

**BERNARD'S LANDING COMPREHENSIVE PROPERTY OWNERS ASSOCIATION, INC.
BYLAWS**

ARTICLE 1

General Provisions

Section 1.1. Applicability. These Bylaws provide for the governance of Bernard's Landing, a planned unit development, located in Franklin County, Virginia. Within Bernard's Landing there may exist townhouses, cluster houses, condominium units, single or other multi-family units as well as certain limited commercial endeavors. It is the overall duty of this corporation to control and monitor all aspects of this development.

Section 1.2. Office. The office of the Comprehensive Property Owners Association and the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors. The initial office shall be at the office of David S. Wilson, Route 3, Box 90, Moneta, Virginia 24121.

Section 1.3. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations as amended, or as defined herein or if not so defined, the meanings specified for such terms in Section 55-79.41 of the Virginia Condominium Act. The following terms have the following meanings:

(a) "Declarant or Developer Control Period" means the period described in Article VI of the Articles of Incorporation of this corporation.

(b) "Development" means the entire tracts known and developed as Bernard's Landing.

(c) "Limited Common Expenses" means expenses separately assessed against more than one but less than all of the property owners or unit owners generally in accordance with the use of the services.

(d) "Majority of the Unit Owners" means those Unit Owners owning Units representing more than fifty percent of the aggregate Percentage Interests present and actually voting in person or by proxy at a duly convened meeting at which a quorum is present. Any specified percentage of the Unit Owners means the Unit Owners owning Units representing such percentage of the aggregate Percentage Interests present and actually voting in person or by proxy at such a meeting.

(e) “Mortgagee” means a Lender holding a first mortgage or first deed of trust (“Mortgage”) encumbering a Unit in the development.

(f) “Officer” means any person holding office pursuant to Article 4 of these Bylaws, but contrary to section 55-79.41 (t) of the Condominium Act if such should apply, shall not mean members of the Board of Directors unless such members are also officers pursuant to Article 4.

(g) “Percentage Interest” means the number of votes assigned to each Unit. Unless otherwise specified, each unit shall have one vote.

(h) “Property or The Property” means any property, real or personal, subjected to the processes of the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing.

(i) “Reserved or Limited Common Elements” means Common Elements which have been designated by the Board of Directors for the exclusive use of less than all of the Unit Owners on a temporary basis.

(j) “Unit Owner” means a Unit Owner, Property Owner or Condominium Unit Owner.

(k) “The Unit Owners Association” or “The Association” means the unincorporated, non-profit association of all the Unit Owners known as Bernard’s Landing Comprehensive Property Owners Association, Inc.

ARTICLE 2

Unit Owners Association

Section 2.1. Composition. The Unit Owners Association shall consist of all of the Unit Owners. For all purposes the Unit Owners Association shall act merely as an agent for the Unit Owners as a group. The Unit Owners Association shall have the responsibility of administering the Development, establishing the means and methods of collecting assessments and charges, arranging for the management of the Development and performing all of the other acts that may be required or permitted to be performed by the Unit Owners Association, by the Condominium Act (should it apply) and by any Declaration of Condominium. Except as to those matters which the Virginia Condominium Act specifically requires to be performed by the vote of the Unit Owners Association, the foregoing responsibilities shall be performed by the Board of Directors or Managing Agent as more particularly set forth in Article 3 of these Bylaws.

Section 2.2. Annual Meetings. The annual meetings of the Unit Owners Association shall be held at least seventy-five days before the beginning of each fiscal year on such date other than a Sunday or legal holiday as may be established by the Board of Directors. At such annual meetings members of the Board of Directors shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.4 of these Bylaws. During the Declarant (Developer) Control Period, he shall be entitled to designate members of the Board of Directors not elected pursuant to Section 2.4. If the special meeting held pursuant to Section 2.4 is held within six months of a scheduled annual meeting, the annual meeting shall not be held until the following year.

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

Section 2.4. Special Meetings.

(a) The President shall call a special meeting of the Unit Owners Association if so directed by resolution of the Board of Directors or, after the termination of the Declarant (Developer) Control Period, upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty-five percent of the aggregate Percentage Interests. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Not later than the termination of the Declarant (Developer) Control Period, a special meeting of the Unit Owners Association shall be held at which a majority of the members of the Board of Directors shall be elected by the Unit Owners, including the Declarant (Developer) if the Declarant (Developer) owns one or more Units. If such election is held prior to the time required by this section, the members of the Board of Directors elected at such election shall not take office until the earlier of the time such election is required to be held or resignation of a director appointed by the Declarant (Developer) without appointment of a replacement within ten days. The elected members of the Board of Directors shall assume office in the order of the highest number of votes received. Any remaining members of the Board of Directors designated by the Declarant (Developer) shall continue to serve until their terms expire; provided, however, that no more than two such directors may serve during the first year after the special meeting and no more than one such director may serve during the second year after the special meeting.

Section 2.5. Notice of Meetings. The Secretary or other officer shall give to each Unit Owner a notice of each annual or regularly scheduled meeting of the Unit Owners at least twenty-one but not more than thirty days, and of each special meeting of the Unit Owners at least seven but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof.

Section 2.6. Adjournment of Meetings. If at any meeting of the Unit Owners Association a quorum is not present, Unit Owners of a majority of the Percentage Interests who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

Section 2.7. Order of Business. The order of business at all meetings of the Unit Owners Association shall be as follows:

- (a) roll call (proof of quorum);
- (b) proof of notice of meeting;
- (c) reading of minutes of preceding meeting;
- (d) reports of officers;
- (e) report of Board of Directors;
- (f) reports of committees;
- (g) election or appointment of inspectors of election
(when so required);
- (h) election of members of the Board of Directors
(when so required);
- (i) unfinished business; and
- (j) new business.

Section 2.8. Title to Units. Title to a Unit may be taken in the name of one or more Persons, in any manner permitted by law. The Unit Owners Association may acquire, hold and transfer full legal title to one or more Units condominium or other in the Development in its own name.

Section 2.9. Voting.

(a) Voting at all meetings of the Unit Owners Association shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the Percentage Interest assigned to his Unit in the Declaration. Otherwise, where the ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote of such Unit shall be the Person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one person owning such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement. Such certificate shall be valid until revoked by a subsequent certificate similarly executed.

Subject to the requirements of section 55-79.72 of the Condominium Act, wherever the approval or disapproval of a Unit Owner is required, such approval or disapproval shall be made only by the Person who would be entitled to cast the vote of such Unit at any meeting of the Unit Owners Association.

(b) Except where a greater number is required by law, a Majority of the Unit Owners is required to adopt decisions at any meeting of the Unit Owners Association. Pursuant to Article VI of the Articles of Incorporation of this Association, the Declarant (Developer), David S. Wilson, shall be entitled to four votes for each lot or unit owned by him, under construction at his direction or planned. At the present time there are 250 such units planned. Declarant (Developer) shall annually advise The Association of the number of units owned, under construction or planned so voting rights may be established.

