

BY LAWS OF FAIR WOODS HOMEOWNERS ASSOCIATION

ARTICLE I NAME AND LOCATION

The name of the corporation is Fair Woods Homeowners Association, hereinafter referred to as the "Association." The principal office of the Association shall be located at the address of its Registered Agent on file with the Virginia State Corporation Commission. Meetings of Members and Trustees may be held at such places as may be designated by the Board of Trustees (the "Board").

ARTICLE II DEFINITIONS

Terms used in these Bylaws which are defined in the Declaration shall have the same meaning and definition as in the Declaration. The Declaration is hereby incorporated herein and made a part hereof.

ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meetings. Annual meetings shall be held for the purpose of electing members to the Board, and for the Board and management to provide information to the Members regarding the actions taken over the past year. Annual meetings shall be held on a date set by the Board, not more than fourteen (14) or less than ten (10) months from the last annual meeting, provided that there shall be an annual meeting in each calendar year.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board or upon written request of the Owners who hold one-tenth (1/10) of the outstanding votes.

Section 3. Proxies. At every meeting, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall be automatically revoked after one year from the date it was signed.

Section 4. Method of Voting. Elections or questions to be submitted to all or any part of the membership may be decided at a meeting or by ballot vote, by mail, electronically or at polling places designated by the Board. The Board shall determine the method of voting by resolution and give notice thereof as provided herein.

Section 5. Quorum. At all annual and special meetings of the Members, except where a different quorum is specifically required under these Bylaws, Articles or Declaration, a quorum of owners will be deemed present at any meeting of the Members provided at least ten percent (10%) of the Members in good standing are present, in person or by proxy, at the beginning of such meeting.

ARTICLE IV NOTICE

Notice for meetings or ballot poll where action by Members in good standing is required or for meetings to amend the Articles of Incorporation shall be provided to Members at least thirty (30) days and no more than fifty (50) days prior to such meeting or ballot poll. Notice of all other meetings of Members shall be provided to Members at least fifteen (15) days before such meeting. Notice may be waived in writing as provided for in the Virginia Nonstock Corporation Act.

Notice of meetings or ballot polls shall specify the place, day and hour. In the case of a special meeting, the Notice shall state the purpose of the meeting. In the case of the ballot poll, the Notice shall include the matter(s) to be voted upon.

ARTICLE V BOARD OF TRUSTEES

Section 1. Number. The affairs of the Association shall be managed by a Board of five (5) or seven (7) Trustees. A majority of the Members present at any meeting shall be necessary to change the number of Trustees.

Section 2. Composition and Term.

Trustees must be Owners and shall be elected to serve two-year terms. Owners are not eligible to serve as a Trustee if the Owner is more than 30 days delinquent in the payment of assessments or other financial obligations to the Association.

Section 3. Method of Nomination. Any Member in good standing may nominate any other Member in good standing, including him/herself as a candidate to the Board.

Section 4. Method of 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. Cumulative voting is not permitted. Those persons receiving the largest number of votes shall be elected.

Section 5. Resignation and Removal. The unexcused absence of a Trustee from three regular meetings of the Board or a delinquency by a Trustee in the payment of assessments or other financial obligations to the Association which continues for a period of more than thirty days shall be deemed a resignation; however, before such resignation becomes effective the Trustee shall be provided a reasonable opportunity to be heard and if an explanation satisfactory to the Board is given, as determined by a majority vote of the remaining Trustees, the Board may refuse the resignation and the Trustee may remain on the Board. Any Trustee may be removed from the Board, with or without cause, by a majority vote of the Members of the Association.

Section 6. Vacancies. In the event of death, resignation, or removal of a Trustee, his successor shall be selected by the remaining Trustees, and shall serve until the next annual meeting, when a successor will be elected to finish the unexpired term or a new term as applicable.

Section 7. Compensation. No Trustee shall receive compensation for any service he may render to the Association. However, any Trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 8. Powers. The Board shall have all powers for the conduct of the affairs of the Association which are enabled by law and the Governing Documents which are not specifically reserved to Members.

