

Bylaws
Mount Vernon Condominium Association

BYLAWS
OF
MOUNT VERNON ASSOCIATION

ARTICLE 1. IDENTITY.

These are Bylaws of Mount Vernon Association, (the "Association"), which has been organized for the purpose of operating and managing Mount Vernon Condominium (the "Condominium") established in accordance with the laws of the Commonwealth of Virginia upon property lying and being in the City of Richmond, Virginia, and described in Exhibit "A" attached to the Declaration for Mount Vernon Condominium (the "Declaration") and incorporated herein by reference.

Section A. Provision of Declaration and Articles of Incorporation to Control. The provisions of these Bylaws are applicable to the Condominium, and the terms and provisions hereof are expressly subject to those terms, provisions, conditions and authorizations contained in the Articles of Incorporation and the Declaration which have been recorded in the Clerk's Office, Circuit Court of the City of

An asterisk (*) at the beginning of a paragraph indicates that there was an addition, deletion, or change in that paragraph when the document was amended in 1985.

Richmond, Division I, at the time the property and the improvements situated thereon (the "Property") are submitted to the plan of condominium ownership, with the terms and provisions of the Articles of Incorporation and Declaration controlling wherever the same may be in conflict herewith.

Section B. Defined Terms and Coverage.

(a) Reference is hereby made to Article I of the Declaration for the meaning of certain initially capitalized terms used herein.

(b) All present or future owners, present or future tenants, the employees of tenants or owners, or any other person that might use the Condominium or any of the facilities thereof in any manner, are subject to all the terms and provisions of the Condominium Instruments.

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

ARTICLE 2. UNIT OWNERS ASSOCIATION.

Section A. Qualification of Members.

* The qualification of members of the Association, the manner of their admission to membership and termination of such

membership shall be as set forth in the Articles of Incorporation. For all purposes having to do with the administration of the Condominium, the Association shall act as an agent for the owners of all the Units of the Condominium (the "Owners" or "Unit Owners") as a group.

Section B. Powers of the Association. The Association shall have, in addition to those powers listed in the Articles of Incorporation, all of the powers reasonably necessary to implement and effectuate the rules and objectives set forth in the Condominium Instruments, including without limitation:

(a) the reasonable right of entry upon any Unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance of operation of the Condominium, and

(b) the right to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium.

Section C. Annual Meetings. * The annual meetings of the Association shall be held on the 15th day of October of each year (or seventy-five (75) days before the beginning of the fiscal year), unless such date shall occur on a Saturday or Sunday or legal holidays observed in the Commonwealth of Virginia in which event the meeting shall be held on the

succeeding Monday. At such annual meetings, the Board of Directors shall be elected by ballot of the Unit Owners.

Section D. Place of Meetings. * Meetings of the 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 E. Special Meetings. (a) * The President of the Association shall call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Unit Owners of not less than one-third (1/3) 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) Deleted.

Section F. Notice of Meetings. * The Secretary shall mail to each Unit Owner a notice of each annual or regularly scheduled meeting of the Unit Owners at least twenty-one (21) but not more than thirty (30) days, and of each special meeting of the Unit Owners at least ten (10) but not more than thirty (30) days, prior to such meeting, stating the time,

place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section A of Article 11, of these Bylaws shall be considered proper service of notice.

The notice of any meeting at which members of the Board of Directors are to be elected shall describe the procedure for nominating Directors and shall set the date by which nominations must be filed with the Secretary in advance of the meeting.

Section G. Adjournment of Meetings. If at any meeting of the Association a quorum or the required percentage of attendance 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 when a quorum for the required percentage of attendance is present.

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

- (a) Roll call and certifying of proxies.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of Board of Directors and Officers.
- (e) Reports of committees, if any.
- (f) Election or appointment of inspectors of election (when so required).

- (g) Election of Directors (when so required).
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

Section I. 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 Association may acquire, hold and transfer full legal title to one or more Units in its own name.

Section J. Proxies. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon, and must be filed with the Secretary before the appointed time of the meeting. Proxies shall be void if not dated and signed in substantially the same form as the Sample Proxy attached to these Bylaws as Exhibit A.

Section K. Voting. * Voting at all meetings of the 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. Except for the election of the directors or where a greater number of directors is required by law or these Bylaws, the vote of Owners of more than fifty percent (50%) of the aggregate Percentage Interests in the Condominium voting in person or by proxy at one time at a duly convened meeting at

which a quorum is present ("Majority of the Unit Owners") is required to adopt decisions made at any meeting of the Association. . . Any specified percentage of the Unit Owners means the Unit Owners owning such Percentage Interests in the aggregate. No Unit Owner may vote at any meeting of the Association or be elected to serve as an Officer of the Association if the Association has perfected a lien against his Unit and the amount necessary to release such lien has not been paid at the time of such meeting or election.

* In any election of Directors by the members of the Association, there shall be appurtenant to each Unit a total vote equal to the number of Directors to be elected multiplied by the Unit's Percentage Interest as assigned in the Declaration; provided, however, that no Owner of one Condominium Unit may cast a vote greater than the Unit's Percentage Interest for any one person nominated as a Director, it being the intent hereof that voting for Directors shall be noncumulative.

Section L. Quorum: * Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit Owners of one-fourth (1/4) or more of the aggregate Percentage Interests shall constitute a quorum at all meetings of the Association.

Section M. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted and all transactions occurring at the meeting. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Condominium Instruments or the Condominium Act. All votes shall be tallied by inspectors appointed by the President or other Officer presiding over the meeting.

ARTICLE 3. BOARD OF DIRECTORS.

Section A. Number and Qualification. * The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall consist of nine (9) persons who shall be elected by the members of the Association. All Directors shall be Unit Owners. The four Directors in office on October 15, 1985 whose term of office extends until the Annual Meeting in 1986 shall continue serving their terms. At the 1985 Annual Meeting, five persons shall be elected to serve terms of two years each.

Section B. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do

all such acts and things as are not by the Condominium Act or the Condominium Instruments required to be exercised and done by the Association acting as a group on the basis of their voting their interests in the Association. The Board of Directors shall have the power from time to time to adopt any rules and regulations ("Rules and Regulations") deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not be in conflict with the Condominium Act or the Condominium

Instruments. 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 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 Association that may hereafter be adopted, the Board of Directors shall, on behalf of the Association:

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

(b) Make assessments against Unit Owners to defray the costs and expenses of the Condominium; establish the means and methods of collecting such assessments from the Unit Owners and establish the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise

determined by the Board of Directors. the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first (1st) day of each month for such month.

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

(d) * Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and provide services for the Condominium 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 owned by 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 Condominium.

(f) To pay all taxes, charges and assessments which are or may become liens against any part of the Condominium, other than Condominium Units and the appurtenances thereto, and to assess the same against the members and their respective Condominium Units subject to such liens.

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

(h) Enforce by legal means the provisions of the Declaration, the Articles of Incorporation, these Bylaws and the Rules and Regulations and act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceedings.

(i) Obtain and carry insurance against casualties and liabilities as provided in these Bylaws, pay the premiums therefor and adjust and settle any claims thereunder.

(j) Pay the cost of all authorized services rendered to the Association and not billed to Unit Owners of individual Units.

(k) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, or their duly authorized agents or attorneys, during general business hours on working 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 good and accepted accounting practices, and the same shall be audited, at least one each year by an independent accountant retained by the Board of Directors who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

(l) Notify all Mortgagees of all or any Units of the Condominium (the "Mortgagees") of any default hereunder by any Unit Owner subject to such mortgage, in the event such default continues for a period exceeding thirty (30) days.