(c) No Unit Owner may vote at any meeting of the Unit Owners Association or be elected to or serve on the Board of Directors if payment of the assessment on his Unit is delinquent more than thirty days and the amount necessary to bring his account current has not been paid at the time of such meeting or election. There shall be no cumulative voting.

Section 2.10. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, the Secretary of the Unit Owners Association, the Declarant (Developer) or his Mortgagee, or in the case of a non-resident Unit Owner, the lessee of such Unit Owner's Unit, his attorney or management agent. Proxies shall be duly executed in writing, shall be witnessed, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Unit. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred and eighty days after the execution thereof.

Section 2.11. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of twenty percent or more of the Unit Owners shall constitute a quorum at all meetings of the Unit Owners Association.

Section 2.12. Conduct of meetings. The President shall preside over all meetings of the Unit Owners Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

The President may appoint a person to serve as parliamentarian at any meeting of the Unit Owners Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Unit Owners Association when not in conflict with the Declaration, these Bylaws or the Condominium Act. All votes shall be tallied by tellers appointed by the President or other officer presiding over the meeting.

ARTICLE 3

Board of Directors

Section 3.1. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Unit Owners Association and may do all such acts and things as are not by law or by these Bylaws required to be exercised and done by the Unit Owners Association. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Development; provided, however, that such Rules and Regulations shall not be in conflict with the Condominium Act, any Declaration of these Bylaws or the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations, as amended from time to time. The Board of Directors shall delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Board of Directors on such matters relating to the duties of the Managing Agent (as defined in Section 3.3 hereof), if any, which may arise between meetings of the Board of Directors as the Board of Directors deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Unit Owners Association that may hereafter be adopted, the Board of Directors shall on behalf of the Unit Owners Association:

(a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each Unit Owner for the Common Expenses.

(b) Make assessments against Unit Owners to defray the costs and expenses of the Development, establish the means and methods of collecting such assessments from the Unit Owners and establish the period of the installment payment, if any, of the annual assessment for Common Expenses.

(c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Development.

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

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

(f) Make and amend the Rules and Regulations.

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

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

(i) Enforce by legal means the provisions of the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing, these Bylaws and the Rules and Regulations, act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding, and notify the Unit Owners of any litigation against the Unit Owners Association involving a claim in excess of two percent of the amount of the annual budget.

(j) Obtain and carry insurance against casualties and liabilities, as provided in Article 6 of these Bylaws or as may be deemed appropriate by the Board of Directors, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Unit Owners Association and not billed to Unit Owners of individual Units or otherwise provided for in Sections 5.1 and 5.2 of these Bylaws.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of The Development, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries therein shall be available for examination.

by the Unit Owners, their attorneys, accountants and authorized agents during general business hours on business days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent auditor retained by the Board of Directors. The cost of such audit shall be a Common Expense.

(m) Notify a Mortgagee of any default hereunder by the Unit Owner of the Unit subject to such Mortgage, if such default continues for a period exceeding thirty days.

(n) Borrow money on behalf of The Association when required in connection with any instance relating to the operation, care, upkeep and maintenance of the Common Elements; provided, however, that the consent of at least two-thirds in number and in Percentage Interest of all Unit Owners, obtained either in writing or at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of Ten Thousand Dollars.

(o) Acquire, hold and dispose of Units or land and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Unit Owners Association.

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

(q) When applicable, furnish the statement required by Section 55-79.97 of the Condominium Act, within ten days after the receipt of a written request therefor from any Condominium Unit Owner, designated as "Certificate for Resale," upon receipt of such payment as may be established by the Board of Directors in compliance with section 55-79.97 (b) of the Condominium Act.

(r) Do such other things and acts not inconsistent with law, the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing or these Bylaws which the Board of Directors may be authorized to do by a resolution of the Unit Owners Association.

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

(a) Requirements. The Managing Agent shall be a bona fide business enterprise, which manages common interest residential communities. Such firm shall have adequate experience in real estate community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of The Development. The Managing Agent must be able to advise the Board of Directors regarding the administrative operation of The Development and shall employ personnel knowledgeable in the areas of insurance, accounting, contract negotiation, labor relations and development regulation.

(b) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitations, the duties listed in subsections 3.1 (a), (c), (d), (e), (h), (i), (j), (k), (l), (m), (q), and (r). The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subsections 3.1 (b), (f), (g), (n), (o), and (p). The Managing Agent shall perform the obligations, duties and services relating to the management of the property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(c) Standards. The Board of Directors shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board of Directors:

- (1) the accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to more than one but less than all Unit Owners shall be accounted for separately;
- (2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
- (3) cash accounts of the Unit Owners Association shall not be commingled with any other accounts;
- (4) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Unit Owners Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit solely the Unit Owners Association;
- (5) any financial or other interest which the Managing Agent may have in any firm providing goods or

services to the Unit Owners Association shall be disclosed promptly to the Board of Directors; and

(6) a monthly financial report shall be prepared for the Unit Owners

Association containing:

(A) an Income Statement reflecting all income and expense activity for the preceding month on an accrual basis;

(B) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding month on a cash basis;

(C) an Account Status Report reflecting the status of all accounts in an “actual” versus “projected” (budget) format;

(D) a Balance Sheet reflecting the financial condition of the Unit Owners Association on an unaudited basis;

(E) a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct) from a specific line item in an expanded chart of accounts; and

(F) a Delinquency Report listing all Unit Owners who are delinquent in paying assessments or accounts due The Association and describing the status of any actions to collect such assessments.

(d) Limitations. The Board of Directors may employ a Managing Agent for a term not to exceed one year. Any contract with the Managing Agent must provide that it may be terminated, without payment of a termination fee, without cause on no less than thirty days’ written notice; or in the case of termination for cause, without prior written notice.

Section 3.3. Number and Term of Office.

(a) Designated Members. The initial Board of Directors shall consist of no less than three nor more than nine persons, all of whom shall be designated by the Declarant (Developer). The term of office of at least two of such persons shall expire at the third annual meeting; the term of office of up to three additional persons shall expire at the second annual meeting; and the term of office of any other persons shall expire at the first annual meeting. The

term of each designee shall be fixed by the Declarant (Developer). At the special meeting required by subsection 2.4 (b), a number of the persons designated by the Declarant (Developer) shall resign if necessary so that a majority of the members of the Board of Directors shall have been elected in accordance with subsection 2.4 (b). The persons elected shall serve for the remainder of the terms of office of the resigning members of the Board of Directors who such persons replace, or if no resignation was required, for the terms of office necessary so that the term of office of one-third of the members of the Board of Directors shall expire at each of the first three annual meetings after their election. The persons receiving the greatest vote shall be elected for the longest available terms. At the expiration of the terms of office of all members of the Board of Directors designated by the Declarant (Developer) or elected at the special meeting held pursuant to subsection 2.4 (b), all successor directors shall be elected to serve for a term of three years.