Section 9. Duties. Without limiting the generality of its powers, it shall be the duty of the Board to:

- (a) exercise its powers in accordance with the Governing Documents;
- (b) cause to be kept a complete record of all its corporate affairs, and make such records available for inspection by any Member, his agent, or Institutional Lender who has an interest in the Properties and present an annual statement thereof to the Members and First Mortgages;
- (c) adopt and publish rules and regulations, including fees, if any, governing the use of the Common Area and facilities and the personal conduct of the Members and their guests thereon;
- (e) establish architectural standards for the Properties;
- (f) supervise all officers, agents, and employees of the Association and see that their duties are properly performed;
- (g) designate depositories for Association funds, designate those officers, agents, and/or employees, who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate;
- (h) send written notice of each assessment to every Owner subject thereto at least 30 days in advance of the due date of the annual assessment or first installment thereof;
- (i) appoint committees the Board deems necessary or helpful; and
- (j) exercise their powers and duties in good faith, with a view to the interests of the Association.

The Board shall have the right to delegate duties to the Association's professional management company as it deems appropriate.

ARTICLE VI OFFICERS

Section 1. Enumeration of Offices. The officers. of the Association shall be a president and a vice president, who shall at all times be members of the Board, 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 following each annual meeting of the Members.

Section 3. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year.

Section 4. Resignation and Removal. After being provided a reasonable opportunity to be heard, 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 a resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. Multiple Offices. The offices of president and secretary may not be held by the same person.

Section 7. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board and of the Association (unless the Board designates another officer to preside at such meetings); see that orders and resolutions of the Board are carried out; sign all mortgages, leases, deeds, and other written instruments and co-sign all promissory notes and contracts as the Board may approve from time to time.

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

(c) Secretary. The secretary shall cause the minutes to be kept of all meetings and proceedings of the Board and of the Members; ensure that all board actions are documented; serve as custodian of Association files and, records, keep the corporate seal of the Association and affix it on all papers requiring said seal; cause notice to be served to Members and Institutional Lenders as required in the Governing Documents; cause a roster to be maintained of the names of all Members of the Association together with their addresses, as registered by such Members; cause a roster to be maintained of all First Mortgagees, together with the properties in which each has an interest and annually send a copy of such roster to the Lead Lender; and perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall review the financial statements submitted by the management company on a monthly basis, and with the assistance of the management company and input from the Board, assist in preparing the annual budget.

ARTICLE VII COMMITTEES

The Board shall have the power to establish committees as it deems fit. Membership eligibility for committees shall be determined by the Board.

ARTICLE VIII ARCHITECTURAL REVIEW BOARD

Section 1. Composition. The Architectural Review Board ("ARB") shall be comprised of three or more Members appointed by the Board. Members shall serve staggered three year terms, or such terms as determined by the Board.

Section 2. Vacancies. Appointments to fill vacancies in unexpired terms shall be made by the Board.

Section 3. Officers. At the first meeting of the ARB following each Annual Meeting of Members, the ARB shall elect from among themselves, a Chair, a Vice Chair, and a Secretary who shall perform the usual duties of their respective offices.

Section 4. Duties. The ARB shall regulate the external design, appearance, and locations of the Lots and improvements thereon in such a manner so as to preserve and enhance values and to

maintain a harmonious relationship among structures and the natural vegetation and topography. In furtherance thereof, the ARB shall:

(a) Review and approve, modify or disapprove, within forty-five (45) days, all written applications of Owners for improvements or additions (as described in Article VI of the Declaration) to Lots or Living Units.

(b) Periodically inspect or cause to be inspected the Lots for compliance with architectural standards and approved plans for alteration and

(c) Adopt architectural guidelines and programs subject to the confirmation of the Board and

(d) Maintain or have maintained on behalf of the ARB complete and accurate records of all actions taken.

ARTICLE IX MEETINGS OF THE BOARD OF TRUSTEES THE ARCHITECTURAL REVIEW BOARD AND COMMITTEES

Section 1. Regular Meetings. Regular meetings of the Board, the ARB and all committees shall be held at such place and hour as may be fixed from time to time by resolution of such board or committee. Notice, however, may be waived in writing by any member. Notice of the time, date and place of each meeting of the Board, the ARB or of any committee shall be published where it is reasonably calculated to be available to a majority of the Members.