(m) Acquire, lease, manage, hold and dispose of Units and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Association.

(n) * Furnish the statement required by Va. Code Ann. §55-79.97 of the Condominium Act, within ten (10) days after the receipt of a written request therefor from any Unit Owner.

(o) * Borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements; provided, however, that the consent of a majority of the Unit Owners, obtained 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

(\$10,000.00). If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this paragraph (o) is not repaid by the Unit Owners Association, a Unit Owner who pays to the creditor such proportion thereof as his Percentage Interest bears to the total Percentage Interests in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Condominium Unit..

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

(q) Do such other things and acts not inconsistent with the Condominium Act or the Condominium Instruments which the Board of Directors may be authorized to do by its own resolution.

Section C. Election and Term of Office.

(a) * Election to the Board of Directors shall occur at the Annual Meeting. One vote shall be taken on the entire slate of nominees and in odd years the five (5) nominees receiving the highest plurality shall be declared elected, and in even years, the four (4) nominees receiving the highest plurality shall be elected. Directors may be

electd to succeed themselves, but may not be re-elected after serving four full years, until they have been for at least two years not a member of the Board of Directors.

(b) Persons qualified to be members of the Board of Directors may be nominated for election only as follows:

(1) Any Unit Owner may submit to the Secretary a nominating petition signed by Unit Owners owning at least two (2) Units, a statement that the person nominated is willing to serve on the Board of Directors and a biographical sketch of the nominee.) Nominating petitions must be filed with the Secretary on or before the date for such filing set forth in the notice of the meeting; or

(2) * Nominations may be submitted from the floor.

* Section D. * Removal or Resignation of Members of the Board of Directors. At any annual 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 ten (10) 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 shall be deemed to have resigned upon

disposition of his Unit as provided for officers in §55-79.78(a) of the Condominium Act. A person elected to fill a vacancy caused by resignation or by removal shall serve for the remainder of the term of his or her predecessor.

Section E. Vacancies. * Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the 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 for the remainder of the term of the member being replaced.

Section F. Organizational Meeting. Deleted.

Section G. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by a majority of the members of the Board, but such meetings shall be held at least once every three (3) months during each fiscal year.

Section H. Special Meetings. * Special meetings of the Board of Directors may be called by the President on three (3)

business days' notice to each member, 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 in like manner and on like notice on the request of at least two (2) members of the Board.

Section I. Waiver of Notice. Any member 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 member 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, unless such member attends for the specific purpose of challenging such notice. If all members are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section J. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the Board shall constitute a quorum for the transaction of business, and the votes of a majority of the Board 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, the meeting may be adjourned to a new 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.

Section K. Fidelity Bonds. There shall be obtained a fidelity bond or bonds in an amount as required by Article 6, Section D hereof or in such form and such greater amounts as may be required by the Mortgagees for all Officers, members of the Board of Directors and employees of the Association, including without limitation the Managing Agent, handling or responsible for the Condominium's funds. The premium on such bonds shall constitute a Common Expense.

Section L. Compensation. Director's compensation, if any, shall be determined by the members of the Association.

Section M. Conduct of Meetings. * The President who shall be a Director shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book for 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 Condominium Instruments or the Condominium Act.

Section N. 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 O. Liability of the Board of Directors, Officers, Unit Owners and Association.

(a) The Officers and members of the Board of Directors of the Association shall not be liable to the Association for any mistake of judgment caused by negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each member of the Association (including Officers and Board of Directors' members that are not Unit Owners) from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act, the Declaration, Articles of Incorporation, or these Bylaws in which case those persons dealing in bad faith or dealing knowingly in a contrary manner to the aforesaid provisions shall not be indemnified. Other than has previously been stated in this section, Officers and

members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association and shall be considered as only acting as agents for the Association. The liability, if any, of any Unit Owner arising out of any contract made by the Officers or Board of Directors or out of the aforesaid indemnity in favor 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 a Percentage Interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by his Percentage Interest. Every agreement made by the Officers, the Board of Directors or the Managing Agent on behalf of the Association shall, if obtainable, provide that the Officers, the members of the Board of Directors or the Managing Agent, as the case may be, are acting only as agents of the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Percentage Interests.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expenses, or for injury or damage to any person or property caused by the elements or by the Unit Owner of any Condominium Unit, or any other person, or resulting from electricity or water, snow or

ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as elsewhere provided herein shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section P. Common or Interested Members: Each Officer of the Association shall exercise his powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Association and any of its members, or between the Association and any corporation, firm or association (including the Declarant), in which any of the members of the Association are members or officers or are pecuniarily or otherwise interested, is either void or voidable because any such member 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 subparagraphs exist:

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

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

Any common or interested members may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote at any such meeting to authorize or disallow any contract or transaction with like force and effect as if such member were not such member or Officer of the Association or not so interested.

Section Q. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the

Association for expenditures or obligations in excess of Two Thousand Dollars (\$2,000.00) shall be executed by any two (2) persons designated by the Board of Directors. All such instruments for expenditures or obligations of Two Thousand Dollars (\$2,000.00) or less may be executed by any one (1) person designated by the Board of Directors.

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

(a) Requirements. The Managing Agent shall be a bona fide business enterprise which is experienced in managing common interest residential communities. Such firm shall have a minimum of two (2) years' experience in real estate community management and shall employ persons possessing a high level of competence in the technical skills necessary for proper management of the Condominium. The Managing Agent must be able to advise the Board of Directors regarding the administrative operations of the Condominium and may with the consent of the Board of Directors employ personnel expert in the areas of condominium insurance, accounting and condominium regulations.

(b) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize. 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 and duties set forth in the first paragraph of Section B of Article 3 or the powers set forth in paragraphs (b), (h), (m) and (n) of Section B of this Article 3 and other than its power to make and amend any Rules and Regulations issued by the Board of Directors. The Managing Agent shall perform the obligations, duties and services relating to management of the Condominium, relating to the rights of Mortgagees and relating to 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:

(i) Cash accounts of the Association shall not be commingled with any other accounts except with the express permission of the Board of Directors;

(ii) No remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise.

(iii) Any discounts received shall benefit the Association:

(iv) Any financial or other interest which the Managing Agent may have in any firm providing goods or

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

(v) A monthly financial report shall be prepared for the Unit Owners Association disclosing:

a. All income and disbursements activity for the preceding month;

b. The status of all accounts in an "actual" versus "projected" (budget) format; and

c. Any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent (10%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

(d) Limitations. * Subject to the provisions of §55-79.74(b) of the Condominium Act, the Board of Directors may employ a Managing Agent for a term not to exceed one (1) year. Any contract with the Managing Agent must provide that it may be terminated with cause on not more than thirty (30) days' written notice and without cause on no more than ninety (90) days' written notice; and the contract must be terminable without payment of a termination fee.

When professional management has been previously required by any first Mortgagee or insurer or guarantor of such mortgage; whether such entity became a Mortgagee, insurer or guarantor at that time or later, any decision to establish self-management by the Association shall require the prior

consent of Unit Owners to which at least sixty-seven percent (67%) of the votes of the Association are allocated and the approval of Mortgagees holding first liens on Units which have at least fifty-one percent (51%) of the votes of the Units subject to such mortgages.