(b) Elected Members. No later than the first annual meeting of the Unit Owners Association after the end of the Declarant (Developer) Control Period, the Board of Directors shall be composed of nine persons, all of whom shall be Unit Owners, Mortgagees (or designees of Mortgagees) or designees of the Declarant (Developer). Except for resignation or removal, the members of the Board of Directors shall hold office until their respective successors shall have been elected by the Unit Owners Association. **(Refer to Bylaws Amendment #1.)**

Section 3.4. Election of Directors.

(a) Elections Committee. At least ninety days prior to the special meeting required by section 2.4 (b) of these Bylaws and each annual meeting of the Unit Owners Association, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board of Directors whose term is not then expiring and at least three other Unit Owners. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board of Directors.

(b) Nominations. Persons qualified to be directors may be nominated for election only by a nominating petition submitted to the Chairman of the Elections Committee at least thirty-five days before the meeting at which the election is to be held signed by Unit Owners representing at least ten Units and either signed by the nominee or accompanied by a document signed by the nominee indicating a willingness to serve as a member of the Board of Directors; provided, however, that additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one

person has been nominated by petition. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve. This subsection (b) does not apply to Persons appointed to the Board of Directors by the Declarant.

(c) Qualifications. No Person other than an appointee of the Declarant (Developer) shall be eligible for election as a member of the Board of Directors unless he is (alone or together with one or more other Persons) a Unit Owner. No Person shall be elected as a member of the Board or shall continue to serve as a member of the Board if he is delinquent in his financial obligations to the Unit Owners Association.

(d) Since there will be more than one phase or area of Bernard's Landing (i.e., The Peninsula, The Woodlands, etc.), the Board of Directors shall consist of at least one director elected from each phase or area.

Section 3.5. Removal or Resignation of Directors. Except with respect to directors designated by Declarant, at any regular or special meeting duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a Majority of the Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given at least seven days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Board of Directors may resign at any time and, except for a director designated by the Declarant, shall be deemed to have resigned upon disposition of his Unit (as provided for officers in section 55-79.78(a) of the Condominium Act where applicable), or if not in attendance at three consecutive regular meetings of the Board, unless the minutes reflect consent to such absence.

Section 3.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Unit Owners Association shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Directors until a successor shall be elected at the next annual meeting of the Unit Owners Association. During the Declarant (Developer) Control Period, the Declarant (Developer) shall designate the successor to any member previously designated by the Declarant (Developer) who resigns or is removed.

Section 3.7. Annual Organizational Meeting. The first meeting of the Board of Directors following the annual meeting of the Unit Owners Association shall be held within thirty days thereafter at such time and place as shall be fixed by the Unit Owners Association at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors is present at the meeting.

Section 3.8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every fiscal quarter during each fiscal year, except the quarter in which the annual organizational meeting occurs. Notice of regular meetings of the Board of Directors shall be given in writing to each director, by hand delivery, mail or telegraph, at least three days prior to the day named for such meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each director, given in writing by hand delivery, mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three directors. In the event that the President shall certify the existence of an emergency, he shall be authorized to call a special emergency meeting without any written notice. A quorum must be present to act at such meeting and all action taken at such time shall be by unanimous vote. Meetings by way of conference telephone calls are authorized.

Section 3.10. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting.

Section 3.11. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those

present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A member of the Board of Directors who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.12. Fidelity Bonds. As required by subsection 6.4 (a) hereof, there shall be obtained fidelity bonds in an amount not less than one-half the total annual regular assessments for the year (in such form and such greater amounts as may be required by the Mortgagees) for all officers, directors and employees of the Unit Owners Association, including without limitation the Managing Agent, handling or responsible for Development funds. The premiums on such bonds shall constitute a Common Expense.

Section 3.13. Compensation. No director shall receive any compensation from The Association for acting as such.

Section 3.14. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, or these Bylaws.

Section 3.15. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.16. Liability of the Board of Directors, Officers, Unit Owners and Unit Owners Association. (a) No officer, member of the Board of Directors or member of the Covenants Committee shall be liable to the Unit Owners Association or any Unit Owner for any mistake of judgment, negligence or otherwise, except for his own individual willful misconduct or bad faith. The Unit Owners Association shall indemnify and hold harmless each of the officers and directors from and against all contractual liability to others arising out of contracts made by the officers or the Board of Directors on behalf of the Unit Owners Association unless any such contract shall have been made in bad faith or contrary to the provisions of law, the Declaration of Rights, Covenants, Restrictions,

Conditions and Obligations of Bernard's Landing or these Bylaws, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them in good faith on behalf of the Unit Owners Association. The liability of any Unit Owner arising out of any contract made by the officers or Board of Directors, or out of the indemnification of the members of the Board of Directors or officers, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of an Interest therein or for liabilities incurred by the Unit Owners Association, shall be limited to the total liability multiplied by his membership interest, if any. Every agreement made by the officers, the Board of Directors or the Managing Agent on behalf of the Unit Owners Association shall, if obtainable, provide that the officers, the members of the Board of Directors or the Managing Agent, as the case may be, are acting only as agents for the Unit Owners Association and shall have no personal liability thereunder. The Unit Owners Association shall indemnify and hold harmless each of the members of the Covenants Committee from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of law, the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing or these Bylaws. The Unit Owners Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director or officer of the Unit Owners Association or a member of the Covenants Committee, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Condominium.

(b) The Unit Owners Association shall not be liable for any failure of the Unit Owners Association to obtain or pay for water supply or other services as a Common Expense, or for injury or damage to Person or property caused by the elements or by any Unit Owner, or any other Person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Unit Owners Association shall not be liable to any Unit Owner, or other person, for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments,

as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of or failure to make repairs or improvements to the Common Elements or from any action taken by the Unit Owners Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 3.17. Common or Interested Directors. Each member of the Board of Directors shall exercise his powers and duties in good faith and with a view to the interests of Bernard's Landing Development. No contract or other transaction between the Unit Owners Association and any of its directors, or between the Unit Owners Association and any corporation, firm or association (including the Declarant (Developer) in which any of the directors of the Unit Owners Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subsections exists:

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

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

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

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if such director were not such director or officer of such Unit Owners Association or not so interested.

Section 3.18. Board of Directors as Attorney-in-Fact. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the Unit Owners of all of the Units and for each of them, to manage, control and deal with the interests of

such Unit Owners in the Common Elements of The Development to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each Unit Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in The Development or the property to adjust and settle all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims. The Board of Directors may grant and accept easements and licenses pursuant to and as contemplated in section 55-79.80(b) of the Condominium Act.

