(d) employ a manager, an independent contractor, or such other employees they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to

(a) cause to be kept a complete record of all its acts and corporate transactions and to present a statement thereof at the regular annual meeting of the Members at any special meeting, when such statement is requested in writing by one of the Class A Members (as defined in the Declaration and Articles of Incorporation) who are entitled to vote;

(b) supervise all officers of the Association and see that their duties are properly performed;

(c) as more fully provided herein and in the Declaration,

(1) fix the amount of the annual assessment

against each Lot at least thirty days in advance of each annual assessment period, as hereinafter provided in ARTICLE XII; and

(2) send written notice of each assessment to every Owner subject thereto at least thirty days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty days after the due date or to bring an action at law against the Owner personally obligated to pay the same,

(d) issues, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain liability, hazard or other insurance for the protection of the Association and its property;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) cause the Common Area to be maintained.

ARTICLE IX

COMMITTEES

Section 1. The Board of Directors shall appoint a Nominating Committee,

provided in these By-Laws. In addition, the Board of Directors shall appoint or committees as deemed appropriate in carrying out its purposes, such as (but not limited to):

(a) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Common Area and shall perform such other functions as the Board, in its discretion, determines; and

(b) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, as provided in ARTICLE XI, Section 8(d). The Treasurer shall be an ex officio member of the Committee; and

(c) An Architectural Committee which shall exercise those duties and responsibilities to be exercised by said committee as set forth in the Declaration along with any other duties and responsibilities established by the Board.

Section 2. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as may be concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members shall be on the Third Tuesday of February of each year at the hour of 7:00 p.m.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the entire membership or who are entitled to vote one fourth (1/4) of the votes

Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, either personally or by mailing a copy of such notice postage prepaid, not less than ten nor more than fifty days before the date of such meeting, to each Member entitled to vote thereat, addressed to the Member at his address last appearing on the books of the Association or at such other address as shall be supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and in the case of a special meeting, the purpose of the meeting. If the applicable statutes of the Commonwealth of Virginia require a longer period of notice, such statutory requirement shall apply.

Section 4. Quorum. The presence at the meeting, in person or by proxy of Members entitled to cast one-tenth (1/10) of the votes of each class of member shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members present entitled to vote thereat, shall have power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum aforesaid shall be present.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Each proxy shall be revocable and shall automatically cease upon conveyance of a Member of his Lot.

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a president and a vice president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for a term of one year, unless he shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of the Secretary & Treasurer shall be held by the same person. No person shall simultaneously hold more than

~~the other offices except in the case of special offices created pursuant to Sect~~
~~of this ARTICLE XI.~~

Section 8. Duties. The duties of the officers are as follows:

(a) President - The president shall preside at all meetings of the Board of Directors and of the Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments in the name and behalf of the Association and shall co-sign all checks and promissory notes.

(b) Vice President - The vice president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary - The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses shall perform such other duties as are required by the Board.

(d) Treasurer - The treasurer shall receive and deposit in appropriate accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks of the Association; keep proper books of account; cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented at the regular annual meeting of the Members, and deliver a copy of each to the Members.

ARTICLE XII

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

Under the Declaration, each Member is deemed to covenant and agree to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with such interest, costs, and reasonable attorneys' fees, shall be the personal obligation of the person who was the Owner of the Lot at the time when the assessment fell due and shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purposes of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Property; and for the ownership, improvements, operation and maintenance of the Common Area and the improvements thereon.

Section 3. Basis and Maximum of Annual Assessments.

(a) Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment imposed upon each Class A Member shall be Two Hundred Forty Dollars (\$240.00) per Lot, and the maximum annual assessment imposed upon each Class B member shall be Sixty Dollars (\$60.00) per Lot. Thereafter, the maximum annual assessment paid by each Class B member for each Lot shall be Twenty-five percent (25%) of the maximum annual assessment paid by the Class A members, except that Declarant shall pay the full annual assessment imposed upon Class A members on all occupied units which are owned by Declarant.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be

each year by the annual increase on a percentage basis in the National Consumer Price Index as most recently published by the U. S. Bureau of Labor Statistics without a vote of the membership.

(c) From and after January 1 of the year immediately following the convey of the first Lot to an Owner, the maximum annual assessment may be increased ab the amount specified in sub-paragraph (b) by a vote of two-thirds (2/3) of each class of Members who are voting in person at a meeting duly called for this purpose.

(d) After consideration of current operating and maintenance costs and future needs of the Association, the Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes each class of Members who are voting in person at a meeting duly called for this purpose, written notice of which shall be sent to all Members, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting.

Section 5. Uniform Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 6. Quorum for Any Action Authorized Under Sections 3 and 4. At the first meeting called, as provided in Sections 3 and 4 of this ARTICLE XII, the presence in person of Members entitled to cast sixty percent (60%) of all the

each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 & 4, and the required quorum at such subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates.

(a) The annual assessment provided for herein shall commence as to all lots on the first day of the month following the conveyance of the Common to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year.

(b) The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period but in the absence of such action by the Board of Directors the annual assessment shall be in the amount last fixed. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall on demand at any time furnish a certificate in writing, signed by an officer of the Association, setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of such certificate. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association

Any assessment which is not paid when due shall be deemed delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessments shall bear interest from the due date at a rate not to exceed eight percent per annum, & the Association may bring an action at law against the Owner per

either case interest, costs, and reasonable attorneys' fees incurred shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessment provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust. - Sale or transfer of any Lot shall not affect the assessment lien. Foreclosure of such first mortgage or first deed of trust shall extinguish such lien for assessments due prior to such foreclosure (and such lien shall attach to any excess proceeds of the foreclosure) but no such foreclosure shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. The following property, subject to the Declaration shall be exempt from the assessments created therein; (a) All property dedicated to and accepted by a local public authority, (b) the Common Area, and (c) all Property owned by a charitable or nonprofit organization which is exempt from taxation by the laws of the State of Virginia. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE XIII

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal, in circular form, having within its circumference the words: CAMBRIDGE SQUARE HOMES ASSOCIATION.

ARTICLE XV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of the quorum of Member in person or by proxy, except that the Federal Housing Administration and/or the Veterans Administration shall have the right to veto amendments while there is Class B Membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being the principal officers and member directors of CAMBRIDGE SQUARE HOMES ASSOCIATION, have hereunto set our hands this 13th day of March, 1984.