Section 5. Covenants Committee. The Board of Directors may establish a Covenants Committee, consisting of five (5) members appointed by the Board of Directors, each to serve for a term of one year, in order to assure that the Condominium shall always be maintained in a manner:

(1) providing for visual harmony and soundness of repair;

(2) avoiding activities deleterious to the esthetic or property values of the Condominium;

(3) furthering the comfort of the Unit Owners, their guests and tenants; and

(4) promoting the general welfare of the Condominium community.

(a) 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 issue a cease and desist request to a Unit Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Condominium Act, the Condominium Instruments, 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 Condominium Instruments, 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 a vote of a quorum of the Board of Directors may modify or reverse any such action, ruling or decision.

(b) Authority.. The Covenants Committee shall have such additional duties, power 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 by vote of a quorum thereof. 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 A. Number of Officers. * The Officers of the Association shall be a President, a Vice-President, a Treasurer, and a Secretary, all of whom shall be members of

the Board of Directors and elected annually by the Board of Directors and who may be peremptorily removed by a vote of the Directors at any meeting with or without cause. Any person may hold two (2) or more offices except that the President shall not also be Vice-President, Secretary or an Assistant Secretary. The Board of Directors shall, from time to time, elect such other Officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

Section B. President. The President shall be the chief executive Officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the President of any association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association.

Section C. Vice-President. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

Section D. Secretary. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President.

Section E: Treasurer. The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidence of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

Section F. Compensation. The compensation of all Officers, if any, and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude their contracting with a Director in the capacity of a Managing Agent.

Section G. Vacancies. * Vacancies in any office of the Association shall be filled by a vote of the majority of the Board of Directors at a special meeting held for such purpose promptly after the occurrence of such vacancy. Each person so elected shall be an Officer of the Association for the remainder of the term of the Officer being replaced and until a successor shall be elected.

ARTICLE 5. OPERATION OF THE CONDOMINIUM.

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

(a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors, except that in the initial year of the Condominium's operation, the fiscal year shall commence with the closing of the sale of the first Condominium Unit.

(b) Preparation and Approval of Budget.

(i) * At least seventy-five (75) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the 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 Condominium Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Condominium and the rendering to the Unit Owners of all related services.

(ii) 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 seven (7) days before the date of the Association's Annual Meeting, the Board of Directors shall deliver to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Association.

(c) Assessment and Payment of Common Expenses.

Subject to the provisions of Section A of Article 9 hereof pertaining to expense caused by carelessness, conscious act or neglect of a Unit Owner and certain other persons, the total amount of the estimated funds required for the operation of the Condominium set forth in the budget adopted by the Board of Directors shall be assessed against each Unit Owner

in proportion to the number of votes in the Unit Owners Association appertaining to each such Unit and shall be a lien against each Unit Owner's Unit as provided in Article 9, Section B of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) 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 (1/12) of such assessment. Within ninety (90) days after the

end of fiscal year, the Board of Directors shall supply to all Unit Owners and to each Mortgagee 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, if the Board of Directors deems it advisable, be credited 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: (i) in full with payment of the next monthly assessment due; or (ii) in not more than six (6) equal monthly installments, as the Board of Directors may determine. All such credits and additional assessments charged to Unit Owners shall be made

in proportion to the number of votes in the Unit Owners Association appertaining to each such Unit.

(d) Reserves. The Association through 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 nonpayment 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 in proportion to the number of votes in the Unit Owners Association appertaining to each such Unit. Such additional assessment 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 all 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 no more than ten (10) days after the delivery of such notice of further assessment. Such assessment shall be a lien as of the effective date as set forth in preceding paragraph (c).

(e) Initial Capital Payment.

(i) Deleted.

(ii) * The funds which were accumulated at the time of the conversion by payment of sums equivalent to twice the monthly assessment for Common Expenses for each purchaser's unit shall be maintained as a Working Capital Fund in a segregated account for the use and benefit of the Association.

(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 allocable 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 notice of the monthly payment is received that is based on the new annual or adjusted budget.

(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, but shall be held for each Unit Owner in accordance with his Percentage Interest.

(h) Association's Units. Should the Association be the owner of a Unit or Units, any assessment which would

be otherwise due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income which might be derived from the leasing of such Unit or Units by the Association, shall be apportioned and an assessment therefor levied ratably among the other Owners of all Units not owned by the Association based upon the Percentage Interest of those Owners.

Section B. Payment of Common Expenses.

* (a) Each Unit Owner shall pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section A of this Article. 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 Expenses or by abandonment of his Unit. No Unit Owner shall be 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. - Any Mortgagee who

comes into possession of a Condominium Unit by virtue of foreclosure or by deed of assignment in lieu of foreclosure or any purchaser at a foreclosure sale shall take the Condominium Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such Mortgagee comes into possession thereof.

(b) When an Owner ceases to be a member of the Association by reason of his divestment of ownership of a Unit or Units, by whatever means, the Association shall not be required to account to that Owner for any share of the fund or assets of the Association or which may have been paid by that Owner to the Association since all monies which any Owner has paid to the Association shall be an asset of the Association to be used in the operation and management of the Condominium.

Section C. 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 (30) days from the due date for payment thereof. Any assessment, or installment thereof, not paid within five (5) days after due shall accrue a late charge in the amount of Ten Dollars (\$10.00) or such other amount as may be established by the Board of Directors.

Section D. * 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 statements to cover the cost of preparation to the extent permitted by the Condominium Act. Any Unit Owner or Purchaser of a Condominium Unit shall be entitled to such a statement upon request within five (5) business days from the receipt of such a request.

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

(a) By the Board of Directors. The Board of Directors shall be responsible for all maintenance, repair and replacement of the Common Elements whether located inside or outside of the Units. The Board of Directors shall be responsible for maintenance, repairs and replacements of the fences enclosing the Limited Common Element patios. The Board of Directors shall be responsible for paving and striping all parking spaces. The cost of all such maintenance, repairs and replacements made by the Board of Directors shall be a common expense unless in the opinion of not less than two-thirds (2/3) of the Board of Directors, such expense was necessitated by the negligence, misuse or neglect of a Unit Owner, in which

event such expense may be charged to the responsible Unit Owner.

(b). By the Unit Owner. Each Unit Owner shall keep his Unit and its equipment, appliances, appurtenances and Limited Common Element parts in good order, condition and repair and in a clean and sanitary condition, including keeping them free and clear of all trash, ice and any accumulation of water, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. Each Unit Owner shall be responsible for all damage to his Unit and Limited Common Elements or to any other Units or to the Common Elements resulting from his negligence, misuse or failure to make any of the maintenance, repairs and replacements required of him by this Section. 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. The Unit Owner will have total responsibility for all maintenance, repairs and replacements required to be made to window screens, storm windows, screen doors and mail slots, and other items designated by §55-79.50(e) of the Condominium Act as Limited Common Elements. Such maintenance, repairs and replacements

shall only be performed in accordance with such specifications (if any) as may be prescribed by the Rules and Regulations.