Section 3.19 Covenants Committee

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of three or five members appointed by the Board of Directors, each to serve for a term of one year, in order to assure that The Development shall always be maintained in a manner: (1) providing for visual harmony and soundness of repair; (2) avoiding activities deleterious to the aesthetic or property values of The Development; (3) furthering the comfort of the Unit Owners, their guests and tenants; and (4) promoting the general welfare and safety of the community.

(b) Powers. The Covenants Committee shall regulate the external design, appearance, use and maintenance of the Common Elements. The Covenants Committee shall have the power to impose reasonable fines upon and issue a cease and desist request to a Unit Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of law, the Rules and Regulations or resolutions of the Board of Directors (upon petition of any Unit Owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a Unit Owner or the Board of Directors. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board of Directors to have standing as an aggrieved party and the Board of Directors may modify or reverse any such action, ruling or decision.

(c) Authority. The Covenants Committee shall have such additional duties, powers and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a

case by case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board of Directors.

ARTICLE 4

Officers

Section 4.1. Designation. The principal officers of the Unit Owners Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President, Vice President, Secretary and Treasurer shall be Unit or Property Owners in The Development and members of the Board of Directors. Any other officers may, but need not, be Unit or Property Owners or members of the Board of Directors.

Section 4.2. Election of Officers. The officers of the Unit Owners Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors, called for such purpose.

Section 4.4. President. The President shall be the chief executive officer of the Unit Owners Association; preside at all meetings of the Unit Owners Association and of the Board of Directors; have general and active management of the business of the Unit Owners Association subject to the control of the Board of Directors; see that all orders and resolutions of the Board of Directors are carried into effect; and appoint committees from among the Unit Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Unit Owners Association.

Section 4.5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other members of the Board of Directors to act in the place of the President, on an interim basis. The Vice President shall also perform such

other duties as shall from time to time be imposed by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; have charge of such books and papers as the Board of Directors may direct; give or cause to be given all notices required to be given by the Unit Owners Association; maintain a register setting forth the place to which all notices to Unit Owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary.

Section 4.7. Treasurer. The Treasurer shall (together with the Managing Agent) be responsible for Unit Owners Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of the Board of Directors, the Unit Owners Association or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors; and, in general, perform all the duties incident to the office of treasurer.

Section 4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Unit Owners Association for aggregate expenditures or obligations in excess of One Thousand Dollars, and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors. All such instruments for expenditures or obligations of One Thousand Dollars or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors.

Section 4.9. Compensation of Officers. No officer who is also a director shall receive any compensation from the Unit Owners Association for acting as such officer. Other officers may be compensated as authorized by the Board of Directors.

ARTICLE 5

Operation of the Property

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

(a) **Fiscal Year.** The fiscal year of the Unit Owners Association shall be January 1 through December 31.

(b) Preparation and Approval of Budget.

(1) At least one hundred twenty days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Unit Owners Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements, and those parts of the Unit which it is the responsibility of the Board of Directors to maintain, repair and replace, and the cost of wages, materials, insurance premiums services, supplies and other expenses that may be declared to be Common Expenses by the Declaration of Rights, Covenants, Restrictions Conditions and Obligations, these Bylaws or a resolution of the Unit Owners Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services. The budget shall reflect the separate assessment of Limited Common Expenses.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. At least sixty days before the beginning of each fiscal year, the Board of Directors shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Unit Owners Association, and will state the amount of the monthly assessment for the following year.

(c) Assessment and Payment of Common Expenses. Subject to the provisions of subsection 9.1 (a) hereof, the total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed proportionately against the Unit Owners except for Limited Common Expenses which shall be assessed against each Unit Owner benefited in proportion to the relative Interest of or benefit to such Units interse, and shall be a lien against each Unit Owner's Unit as provided in Section 9.2 of these Bylaws. On or before the first day of each fiscal year and the first day of each of the succeeding eleven months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected

pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the Unit Owners, or be credited according to each Unit Owner's Interest to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six equal monthly installments, as the Board of Directors may determine.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners as the directors shall determine and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten days after the sending of such notice of further assessment. All Unit Owners so notified shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in the preceding subsection (c).

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

(ii) The Declarant (Developer), as the agent of the Board of Directors, will collect from each initial purchaser an initial capital payment in an amount initially determined by the Declarant (Developer). The Declarant (Developer) will deliver the funds so collected to the Board of Directors to provide the

necessary working capital for the Unit Owners Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Board of Directors may determine.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notified of a revised monthly payment in accordance with this Section.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund or held for each Unit Owner.

Section 5.2. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Section 5.1. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit or in any other manner whatsoever. No Unit Owner shall be personally liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled at his expense to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five business days following a written request therefor to the Board of Directors or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that unless notice of lien for assessment has been recorded each Mortgagee or purchaser at foreclosure who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any

purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such Mortgagee comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the Condominium Unit.

Section 5.3. Collection of Assessments. The Board of Directors, or the Managing Agent at the request of the Board of Directors, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment, or installment thereof, not paid within five days after due shall accrue a late charge in the amount of Ten Dollars, or such other amount as may be established from time to time by the board of Directors.

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

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

(a) By the Board of Directors. The Board of Directors at the expense of The Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements (including the Limited Common Elements) as defined herein or in the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing, whether located inside or outside of the Units, the cost of which shall be charged to all Unit Owners as a Common Expense; provided, however, that each Unit Owner under the direction of the Board shall perform maintenance on the Limited Common Elements appurtenant to his Unit and any portion of the remaining Common Elements which the Board of Directors pursuant to the Rules and Regulations has given him permission to utilize, including without limitation the items enumerated in subsection (b) hereof. The ultimate right to provide routine maintenance and upkeep of Common Areas or Elements as well as the exterior of each Unit shall be with The Association.

(b) By the Unit Owner.

(1) Each Unit Owner shall keep his Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all interior redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from his negligence or failure to make any of the repairs required by the Section or otherwise. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Board of Directors is responsible.

(2) The Unit Owner of any Unit to which a Limited Common Element balcony is appurtenant shall perform the normal maintenance for such Limited Common Element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water and shall bear the expense of all repairs thereto caused or permitted by his negligence, misuse or neglect. All structural repair or replacement shall be made by the Board of Directors as a Common Expense, subject to the provisions of subsection (a) above.

(3) Any Unit Owner permitted by the Board of Directors to use a specific portion of the Common Elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(c) Chart of Maintenance Responsibilities. Notwithstanding the general provisions for maintenance set forth in subsections (a) and (b) above, specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Chart of Maintenance Responsibilities as may be established by the Board.