Section 2. Special Meetings. Special meetings of the Board, ARB or committees shall be held when called by the president of the Association, by its chairman or by any two members of such board or committee, after not less than three (3) days' notice to each member of such board or committee. Notice, reasonable under the circumstances, of special meetings shall be given to the Members, contemporaneously with the notice provided members of the association's board or committee conducting the meeting.

Section 3. Quorum. A majority of the members of a board or committee shall constitute a quorum for the transaction of business except in no event shall a quorum of the board be less than three members.

Section 4. Executive Sessions. All meetings of boards or committees shall be open to observers, except that the president or chairman may call a board or committee into executive session. The motion shall state specifically the purpose for the executive session. Reference to the motion and the stated purpose for the executive session shall be included in the minutes. The board, ARB or any committee may convene in executive session to:

- A. consider personnel matters;
- B. consult with legal counsel;
- C. discuss and consider contracts
- D. discuss pending or probable litigation
- E. discuss matters involving violations of the Governing Documents for which a Member, his family members, tenants, guests or other invitees are responsible;
- F. discuss and consider the personal liability of Members to the Association; or
- G. such other matters that may be considered in executive session by the Virginia Property Owners Association Act.

Section 5. Action Taken Without a Meeting. The members of a board or committee 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 members of such board or committee. Any action so approved shall have the same effect as though taken at a meeting of the board or committee. Such actions shall be entered into the minutes of the next regularly scheduled Board meeting.

ARTICLE X INDEMNIFICATION

The Association shall indemnify every officer and Trustee of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Trustee in connection with any action, suit or other proceeding including settlement of any suit or proceeding if approved by the Board to which he may be a party by reason of being or having been an officer or Trustee of the Association whether or not such person is an officer or Trustee at the time such expenses are incurred. The officers and Trustees of the Association shall not be liable to the Association or the Members for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The officers and Trustees of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Trustee free and harmless against any and all liabilities to others on account of any such contract or commitment. Any right to indemnification provided herein shall not be exclusive of any of the rights to which any officer or Trustee of the Association, or former officer or trustee of the Association, may be entitled

ARTICLE XI FISCAL YEAR

The fiscal year of the Association shall begin on the first day of October and end on the last day of September of every year. The Board shall have the right to change the fiscal year by resolution.

ARTICLE XII AMENDMENT

Section 1. Method. These Bylaws may be amended:

(a) By a vote of two-thirds (2/3) of the Trustees of the Board at any meeting duly called for that purpose, providing notice of the meeting and the proposed amendments has been given to the Members at least fifteen (15) days prior to meeting; or,

(b) At a meeting of the Members, by a two-thirds (2/3) vote of a Quorum of Members, providing the proposed amendments have been submitted to the Board in writing at least thirty (30) days prior to such meeting. Any proposed amendments shall be included in the notice of such meeting.

Amendments shall become effective upon adoption.

ARTICLE XIII BREACH OF COVENANT TO PAY ASSESSMENTS

Section 1. Costs and Attorney's Fees: In addition to any damages arising out of a Member's alleged breach of covenant to pay assessments, the Association shall also be entitled to recover the costs and attorney's fees associated with any claims, demands, suits, actions or proceedings undertaken by the Association to rectify the breach and collect the delinquent assessments.

Section 2. Late Charges/Interest Any assessment, or installment thereof, not paid in full within thirty (30) days after the due date shall incur a late charge of \$25.00, or such other amount as established by the Board from time to time. Late charges shall be added to the Owner's account and may be imposed for each thirty (30) day period in which a balance remains outstanding on an Owner's account. The Board shall have the authority to impose interest on delinquent assessments pursuant to the Declaration.

Section 3. Appointment Unless otherwise provided by the Board, the Association's legal counsel is hereby designated principal officer of the Association and attorneys-in-fact for the purposes of verifying Memoranda of Lien and lawsuits on behalf of the Association in the course of collecting delinquent assessments and related interest, fees and costs.