(c) Manner of Repair and Replacement. All repairs and replacements shall be of first-class quality and shall meet all provisions of the building codes used by the City of Richmond. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section F. Additions, Alterations or Improvements by Board of Directors. * Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements amounting to greater than Ten Thousand Dollars (\$10,000.00) during any period of twelve (12) consecutive months, the making of such additions, alterations or improvements shall be approved by a majority of the Unit Owners, and the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing Ten Thousand Dollars (\$10,000.00) or less during any period of twelve (12) 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. Notwithstanding the foregoing, if, in the opinion of a majority of the members of the Board of Directors, any 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 thereof in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

Section G. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural ~~addition, alteration or improvement in or to~~ any load bearing wall surround or within his Unit without first obtaining the prior written consent of the Board of Directors; and the approval of appropriate and necessary authorities of the City of Richmond, Virginia. 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 the building, or install electrical wiring, television or radio antennae or other object, machines or air conditioning units which may protrude through the walls, roof or windows of the Condominium or in any manner alter the appearance of any exterior portion of the Condominium without such permission. The Board of Directors shall be obligated to answer any written request by a Unit Owner for improvement in such Unit Owner's Unit within forty-five (45) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed

structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors only; without, however, incurring any liability on the part of the Board of Directors or Association or any of them to any government, municipality, contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to persons or damage to property arising therefrom. The Unit Owner shall pay the costs of filing any such applications.

(Second paragraph in this section was deleted.)

Section H. Restrictions on Use of Units; Rules and Regulations.

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

(1) Units shall not be used for other than residential housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary nonresidential uses in Units from time to time.

(Second paragraph in this section was deleted.)

(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 without the prior written consent of the Board of Directors. No Unit Owner shall permit anything 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 in 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 store anything upon 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. Vehicular parking upon the Common Elements may be regulated or assigned by 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 and for which the same are reasonably suited and which are incident to the use and occupancy of the Units.

(6) * No Unit shall be rented for transient or hotel purposes. No Unit shall be rented for an initial period of less than six (6) months. No portion of a 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 requiring the lessee to comply with the Condominium Instruments and the Rules and Regulations, and providing that failure to comply constitutes a default under 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. The foregoing provisions of this subparagraph shall not apply to a Mortgagee in possession of a Unit as a result of a

foreclosure or other judicial sale or as a result of any proceeding in lieu of foreclosure.

(7) Deleted.

(8) Deleted.

(9) Except for such signs as may be posted by the Declarant 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. The provisions of this subparagraph shall not be applicable to the institutional holder of any first mortgage which comes into possession of any Unit by reason of any remedies provided for in the mortgage, foreclosure of any mortgage or any deed of trust or other proceeding in lieu of foreclosure.

(b) Each Unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and amended by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner. Amendments 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 I. Right of Access. By acceptance of a deed of conveyance, each Unit Owner thereby grants a right of access

to his Unit, as provided by Va. Code Ann. §55-79.79(a) and Article 5, Section 2 (b) of the Declaration, 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 and threatening another Unit or the Common Elements, performing installations, alterations or repairs to the technical or electrical services or the Common Elements in his Unit or elsewhere in the Property or to correct any condition which violates any mortgage or deed of trust of an institutional lender having a valid lien on all or any part of the Condominium; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

Section J. Utility Charges. The cost of utilities serving the Condominium not individually metered to each Unit shall be a Common Expense.

Section K. Parking Spaces. One parking space has been assigned as a Limited Common Element appurtenant to each Unit

as shown on the Plans and Plans. All parking spaces not assigned shall be used by the Unit Owners for self-service parking purposes on a "first come, first served" basis provided, however, that no Unit Owner shall park more than two vehicles (owned or leased by such Unit Owner, a member of his family or a tenant residing in his Unit) on the Common Element parking spaces without the prior written consent of the Board of Directors. The cost of maintenance and repair of all parking areas shall be a Common Expense.

Section L. Use of Common Elements. No Unit Owner shall place or cause or permit to be placed on or in Common Elements (other than in the areas designated as storage areas) any furniture, packages or objects of any kind.

Section M. Access to Books and Records. The Association shall make available to Unit Owners and lenders, and to holders, insurers or guarantors of any first mortgage on Units, current copies of the Declaration, Bylaws, Rules and Regulations and the books, records and financial statements of the Association. As used herein "available" means available for inspection, upon request, during normal business hours.

Section N. Condemnation. To the extent permitted by the Condominium Act, the Association shall represent the Unit

Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements or any part thereof, and the Association shall have the irrevocable power as attorney in fact to act on behalf of the Unit Owners for all such purposes. To the extent permitted by the Condominium Act, the condemnation award or proceeds of settlement resulting from the taking or acquisition of all or any part of the Common Elements shall be payable to the Association for the use and benefit of the Unit Owners and their Mortgagees as their interests may appear.

ARTICLE 6: INSURANCE.

Section A. Authority to Purchase.

(a) Except as otherwise provided in Section E of this Article 6, all insurance policies relating to the Condominium shall be purchased by the Board of Directors. Neither the Board of Directors nor the Managing Agent shall 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 coverage from an insurance company having the qualifications set forth in subsection (d) of this Section or if, in the opinion of the Board of Directors, such coverage is prohibitively expensive.

(b) Each such policy shall provide that:

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

(ii) 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 without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect and without sixty (60) days having elapsed after such a demand without a cure of the defect.

(iii) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty (60) 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) Deleted.

(d) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia and having a rating by Best's Key Rating Guide of B+ or better. Physical damage policies shall be in form and substance acceptable to the Mortgagees of the ~~Condominium~~.

Section B. Physical Damage Insurance.

(a) * The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, debris removal, and water damage endorsements, insuring the entire Condominium (including all of the Units and the bathroom and kitchen fixtures initially installed therein by the Declarant and the replacements thereto but not including furniture, wall coverings, furnishing or other personal property supplied or installed by Unit Owners), together with any heating or air conditioning equipment and other service machinery contained therein and covering the interests of the Association, the Board of Directors and all Unit Owners and their Mortgagees, as their interests may appear (subject, however, to loss payment and adjustment provisions in favor of the Board of Directors and the Insurance Trustee contained in Section F of this Article), in an amount equal to one hundred percent (100%) of the then current replacement cost of the Condominium (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) The Board of Directors shall make every reasonable effort to have such policy also provide:

(i) The following endorsements (or equivalent):

(aa) "Contingent liability from operation of building laws or codes";

(bb) "increased cost of construction" or "condominium replacement cost"; and

(cc) "agreed amount" or elimination of co-insurance clause; and

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

(c) A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder together with proof of payment of premiums shall be delivered by the insurer to any Mortgagee so requesting them at least thirty (30) 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 the current replacement cost of the Condominium, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Section B. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy.

Section C. 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 officers) and property damage insurance insuring each member of the Board of Directors, the Officers, the Managing Agent, each Unit Owner and the Declarant 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. Such insurance shall be issued on a comprehensive liability basis and shall contain: (a) 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; (b) hired and nonowner vehicle coverage; (c) host liquor liability coverage with respect to events sponsored by the

Association; (d) deletion of the normal products exclusion with respect to events sponsored by the Association; and (e) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Association or of another Unit Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. At least One Million Dollars (\$1,000,000.00) of "umbrella" liability insurance in excess of the primary limits shall also be obtained.

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

(a) Adequate fidelity coverage to protect against dishonest acts on the part of Officers, members, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the Managing Agent. Such fidelity bonds shall: (i) name the Association as an obligee; (ii) be written in the amount of Twenty-Five Thousand Dollars (\$25,000.00) or such other amount as the Board of Directors deems appropriate; provided, however, the aggregate amount of such bonds shall not be less than (x) the estimate maximum of funds, including reserve funds, in the custody of the Association or the Managing Agent

at any given time during the term of the bond, or (y) a sum equal to three (3) months' aggregate assessment on all Units plus reserve funds; 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) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law;

(c) 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; and

(d) 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 E. Separate Insurance. Each Unit Owner shall have the right, at his own expense, to obtain insurance for his own Unit and for his own benefit 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 "tenants' 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 to be brought into contribution with insurance coverage obtained by a Unit Owner. All such policies shall contain waivers of subrogation. No Unit Owner shall obtain separate insurance policies on the Condominium except as provided in this Section E.