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

Section 5.6. Additions, Alterations or Improvements by Board of Directors. Except during the Declarant (Developer) Contract Period, whenever in the judgment of the Board of Directors the

Common Elements or Limited Common Elements shall require additions, alterations or improvements costing in excess of Five Thousand Dollars during any period of twelve consecutive months, the making of such additions, alterations or improvements requires prior notice to Unit Owners who have access to such elements, and the Board of Directors shall assess all Unit Owners benefited for the cost thereof as a Common Expense (or Limited Common Expense). Any additions, alterations or improvements costing Five Thousand Dollars or less during any period of twelve consecutive months may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute a Common Expense or Limited Common Expense, depending on the nature of the additions, alterations or improvements. The Five Thousand Dollar limitation shall be increased annually by the percentage equal to any percentage increase in the annual budget of the Condominium. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 5.7. Additions, Alterations or Improvements by the Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. No Unit Owner shall paint or alter the exterior of his Unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within forty-five days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors or the Covenants Committee to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any structural additions, alterations or improvements in or to any Unit requires execution by the Unit Owners Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Unit Owners Association by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the approval of any Mortgagee of such affected Units,

the Board of Directors and any Unit Owner affected, any Unit may be subdivided or may be altered so as to relocate the boundaries between such Unit and any adjoining Units. The Secretary shall record any necessary amendment(s) in order to effect such action as provided in sections 55-79.69 or 55-79.70 of the Condominium Act where applicable. The provisions of this Section 5.7 shall not apply to Units owned by the Declarant (Developer) until deeds of conveyance of such Units shall have been recorded; provided, however, that Declarant's (Developer's) construction or alterations shall be architecturally compatible with existing Units. The Declarant (Developer) shall have the right to make such alterations or subdivisions without the consent of the Board of Directors, and the Board of Directors shall execute any such application required.

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

(a) Restrictions. Each Unit and the Common Elements shall be occupied and used as follows:

(1) Except for the areas of The Development designated for commercial and recreational use and except as provided in the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing, no Unit shall be used for other than housing and the related common purposes for which the Unit was designed. The Board of Directors may permit reasonable, temporary non-residential uses from time to time. Nothing in these Bylaws shall be construed to prohibit the Declarant (Developer) from using any Unit owned by Declarant (Developer) for promotional, marketing or display purposes or from using any appropriate portion of the Common Elements for settlement of sales of Units and for warranty administration purposes.

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

(3) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating

to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a Common Expense.

(4) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements (except those areas designated for such storage by the Board of Directors) without the approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Elements except upon the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The Common Elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the Units. All lobbies, vestibules, public halls and stairways shall be used for no purpose other than for normal transit.

(6) No Unit shall be rented for periods or purposes other than approved by the Board of Directors. No portion of any Unit (other than the entire Unit) shall be leased for any period. No Unit Owner shall lease a Unit other than on a written form of lease: (i) requiring the lessee to comply with these Bylaws and the Rules and Regulations of The Association; (ii) providing that failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder without prior notice to the Unit Owner, in the event of a default by the tenant in the performance of the lease. The Board of Directors may provide a suggested standard form lease for use by Unit Owners. Each Unit Owner shall, promptly following the execution of any lease of a Condominium Unit, forward a conformed copy thereof to the Board of Directors or its designated agent. The foregoing provisions of this paragraph shall not apply to the Declarant (Developer), or to a Mortgagee in possession of a Unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles, boats and other large vehicles may be parked on the Property only in designated spaces or as authorized by the Declarant (Developer) or the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements or upon any privately owned property. Vehicle repairs are not permitted on the Property.

(8) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds) not to exceed one per Unit without the prior written approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon ten days' written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried on leash or obedient to verbal command. Any Unit Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Unit Owners Association, each Unit Owner and the Declarant (Developer) free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Unit Owners Association resulting from the presence of such pets.

(9) Except for such signs as may be posted by the Declarant (Developer) for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any Unit or Common Elements without the prior written approval of the Board of Directors.

(10) Sufficient carpeting, rugs and padding shall be maintained on the floor surfaces (excluding kitchens, laundry rooms, closets and bathrooms) in Units located over other Units to adequately reduce transmission of sound between Units. Additional washers, dryers and other major appliances may not be installed in a Unit without the prior written approval of the Covenants Committee.

(b) Changes to Rules and Regulations. Each Unit and the common Elements shall be occupied and used in compliance with the Rules and Regulations which may be Promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner. Changes to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner upon request.

Section 5.9. Right of Access. By acceptance of his deed of conveyance, each Unit Owner thereby grants a right of access to his Unit (as provided by section 55-79.79 (a) of the Condominium Act where applicable), to the Board of Directors or the Managing Agent, or any other person authorized by the Board of Directors or the Managing Agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in his Unit or in a Common Element to which access is obtained through his Unit and threatening any Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or electrical services or the Common Elements in his Unit or elsewhere in the Property or to correct and condition which violates any Mortgage; provided, however, that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether or not the Unit Owner is present.

Section 5.10. Utility Charges. The cost of utilities not individually metered to a Unit shall be Common Expenses allocated pursuant to Section 5.1 hereof.

Section 5.11. Parking Spaces. All parking spaces shall be used by the Unit Owners for self-service parking purposes on a “first come, first served” basis, except as the Board of Directors may otherwise determine or promulgate separate parking rules. The cost of maintenance and repair of all parking areas shall be a Common Expense.

ARTICLE 6

Insurance

Section 6.1. Authority to Purchase; Notice.

(a) Except as otherwise provided in Section 6.5, all insurance policies relating to the Property shall be purchased by the Board of Directors. The Board of Directors, the Managing Agent and the Declarant (Developer) shall not be liable for failure to obtain any coverages required by this Article 6 or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies or if such coverages are so available only at demonstrably unreasonable costs. The Board of Directors shall promptly furnish to each Unit Owner written notice of the procurement of subsequent changes in, or termination of, insurance coverages obtained on behalf of the Unit Owners Association (in compliance with section 55.79.81 (B) of the Condominium Act when applicable).

(b) Each such policy shall provide that:

(1) When possible, the insurer waives any right to claim by way of subrogation against the Declarant (Developer), the Unit Owners Association, the Board of Directors, the Managing Agent or the Unit Owners, and their respective agents, employees, guests and, in the case of the Unit Owners, the members of their households;

(2) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any Unit Owner (including his invitees, agents and employees) or of any member, officer or employee of the Board of Directors or the Managing Agent unless prior demand has been made in writing that the Board of Directors or the Managing Agent cure the defect and neither shall have so cured such defect within sixty days after such demand;

(3) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty days' prior written notice to the Board of Directors and the Managing Agent and, in the case of physical damage insurance, to all Mortgagees.

(c) The Declarant (Developer), so long as Declarant (Developer) shall own any Unit, shall be protected by all such policies as a Unit Owner.