Section F. Insurance Trustee.

* (a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Association, the Unit Owners, and their Mortgagees, as their interests may appear.

(b) Deleted.

Section G. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner, each Mortgagee, other named insured and their beneficiaries and any other holder of a lien or other interest in the Condominium 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.

ARTICLE 7. REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY.

Section A. When Repair and Reconstruction are Required.

Except as otherwise provided in Section D of this Article, in the event of damage to or destruction of the Condominium as a result of fire or other casualty in excess of Twenty-Five Thousand Dollars (\$25,000.00), the Board of Directors under the direction of the Insurance Trustee shall arrange for and supervise the prompt repair and restoration of the Condominium (including any damaged Units, and the kitchen or bathroom fixtures and appliances initially installed therein by the Declarant, and replacements thereof installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed 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 B. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage in excess of Twenty-Five Thousand Dollars (\$25,000.00), the Board of Directors under the direction of the Insurance Trustee shall obtain reliable and detailed estimates of the cost of repairing and restoring the Condominium (including any damaged Units and kitchen and

bathroom fixtures and appliances initially installed by the Declarant, but not including any other furniture, furnishings, fixtures or equipment installed 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 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 special assessment therefor shall be levied.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the Declaration and the original plans and specifications of the Condominium.

Section C. 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 or 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:

(i) If the estimated cost of reconstruction and repair is less than Twenty-Five Thousand Dollars (\$25,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors.

(ii) If the estimated costs of reconstruction and repair is Twenty-Five Thousand Dollars (\$25,000.00) or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the Insurance Trustee to supervise such work; with 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 and stating that (aa) 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 material furnished; (bb) there is no other outstanding indebtedness known to such architect for the services and materials described; and (cc) 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. It shall be presumed that 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 interest at law or in equity in each Unit.

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

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

ARTICLE 8. MORTGAGEES.

Section A: Notice of 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 any insurer or guarantor of such mortgage) and shall file a conformed copy of the note and mortgage with the Board of Directors. In the event of a sale or transfer of a Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in the Unit purchased or received.

Section B: Notice of Default, Casualty or Condemnation.

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, and first Mortgagee, or insurer or guarantor of such mortgage, will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first mortgage held, insured or guaranteed by such Mortgagee or insurer or guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by the owner of a Unit subject to a first mortgage held, insured or guaranteed by such First Mortgagee

or insurer or guarantor of such mortgage, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of first Mortgagees of Units as specified in Section E below.

For purposes of this Section only, when notice is to be given to a Mortgagee (or insurer or guarantor of such mortgage), the Board of Directors shall also give notice to the Federal Home Loan Mortgage Corporation, the Veterans Administration, the Federal Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guaranteeing mortgages of Units in the Condominium if the Board of Directors has notice of such participation.

Section C. Notice of Amendment of Declaration or Bylaws.

The Board of Directors shall give notice to all Mortgagees seven (7) days prior to the date on which the Unit Owners, in accordance with the provisions of these Bylaws, materially amend any Condominium Instruments.

Section D. Notice of Change in Managing Agent. * The Board of Directors shall give notice to all Mortgagees thirty (30) days prior to undertaking self-management and no such change shall be adopted without the written consent of all Mortgagees.

Section E. Mortgagee's Approvals. Except as provided in the Condominium Act in case of condemnation or substantial loss to the Units and/or Common Elements, unless Mortgagees holding first liens on Units which have at least sixty-seven percent (67%) of the votes of the Units subject to such mortgages and Unit Owners to which at least sixty-seven percent (67%) of the votes of the Association are allocated (which shall include at least sixty-seven percent (67%) of the votes allocated to Units not owned by the Declarant) shall have given their written approval, neither the Association nor any Unit Owner shall:

(a) By act or omission seek to abandon or terminate the Condominium project.

(b) Change the Percentage Interest or obligations of any individual Condominium Unit for the purpose of:

(i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or

(ii) determining the prorata share of ownership of each Condominium Unit in the Common Elements.

(c) Partition or subdivide any Condominium Unit

(d) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Element (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.)

(e) Use hazard insurance proceeds for losses to any Condominium Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such Condominium Property.

(f) Make any material amendment to the Condominium Instruments which would establish, provide for, or govern or regulate any of the following:

- (1) Voting;
- (2) Assessments, assessment liens or subordination of such liens;
- (3) Reserves for maintenance, repair and replacements of the Common Elements;
- (4) Insurance or Fidelity Bonds;
- (5) Rights to use of Common Elements;
- (6) Responsibility for maintenance and repair of the Units, Common Elements and Limited Common Elements.
- (7) Boundaries of any Unit;
- (8) The interest in the Common Elements or Limited Common Elements;

(9) Leasing of Units;

(10) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer or otherwise convey his or her Unit or the interest in the Common Elements applicable thereto;

(11) Any provisions which are for the express benefit of Mortgagees holding a first lien on Units or insurers or guarantors of such mortgages.

To the extent permitted by applicable secondary market requirements, a Mortgagee who receives a written request to approve addition or amendments to the Condominium Instruments and who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section F: Other Rights of Mortgagees. All Mortgagees or their representatives shall be entitled to attend meetings of the Association and shall have the right to speak at such meetings and upon request shall have the right to receive written notice of all meetings. All such Mortgagees shall have the right to examine the books and records of the Condominium, to receive copies of the Declaration, Bylaws, Rules and Regulations and the annual report filed by the Declarant pursuant to Va. Code Ann. §55-79.93 and to require the submission free of charge of the annual audited financial statement of the Association for the immediately preceding

year.. Any financial statement requested pursuant to this section shall be furnished within a reasonable time following such request.

ARTICLE 9. COMPLIANCE AND DEFAULT.

Section A. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Declaration, Articles of Incorporation, these Bylaws, any Rules and Regulations and the Condominium Act as any of the same may be amended from time to time. In addition to the remedies provided in Va. Code Ann. §55-79.53, a default by a Unit Owner shall entitle the Association, acting through its Board of Directors or through the Managing Agent, to the relief as set forth in the following paragraphs:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his conscious act, neglect or carelessness of any member of his family or his employees, tenants, agents, licensees, guests or invitees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein,

however, shall be construed as modifying any waiver by an 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 Association, the Board of Directors or of the Unit Owner to enforce any right, provisions, covenant or condition which may be granted by the Condominium Instruments or the Condominium Act, shall not constitute a waiver of the right of the Declarant, the 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 Association, the Board of Directors or any Unit Owner pursuant to any term, provisions, covenant or condition of the Condominium Instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the aforesaid documents or Act or at law or in equity.

(d) Interest. * In the event of a default by any Unit Owner in paying any sum assessed against his Condominium

Unit or for Common Expenses which continues for a period in excess of fifteen (15) days, the principal amount unpaid shall bear interest at the rate of eighteen percent (18%) per annum from the date due until paid or such other rate as may be set by Rules and Regulations of the Board of Directors from time to time.

(e) Abating and Enjoining Violations by Unit Owners. The violations of any of the Rules and Regulations adopted by the Board of Directors, the breach of any Bylaws ~~contained herein or the breach of any provision of the~~ Declaration, Articles of Incorporation or the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; 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, the Articles, these Bylaws and the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the

lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent or if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

(g) Charges for Violations. * Acting through the Board of Directors or a tribunal appointed by the Board, the Association may assess charges against any Unit Owner for any violations of the Declaration, these Bylaws, or the Rules and Regulations promulgated pursuant to these Bylaws, for which such Unit Owner or his family member, tenants, guests or other invitees are responsible. Before any such charges may be assessed, the Unit Owner must be given an opportunity to be heard and to be represented by counsel before the Board of Directors or the tribunal appointed by the Board. Notice of such hearing shall, at least fourteen (14) days in advance thereof, be hand delivered or mailed by registered or certified United States mail, return receipt requested, to such Unit Owner at the address or addresses required for notice pursuant to Section A of Article 2 of these Bylaws. The amount of any charges so assessed shall not exceed the maximums prescribed by Section §55-79.80 (b2) of the Condominium Act as the same may be amended from time to time.

Section B. Lien for Assessments.

(a) The total annual assessment of each Unit Owner for Common Expenses or any special assessment made pursuant to these Bylaws is hereby declared to be a lien levied against the Unit of such Unit Owner as provided in Va. Code Ann. §§55-79.84, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Condominium and as to special assessments, on the first day of the next month which begins more than ten (10) days after delivery to the Unit Owner of notice of such special assessment. 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 by the aforesaid section of the Condominium Act or by the laws of the Commonwealth of Virginia to confirm the establishment and priority of such lien.

(b) 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 (2) consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire balance of the annual assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner and his Mortgagee by the Board of Directors or the Managing Agent.

(c) The lien for assessments may be enforced and foreclosed in the manner provided by the laws of the Commonwealth of Virginia by action in the name of the Board of Directors or the Managing Agent, acting on behalf of the 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) A suit to recover a money judgment for unpaid contributions may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section C. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the Condominium Instruments or the Condominium Act, all of the Unit Owners may be required by the Declarant or the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by a declaration of trust recorded among the land

records of the City of Richmond, Division I, granting unto a trustee or trustees appropriate powers to the end that upon default in the performance of such bond the aforesaid declaration of trust may be foreclosed by the trustee or trustees acting at the direction of the Board of Directors. In the event any such bonds have been executed and the declaration of trust is recorded, then any subsequent purchaser of a Unit shall take title subject to the declaration of trust and shall assume the obligations provided for therein.

Section D. Subordination and Mortgagee 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 subject to, and shall in no way affect the rights of a first Mortgagee on a Unit so long as such mortgage or deed of trust was made in good faith for value received. Such liens shall not be affected by a sale or transfer of the Unit, except as provided in §55-79.84(h) of the Condominium Act, and except that a sale or transfer pursuant to a foreclosure of a first Mortgagee or deed of trust shall extinguish a subordinate lien for assessments which became payable prior to such sale or transfer. Any delinquent assessments which are extinguished

pursuant to the foregoing provision may be reallocated and assessed to all Unit Owners as a Common Expense.

ARTICLE 10. AMENDMENT TO BYLAWS AND CONDOMINIUM TERMINATION.

Section A. Amendments and Termination. * Unless otherwise provided in these Bylaws or in the Condominium Act, the Declaration or these Bylaws may not be modified, amended or terminated except as provided in Va. Code Ann. §55-79.72, which requires sixty-six and two-thirds percent (66 2/3%) of the aggregate Percentage Interests to amend and eighty percent (80%) of the aggregate Percentage Interests to terminate.

Section B. Method of Amending.

(a) * Except as otherwise provided by the Condominium Act, the Declaration and these Bylaws may be amended only after approval by a majority of the Board of Directors and by agreement of Unit Owners of Units to which two-thirds of the votes in the Association appertain. Such agreement shall be evidenced by their execution of the amendment or ratification thereof, and the amendment shall become effective only when recorded together with a certification, signed by the President or Vice President of the Association, that the requisite majority executed the amendment or ratifications thereof.

(b) No amendment in the percentage of ownership in Common Elements appurtenant to each Condominium Unit or amendment that would change Unit boundaries or amendment to the basis of sharing Common Expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or amendment to the basis or ownership of any reserve funds, shall be made without the written approval of first Mortgagees and Unit Owners as set forth in Article 8, Section E, of the Bylaws.

(c) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of a Mortgagee shall be made without prior written consent of such Mortgagee being first had and obtained.

(d) Deleted.

Section C. Termination.

(a) * Unless otherwise provided in these Bylaws or in the Condominium Act, termination of the Condominium may be effected only by an agreement of eighty percent (80%) of the Unit Owners and only after a termination agreement has been executed by such Unit Owners. In addition to the foregoing, termination shall not be allowed unless each of the holders of all mortgages or deeds of trust that are liens on the Condominium or any of its Units consent in the aforesaid termination agreement that their liens may be transferred to the Unit and its appurtenant interests on which their lien

rests once that Unit becomes separated and owned as a tenancy in common by operation of law due to the termination or in the event of a termination due to casualty, that their liens may be satisfied as set forth in Article 7, Section D.

(b) In the event of termination where there is no casualty as set forth in Article 7, Section D, the Unit Owners shall, as previously stated, own the Condominium as tenants in common in undivided shares with any holders of mortgages or deeds or deeds of trust having a lien on such undivided shares. Such undivided share of each Owner shall be in the entire Condominium in proportion to that Owner's undivided share or Percentage Interest in the Common Elements immediately prior to recording an instrument terminating the Condominium. So long as the tenancy in common lasts, each Unit Owner or his heirs, successors or assigns shall have an exclusive right of occupancy of that portion of the Property which formerly constituted his Unit. All funds held by the Association, including insurance proceeds, if any, shall be held for the Unit Owners in the same proportion as their former Percentage Interests. Any costs incurred by the Association in connection with the termination shall be considered a Common Expense.

(c) Following termination, the Property that was formerly the Condominium may be partitioned and sold upon the application of any Unit Owner. Following a termination if the Board of Directors determines by not less than a majority vote

to accept an offer for the sale of the Property, each Unit Owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such form as the Board of Directors directs. In such event, any action for partition or other division of the Property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

(d). * The members of the Board of Directors acting collectively as agent for all Unit Owners, shall continue to have such powers as are granted in this Article notwithstanding the fact that the Association itself may be dissolved upon termination. The Association may only be dissolved in compliance with the procedures and requirements of the Virginia Nonstock Corporation Act.

ARTICLE 11. MISCELLANEOUS.

Section A. Notices. All notices, demands, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally (pursuant to Va. Code Ann. §55-79.75) or otherwise as the Condominium Act may permit: (a) if to a Unit Owner, at the address which 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 (b) if to

the Association, the Board of Directors or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one person, each person who so designated an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section B. Captions. The captions used herein are inserted only as a manner 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 C. Gender, Singular/Plural. 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.

MOUNT VERNON ASSOCIATION

By: /S/ Richard W. Nickols

Exhibit A to Bylaws and Exhibit B to Bylaws, which follow, have been updated to represent the versions in use at the time of this printing. They are, however, essentially the same as those included in the original Bylaws.