(d) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia.

(e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a Common Expense, except where the claim is for components of a Unit.

Section 6.2. Physical Damage Insurance. (a) The Board of Directors shall, if possible, obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, sprinkler leakage (if applicable), debris removal, cost of demolition and water damage endorsements, insuring the entire Property (including all of the Units and the bathroom and kitchen fixtures initially installed therein by the Declarant (Developer) and the replacements thereto installed by the Declarant (Developer) but not including furniture, wall coverings, furnishings or other personal property supplied or installed by Unit Owners), together with all air-conditioning and heating equipment (including heat pumps) and other service machinery contained therein and covering the interests of the Unit Owners Association, the Board of Directors and all Unit

Owners and their Mortgagees, as their interests may appear, (subject, however,), to the loss payment and adjustment provisions in favor of the Board of Directors as Insurance Trustee contained in Sections 6.6 and 6.7, in an amount equal to 100% of the then current replacement cost of the Property (exclusive of the Land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board of Directors with the assistance of the insurance company affording such coverage).

(b) Such policy shall also provide:

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

(2) The following endorsements (or equivalent): (i) “no control” (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or Unit Owner or their agents when such act or neglect is not within the control of the insured, or the Unit Owners collectively; nor by any failure of the insured, or the Unit Owner(s) collectively, to comply with any warranty or condition with regard to any portion of the Unit over which the insured, or the Unit Owners collectively, have no control); (ii) “contingent liability from operation of building laws or codes”; (iii) “increased cost of construction” or “condominium replacement cost”; and (iv) “agreed amount” or elimination of co-insurance clause; and

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

(c) A duplicate original or the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same, at least thirty days prior to expiration of the then current policy. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board of Directors may determine, of then current replacement cost of the Property (exclusive of the Land, excavations, foundations and other items

normally excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Section 6.2. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy arising from damage in excess of one percent of the then current replacement cost of the insured Property. The Mortgagee of a Unit shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such Unit.

Section 6.3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage and errors and omissions coverage for directors) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, the Managing Agent, each Unit Owner and the Declarant (Developer) against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of, or incident to the ownership and/or use of the Common Elements or Areas. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Unit Owners Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Unit Owners Association; and (v) a “severability of interest” endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Unit Owners Association or of another Unit Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Million Dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of “umbrella” liability insurance in excess of the primary limits shall also be obtained in an amount not less than Three Million Dollars.

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

(a) adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Unit Owners Association and all others who handle, or are responsible for handling, funds of the Unit Owners Association, including the Managing Agent. Such fidelity bonds shall: (i) name the Unit Owners Association as an obligee; (ii) be written in an amount not less than one-half the total

annual assessments for the year or the amount required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of “employee” or similar expression;

(b) if required by any governmental or quasi-governmental agency, including without limitation the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, flood insurance in accordance with the then applicable regulations of such agency;

(c) workmen’s compensation insurance if and to the extent necessary to meet the requirements of law;

(d) broad form machinery and pressure vessel explosion insurance (if applicable) in an amount not less than One Hundred Thousand Dollars per accident per location; and

(e) such other insurance as the Board of Directors may determine or as may be requested from time to time by a Majority of the Unit Owners.

Section 6.5. Separate Insurance. Each Unit Owner shall have the right and shall have the duty as set forth in the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard’s Landing, at his own expense, to obtain insurance for his own Unit and for his own benefit and that of The Association and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his Unit under coverage normally called “improvements and betterments coverage”; provided, however, that no Unit Owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners, may realize under any insurance policy maintained by the Board of Directors or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with insurance coverage obtained by a Unit Owner.

Section 6.6. Insurance Trustee.

(a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners Association, the Unit Owners, their Mortgagees and the Declarant (Developer), as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board of Directors as “Insurance Trustee” to be applied pursuant to the terms of Article 7.

(b) The sole duty of the Board of Directors as Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

ARTICLE 7

Repair and Reconstruction After Fire or Other Casualty

Section 7.1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 7.4, in the event of damage to or destruction of all or any part of any building or other improvement as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the building (including any damaged Units, and the floor coverings, kitchen or bathroom fixtures and appliances initially installed by the Declarant (Developer), and replacements thereof installed by the Declarant (Developer), but not including any furniture, furnishings, fixtures, equipment or other personal property supplied, installed or placed by the Unit Owners in the Units). Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the redecorating of his own Unit.

Section 7.2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of the building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion (including any damaged Units and any floor coverings and kitchen and bathroom fixtures and appliances initially installed by Declarant (Developer) and the replacements thereof installed by the Declarant (Developer), but not including any other furniture, furnishings, fixtures, equipment or other personal property supplied, installed or placed by the Unit Owner in the Unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors as Insurance Trustee determines to be necessary.

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

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the Property, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible.

Section 7.3. Disbursements of Construction Funds.

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

(1) If the estimated cost of reconstruction and repair is less than Fifty Thousand Dollars, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors;

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

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

(c) Common Elements or Property. When the damage is to both Common Elements or Property and Units, the insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements which service the Units, then to the cost of repairing the other Common Elements and thereafter to the costs of repairing the Units.

(d) Certificate. The Board of Directors as Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary, certifying: (i) whether the damaged Property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund where surplus funds to be distributed are less than the assessments paid by the Unit Owners; and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the Board of Directors as Insurance Trustee promptly after request.

Section 7.4. When Reconstruction is Not Required. In the event the Board of Directors elects not to repair damage to the Common Elements or Property, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of The Development and the balance of any insurance proceeds received on account of such damage shall be held as part of the general fund of The Association. In the event that the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing shall require repair or reconstruction, The Association may relieve a Unit Owner of such duty by vote of a two-thirds majority or the Board of Directors.

ARTICLE 8

Mortgages

Section 8.1. Notice to Board of Directors. A Unit Owner who mortgages his Unit shall notify the Board of Directors of the name and address of his Mortgagee and shall file a conformed copy of the note and Mortgage with the Board of Directors. The Board of Directors shall be entitled to rely on such notifications in taking any action with respect to any or all Mortgages.

Section 8.2. Notice of Default, Casualty or Condemnation. The Board of Directors when giving notice to any Unit Owner of a default in paying an assessment for Common Expenses or any other default, shall simultaneously send a copy of such notice to the Mortgagee of such Unit. Each Mortgagee shall also be promptly notified of any casualty when required by subsection 6.2 (c) hereof,

of all actions taken under Article 7 and of any taking in condemnation or by eminent domain and actions of the Unit Owners Association with respect thereto. For purposes of this section only, when notice is to be given to a Mortgagee, the Board of Directors shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying Mortgages of the Board of Directors has notice of such participation.

Section 8.3. Notice of Amendment of Declaration of Rights, Covenants, Restrictions, Conditions and Obligations or Bylaws. The Board of Directors may give notice to all Mortgagees prior to the date on which the Unit Owners, in accordance with the provisions of these Bylaws, materially amend these Bylaws or the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations.

Section 8.4. Notice of Change in Managing Agent. The Board of Directors may give notice to all Mortgagees prior to changing the Managing Agent.

Section 8.5. Mortgagees Rights. Unless specified herein or in the event a Unit is a condominium and rights are afforded mortgagees under the Condominium Act, Mortgagees shall have no rights.

ARTICLE 9

Compliance and Default

Section 9.1. Relief. Each Condominium Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Instruments and the Condominium Act as any of the same may be amended from time to time. In addition to the remedies provided in section 55-79.53 of the Condominium Act, a default by a Unit Owner whether a Condominium Unit or not shall entitle the Unit Owners Association, acting through its Board of Directors or through the Managing Agent, to the following relief:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his employees, agents, guests or licensees. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however,

shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

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

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

(d) Interest. In the event of a default by any Unit Owner in payment of any sum assessed against his Unit which continues for a period in excess of fifteen days, interest at the maximum legal rate may be assessed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(e) Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors, the breach of any Bylaw contained herein or the breach of any provision of the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations or the Condominium Instruments or Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(f) Legal Proceedings. Failure to comply with any of the terms of the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations, these Bylaws and the Rules and Regulations of The Association shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners Association, the Board of Directors, the Managing Agent or, if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

Section 9.2. Lien for Assessments.

(a) Lien. The total annual assessment of each Unit Owner or any special assessment, or any other sum duly levied (including without limitation fines, interest, late charges, etc.), made pursuant to these Bylaws is hereby declared to be a lien levied against the Unit of such Unit Owner as provided in section 55-79.84 of the Condominium Act and the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations, which lien shall with respect to annual assessments, be effective when recorded as of the first day of each fiscal year of The Association and, as to special assessments and other sums duly levied, on the first day of the next month which begins more than seven days after recordation of same and after delivery to the Unit Owner of notice of such special assessment or levy. The Board of Directors or the Managing Agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien.

(b) Acceleration. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire balance of the annual or other assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or the Managing Agent. Any Unit Owner who shall for two successive years be subjected to acceleration as provided for herein shall thereafter be required to pay his entire annual assessment within ten (10) days of mailing to him of his notice of assessment.

(c) Enforcement. The lien for assessments may be enforced and foreclosed in any manner permitted by the laws of the Commonwealth of Virginia, by power of sale pursuant to

Section 9.3 hereof or action in the name of the Board of Directors, or the Managing Agent, acting on behalf of the Unit Owners Association. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available, under the laws of the Commonwealth of Virginia.

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

Section 9.3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations, these Bylaws or the Condominium Act, all of the Unit Owners may be required by the Declarant (Developer) or the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by a declaration of trust recorded among the land records of Franklin County, Virginia, granting unto a trustee or trustees appropriate powers to the end that, upon default in the performance of such bond such declaration of trust may be foreclosed by such trustee or trustees acting at the direction of the Board of Directors. In the event any such bonds have been executed and such declaration of trust is recorded, then any subsequent purchaser of a Unit shall take title subject thereto and shall assume the obligations provided for therein.

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

assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE 10

Amendments to Bylaws

Section 10.1. Amendments. Until the conclusion of the Declarant (Developer) Control Period, these Bylaws may not be modified or amended except as provided in section 55-79.52 of the Virginia Condominium Act; provided, however, that until the expiration of the Declarant (Developer) Control Period, Sections 2.2., 2.9., 3.3., and 10.1. may not be amended in any respect without the prior written consent of the Declarant (Developer). All amendments to the Bylaws shall be prepared and recorded by the Secretary. After the Declarant (Developer) Control Period, amendments shall be by two-thirds vote of the members (Unit Owners) or as shall be provided by amendment hereto.

Section 10.2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgages.

ARTICLE 11

Miscellaneous

Section 11.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given when delivered personally or mailed by United States mail, postage prepaid (as provided for in section 55-79.75 of the Virginia Condominium Act), or if notification is of a default or lien, mailed by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Unit Owners Association, the Board of Directors or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this section. If a Unit is owned by more than one Person, each such Person who is designated an address in writing so the Secretary shall be entitled to receive all notices hereunder.

Section 11.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

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

Section 11.4. Construction. These Bylaws are intended to comply with all of the applicable provisions of the Virginia Condominium Act and Title 16.1 of the Franklin County Ordinances and shall be so interpreted and applied.

IN WITNESS WHEREOF, the Declarant (Developer) has caused these Bylaws to be executed on behalf of the Unit Owners Association by its principal officer this _____ day of _____, 1982.

BERNARD'S LANDING COMPREHENSIVE
PROPERTY OWNERS ASSOCIATION, INC.

By _____

President

Bylaws Amendment #1

Pursuant to Article 3, Section 3.1 of the bylaws and the authority to amend the bylaws as provided in Article 10, Section 10.1 of the bylaws, the CPOA Board of Directors desires to provide for all skills necessary and available to conduct the affairs of the association. It is therefore the intent of this amendment to the bylaws to allow for such skills.

A vote was held on Saturday, September 2, 2000 at the Annual Homeowners' Association Meeting at which time a vote in the affirmative by at least two-thirds of the members was recorded and is duly noted and accepted pursuant to Article 10, Section 10.1 of the bylaws.

The CPOA Board of Directors hereby acknowledges the will of the membership and amends Article 3. Board of Directors, Section 3.3. Number and Term of Office, sub-section (b) which reads in its entirety as follows:

OLD LANGUAGE

Section 3.3 Number and Term of Office

(b) Elected Members. No later than the first annual meeting of the Unit Owners Association after the end of the Declarant (Developer) Control Period, the Board of Directors shall be composed of nine persons, all of whom shall be Unit Owners, Mortgagees (or designees of Mortgagees) or designees of the Declarant (Developer). Except for resignation or removal, the members of the Board of Directors shall hold office until their respective successors shall have been elected by the Unit Owners Association.

NEW AMENDED LANGUAGE

Section 3.3. Number and Term of Office

(b) Elected Members. No later than the first annual meeting of the Unit Owners Association after the end of the Declarant (Developer) Control Period, the Board of Directors shall be composed of at least nine, but no more than eleven persons, all of whom shall be Unit Owners, Mortgagees (or designees of Mortgagees) or Designees of the Declarant (Developer). The minimum of nine persons shall represent each of the Subassociations and shall be elected by members of the respective Unit Owners Associations. Up to two additional members may be appointed At-large Directors by the elected members for terms not to exceed three years. Except for resignation or removal, the members of the Board of Directors shall hold office until their respective successors shall have been elected by the Unit Owners Association.