EXHIBIT A TO BYLAWS

MOUNT VERNON ASSOCIATION

As a Member of Mount Vernon Association (the "Association"), I hereby appoint _____ (name) as my proxy, for and in my name, with full power of substitution, and with all powers I would possess if personally present, to attend the meeting of Mount Vernon Association, to be held in Richmond, Virginia, on _____, 19____, and I authorize _____ (name) to cast my vote or votes at such meeting and at any adjournments thereof:

1. (list of topics, such as "on the election of Directors)
- 2.
- 3.

WITNESS my hand and seal this _____ day of _____, 19____.

Signature of Unit Owner (SEAL)

Signature of Unit Owner (SEAL)

Mount Vernon Unit Number

WITNESS:

Signature (SEAL)

Address

NOTE: Only one proxy can be voted per Unit. A proxy for a person who has a Power of Attorney for a home owner must be accompanied by an executed copy of the Power of Attorney. A proxy executed by an Officer of a corporation must be accompanied by a resolution of the corporation. To be valid, a proxy must be dated, signed by all legal owners of the Unit, and bear the signature and address of a witness. The decision of the Secretary as to the validity of a proxy is final.

EXHIBIT B TO BYLAWS

CONDOMINIUM

CERTIFICATE FOR RESALE

TO:

Present Owner

FROM:

(Condominium Association)

As requested and pursuant to Section §55-79.97 of the Condominium Act, as amended; it is hereby certified that as of the date hereof, except as herein stated:

A. The status of all assessments and other fees or charges with respect to the condominium unit is as follows:

Current assessment due _____ \$ _____

Assessment(s) in arrears _____ \$ _____

Other fees or charges due _____ \$ _____

Fees or charges in arrears _____ \$ _____

TOTAL DUE _____ \$ _____

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

The Association levies annual assessments, payable in equal monthly installments, to pay common expenses. Special assessments may also be levied for the same purpose. A fee of up to Fifty Dollars (\$50.00) may be charged by the Association for the preparation of a Certificate of Resale (such as this one). A late charge may be applied to any assessment or installment thereof not paid in accordance with the By-Laws and/or Rules and Regulations.

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

C. The following, if any, is a list of all capital expenditures anticipated by the Unit Owners Association within the current or succeeding two fiscal year: _____

D. As of the date of this Certificate, there is a balance in the reserve fund of approximately \$_____. Of that amount, \$_____ has been specifically designated by the Board of Directors for the following specific projects: _____

E. Attached to this Certificate is a copy of the statement of financial condition (balance sheet) of the Association for the year ended _____, 19____, the most recent fiscal year for which such statement is available.

F. The status and nature of any unsatisfied judgments against the Association and any pending suits in which the Association is a party are as follows: _____

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

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

I. Attached to this Certificate is a copy of the current Bylaws and Rules and Regulations of the condominium, including all amendments thereto.

The information contained in this Certificate for Resale, issued pursuant to Section 55-79.97 of the Condominium Act, as amended, based on the best knowledge and belief of the Association, is correct as of the date hereof.

The name and address of the President of the Association is: _____

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

Date _____, 19____

The

By _____

Officer

STATE OF VIRGINIA:)

CITY/COUNTY OF _____

to-wit: _____

I hereby certify that the foregoing instrument was acknowledged before me by _____ of the _____ on behalf of the Association.

Notary Public

(SEAL)

My Commission Expires: _____

I hereby acknowledge that I received this Certificate for Resale on _____, 19____.

Unit Owner

I hereby acknowledge that I have received and read the
information contained in this Certificate for Resale on

_____, 19____

Purchaser

Purchaser

NOTE: At the consummation of this sale, please send a copy
of either the disclosure statement or closing statement to
Condominium Management Division, Morton C. Thalheimer, Inc.,
P.O. Box 702, Richmond, Virginia 23206, so that the
information contained therein can be used to appropriately set
up the future owner as a member of the Condominium
Association.

STATE OF VIRGINIA

CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this
_____ day of _____, 19____, by

My Commission expires: ____/____/____

Notary Public

VIRGINIA: IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE
CITY OF RICHMOND, DIVISION I.

This deed was presented, and with the Certificate
annexed, admitted to record on December 15, 1981 at
9:00 o'clock A M.

Clerk's Fee \$157.00
Transfer Fee _____
State Tax _____
City Tax _____
Grantor's Tax _____
Total \$157.00

File: /s/ Browder, Russell

Teste:

/s/ Edward G. Kidd Clerk

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RECORDED & INDEXED

Chapman Road

EXHIBIT F
MOUNT VERNON ASSOCIATION
INDEX OF BYLAWS

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MOUNT VERNON ASSOCIATION

ARTICLE-1. IDENTITY.

These are Bylaws of Mount Vernon Association, (the "Association"), which has been organized for the purpose of operating and managing Mount Vernon Condominium (the "Condominium") established in accordance with the laws of the Commonwealth of Virginia upon property lying and being in the City of Richmond, Virginia, and described in Exhibit "A" attached to the Declaration for Mount Vernon Condominium (the "Declaration") and incorporated herein by reference.

Section A. Provision of Declaration and Articles of Incorporation to Control. The provisions of these Bylaws are applicable to the Condominium, and the terms and provisions hereof are expressly subject to those terms, provisions, conditions and authorizations contained in the Articles of Incorporation and the Declaration which have been recorded in the Clerk's Office, Circuit Court of the City of Richmond, Division I, at the time the property and the improvements situated thereon (the "Property") are submitted to the plan of condominium ownership, with the

terms and provisions of the Articles of Incorporation and Declaration controlling wherever the same may be in conflict herewith.

Section B. Defined Terms and Coverage.

(a) Reference is hereby made to Article I of the Declaration for the meaning of certain initially capitalized terms used herein.

(b) All present or future owners, present or future tenants, the employees of tenants or owners, or any other person that might use the Condominium or any of the facilities thereof in any manner, are subject to all the terms and provisions of the Condominium Instruments.

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

ARTICLE 2. UNIT OWNERS ASSOCIATION.

Section A. Qualification of Members. The qualification of members of the Association, the manner of their admission to membership and termination of such membership shall be as set forth in the Condominium Instruments. For all purposes having to do with the administration of the Condominium, the

Association shall act as an agent for the owners of all the Units of the Condominium (the "Owners" or "Unit Owners") as a group.

Section B. Powers of the Association. The Association shall have, in addition to those powers listed in the Articles of Incorporation, all of the powers reasonably necessary to implement and effectuate the rules and objectives set forth in the Condominium Instruments, including without limitation:

(a) the reasonable right of entry upon any Unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance or operation of the Condominium, and

(b) the right to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium.

Section C. Annual Meetings. The annual meetings of the Association shall be held on the 15th day of October of each year (or seventy-five (75) days before the beginning of the fiscal year), unless such date shall occur on a Saturday or Sunday or holiday, in which event the meeting shall be held

on the succeeding Monday. At such annual meetings, the Board of Directors shall be elected by ballot of the Unit Owners. So long as the Declarant shall own Units representing more than twenty-five percent (25%) of the aggregate Percentage Interests (but in no event after the maximum period permitted by §55-79.74(a) of the Condominium Act) the Declarant shall be entitled to designate the members of the Board of Directors of the Association.

Section D. 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 E. Special Meetings.