Vote verified and Bylaws amended and recorded this _____ day of September, 2000.

_____ John Mohaupt, President

_____ Charles M. Logan, Secretary

Comprehensive Property Owners' Association, Inc.
Bernard's Landing Resort & Conference Center - Moneta, Virginia 24121

Bylaws Amendment #2

Pursuant to Article 3, Section 3.1 of the CPOA bylaws and the authority to amend the bylaws as provided in Article 10, Section 10.1 of the bylaws, the CPOA Board of Directors (Board) desires to amend the bylaws to expressly provide that the Board has the authority to set deductibles in its discretion on any insurance policy or policies it purchases and that individual unit owners are responsible for all insurance deductibles under the CPOA policy applicable to covered claims emanating from their unit, such as damage resulting from the escape of water or any other substance from such owner's unit, including repair or replacement necessitated due to damage to the owner's unit, another unit, or the common elements of a condominium building, whether or not such damage results from the negligence of the unit owner, the owner's occupants, guests, employees, agents, or lessees or a failure to keep his unit and its equipment and appliances in good order, condition, and repair.

A vote was held on Saturday, October 6, 2012, at the Annual Homeowners' Association Meeting at which time a vote in the affirmative by at least two-thirds of the members was recorded and duly noted and accepted pursuant to Article 10, Section 10.1 of the bylaws, such amendment shall take effect on and after January 1, 2013.

The CPOA Board of Directors hereby acknowledges the will of the membership and amends

Article 5. Operation of the Property, Section 5.5. Maintenance Repair, Replacement and other Common Expenses, sub-sections (a) and (b)(1), which sub-sections read in their entirety as follows:

OLD LANGUAGE

Section 5.5. Maintenance Repair, Replacement and other Common Expenses

(a) By the Board of Directors. The Board of Directors at the expense of The Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements (including the Limited Common Elements) as defined herein or in the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing, whether located inside or outside of the Units, the cost of which shall be charged to all Unit Owners as a Common Expense; provided, however, that each Unit Owner under the direction of the Board shall perform maintenance on the Limited Common Elements appurtenant to his Unit and any portion of the remaining Common Elements which the Board of Directors pursuant to the Rules and Regulations has given him permission to utilize, including without limitation the items enumerated in subsection (b) hereof. The ultimate right to provide routine maintenance and upkeep of Common Areas or Elements as well as the exterior of each Unit shall be with The Association.

(b) By the Unit Owner.

(1) Each Unit Owner shall keep his Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all interior redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements

resulting from his negligence or failure to make any of the repairs required by the Section or otherwise. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Board of Directors is responsible.

NEW AMENDED LANGUAGE

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

(a) By the Board of Directors. The Board of Directors at the expense of the Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of the Board of Directors, such expense was necessitated by the negligence, misuse or neglect of a Unit Owner and/or by the escape of water or other substance or any other damage the cause of which emanates from an owner's unit or any Limited Common Element which the owner is obligated to maintain) of all of the Common Elements (including the Limited Common Elements) as defined herein or in the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing, whether located inside or outside of the Units, the cost of which shall be charged to all Unit Owners as a Common Expense; provided, however, that each Unit Owner under the direction of the Board shall perform maintenance on the Limited Common Elements appurtenant to his Unit and any portion of the remaining Common Elements which the Board of Directors pursuant to the Rules and Regulations has given him permission to utilize, including without limitation the items enumerated in subsection (b) hereof. The ultimate right to provide routine maintenance and upkeep of Common Areas or Elements as well as the exterior of each Unit shall be with The Association.

(b) By the Unit Owner.

(1) Each Unit Owner shall keep his Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all interior redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or the Common Elements resulting from his negligence or necessitated by the escape of water or other substance or any other damage the cause of which emanates from an owner's unit or any Limited Common Element which the owner is obligated to maintain or resulting from his negligence or failure to make any of the repairs required by this Section or otherwise. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Board of Directors is responsible.

(2) Amend Article 6. Insurance, Section 6.1 Authority to Purchase; Notice, sub-section (e), which sub-section reads in its entirety as follows:

OLD LANGUAGE

Section 6.1. Authority to Purchase; Notice

..... (e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a common expense, except where the claim is for components of a unit.

NEW AMENDED LANGUAGE

Section 6.1. Authority to Purchase; Notice; Unit Owner Responsibility

.....

(e) The deductible, if any, which may be set by the Board of Directors in its discretion on any insurance policy or policies purchased by the Board of Directors, or by a Sub-association as authorized by the Board of Directors, may be a common expense only where the damage is, in whole or in part, to a Common Element or a Limited Common Element. Each unit owner shall be financially responsible for the maintenance, repair, renovation, restoration, and replacement of their unit and for the deductible amount applicable to covered claims for repair or replacement, including consequential damage to his unit, another unit, a Common Element, or a Limited Common Element, if [whether or not, as provided below,] the damage results from his [the unit owner's failure or] negligence and/or by the escape of water or other substance or any other damage, [to keep the unit and its equipment and appliances in good order, condition, and repair. Each unit owner shall be responsible for any master policy deductible related to the reasonable expense of any maintenance, repair, or replacement rendered necessary by: (a) damage to any unit(s) (including the owner's unit), any Common Element, or a Limited Common Element which the owner is obligated to maintain caused by the escape of water or any other substance from the owner's unit; or (b) any other damage to any unit(s) (including the owner's unit), any Common Element, or a Limited Common Element] the cause of which emanates from the owner's unit or any Limited Common Element [other element] which the owner is obligated to maintain. The owner shall be liable whether or not such liability results from the negligence of the owner, the owner's occupants, guests, employees, agents, or lessees. In the event of damage to a unit, multiple units, common elements, or limited common elements caused by an external force, the deductible shall be the responsibility of each such unit or element in accordance with the pro rata share of the total cost to repair the damage to each unit or element. Unit owner liability shall include any attorney's fees incurred by the Association in collecting amounts due from the owner pursuant to this Section. Nothing herein shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(3) Amend Article 9. Compliance and Default, Section 9.1 Relief, sub-sections (a), which subsection reads in its entirety as follows:

OLD LANGUAGE

Section 9.1. Relief.

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his employees, agents, guests or licensees. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

NEW AMENDED LANGUAGE

Section 9.1. Relief.

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, negligence or carelessness or the act, negligence or carelessness of any member of his family of his employees, agents, guests or licensees and/or by the escape of water or other substance or any other damage the cause of which emanates from the owner's unit or any Limited Common Element which the owner is obligated to maintain[under Article 5, Section 5.5 . Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

Vote verified and Bylaws amended and recorded this 6th day of October, 2012.

_____ James Webster, President

_____ John Wilson, Secretary

Comprehensive Property Owners' Association, Inc.
Bernard's Landing Resort & Conference Center - Moneta, Virginia 24121