(a) The President of the Association shall call a special meeting of the Association if so directed by resolution of the Board of Directors or, after termination of Declarant's control, upon a petition signed and presented to the Secretary by Unit Owners of not less than one-third (1/3) 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) On or before the earlier of (i) the day when deeds of conveyance of Units representing seventy-five percent (75%) or more of the aggregate Percentage Interests shall have been delivered to Unit Owners by the Declarant or (ii) the expiration of the maximum period permitted by §55-79.74(a) of the Condominium Act, a special meeting of the Association shall be held at which all the Directors of the Association designated by the Declarant shall resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units shall thereupon elect successor Directors of the Association to act in the place and stead of those resigning.

Section F. Notice of Meetings. The Secretary shall mail to each Unit Owner a notice of each annual or regularly scheduled meeting of the Unit Owners at least twenty-one (21) but not more than thirty (30) days, and of each special meeting of the Unit Owners at least seven (7) but not more than thirty (30) days, prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section A of Article 11, of these Bylaws shall be considered proper service of notice.

The notice of any meeting at which members of the Board of Directors are to be elected shall describe the procedure

for nominating Directors and shall set the date by which nominations must be filed with the Secretary in advance of the meeting.

Section G. Adjournment of Meetings. If at any meeting of the Association a quorum or the required percentage of attendance 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 when a quorum for the required percentage of attendance is present.

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

- (a) Roll call and certifying of proxies.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of Board of Directors and Officers.
- (e) Reports of committees, if any.
- (f) Election or appointment of inspectors of election (when so required).
- (g) Election of Directors (when so required).

(h) Unfinished business.

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(i) New business.

(j) Adjournment.

Section I. 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 Association may acquire, hold and transfer full legal title to one or more Units in its own name.

Section J. Proxies. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon, and must be filed with the Secretary before the appointed time of the meeting. Proxies shall be void if not dated and signed in substantially the same form as the Sample Proxy attached to these Bylaws as Exhibit A.

Section K. Voting. Voting at all meetings of the 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. Whenever the approval or disapproval of a Unit Owner is required elsewhere in the Condominium Act or by the Condominium Instruments, such approval or disapproval shall

be made only by the person who would be entitled to cast the vote of such Unit at any meeting of the Association. Except where a greater number is required by the Condominium Act or the Condominium Instruments, the vote of Owners of more than fifty percent (50%) of the aggregate Percentage Interests in the Condominium voting in person or by proxy at one time at a duly convened meeting at which a quorum is present ("Majority of the Unit Owners") is required to adopt decisions made at any meeting of the Association. Any specified percentage of the Unit Owners means the Unit Owners owning such Percentage Interests in the aggregate. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No Unit Owner may vote at any meeting of the Association or be elected to serve as an Officer of the Association if the Association has perfected a lien against his Unit and the amount necessary to release such lien has not been paid at the time of such meeting or election.

In any election of Directors by the members of the Association, there shall be appurtenant to each Unit a total vote equal to the number of Directors to be elected multiplied by the Unit's Percentage Interest as assigned in the Declaration; provided, however, that no Owner of one

Condominium Unit may cast a vote greater than the Unit's Percentage Interest for any one person nominated as a Director, it being the intent hereof that voting for Directors shall be noncumulative. Notwithstanding the fact that the Declarant may be entitled to designate and select all of the members of the Board of Directors so long as it owns Units representing more than twenty-five percent (25%) of the aggregate Percentage Interests (but in no event after the maximum period permitted by §55-79.74(a) of the Condominium Act) the Declarant shall still be entitled to cast the vote for each Condominium Unit owned by it in the elections of other Directors; provided, however, that the other Directors elected are persons other than Officers, Directors, Stockholders and Employees of the Declarant or wives and relatives of any of the aforesaid persons.

Section L. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit Owners of one-third (1/3) or more of the aggregate Percentage Interests shall constitute a quorum at all meetings of the Association.

Section M. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record

in a minute book all resolutions adopted and all transactions occurring at the meeting. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Condominium Instruments or the Condominium Act. All votes shall be called by inspectors appointed by the President or other Officer presiding over the meeting.

ARTICLE 3. BOARD OF DIRECTORS.

Section A. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. Until deeds of conveyance representing more than seventy-five percent (75%) of the aggregate Percentage Interest shall have been delivered to Unit Owners by the Declarant and thereafter until their successors shall have been elected by the Unit Owners, the Board of Directors shall consist of three (3) persons as may be designated by the Declarant; provided, however, that the foregoing power of designation shall not extend beyond the maximum period permitted by §55-79.74(a) of the Condominium Act. Thereafter the Board of Directors shall be composed of seven (7) persons, who shall be elected by the members of the Association. All Directors shall be Unit Owners (or spouses of Unit Owners), Mortgagees (or designees of Mortgagees) or designees of the Declarant. During the times when it has

the right to designate who the Directors will be, the Declarant shall have the right in its sole discretion to replace any Director or Directors and to designate their successors. The time limit on the period of Declarant's control shall commence upon settlement of the first Unit to be sold in the Condominium.

Section B. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Condominium Act or the Condominium Instruments required to be exercised and done by the Association acting as a group on the basis of their voting their interests in the Association. The Board of Directors shall have the power from time to time to adopt any rules and regulations ("Rules and Regulations") deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not be in conflict with the Condominium Act or the Condominium Instruments. 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 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 Association that may hereafter be adopted, the Board of Directors shall, on behalf of the Association:

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

(b) Make assessments against Unit Owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the Unit Owners and establish the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Board of Directors the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first (1st) day of each month for such month.

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

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and

replacement of the Common Elements and provide services for the Condominium 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 owned by the Condominium.

(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 Condominium.

(f) To pay all taxes, charges and assessments which are or may become liens against any part of the Condominium, other than Condominium Units and the appurtenances thereto, and to assess the same against the members and their respective Condominium Units subject to such liens.

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

(h) Enforce by legal means the provisions of the Declaration, the Articles of Incorporation, these Bylaws and the Rules and Regulations and act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceedings..

(i) Obtain and carry insurance against casualties and liabilities as provided in these Bylaws, pay the premiums therefor and adjust and settle any claims thereunder.

(j) Pay the cost of all authorized services rendered to the Association and not billed to Unit Owners of individual Units.

(k) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, or their duly authorized agents or attorneys, during general business hours on working 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 good and accepted accounting practices, and the same shall be audited, at least once each year by an independent accountant retained by the Board of Directors who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

(l) Notify all Mortgagees of all or any Units of the Condominium (the "Mortgagees") of any default hereunder by any Unit Owner subject to such mortgage, in the event such default continues for a period exceeding thirty (30) days.

(m) Acquire, lease, manage, hold and dispose of Units and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Association.

(n) Furnish the statement required by Va. Code Ann. §55-79.97 of the Condominium Act, within ten (10) days after the receipt of a written request therefor from any Unit Owner substantially in the form set forth on Exhibit B attached to and made a part of these Bylaws and designated "Certificate for Resale".

(o) Borrow money on behalf of the Condominium when required in connection with any one instance relating to the

operation, care, upkeep and maintenance of the Common Elements; provided, however, that (i) the consent of a majority of the Unit Owners, obtained 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 (\$10,000.00). If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this paragraph (o) is not repaid by the Unit Owners Association, a Unit Owner who pays to the creditor such proportion thereof as his Percentage Interest bears to the total Percentage Interests in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Condominium Unit.

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

(q) Do such other things and acts not inconsistent with the Condominium Act or the Condominium Instruments which the Board of Directors may be authorized to do by its own resolution.

Section C. Election and Term of Office.

(a) Election of the successor Board of Directors shall occur upon resignation of the Directors designated by the Declarant at the special meeting described in Article 2 Section E above. One (1) vote shall be taken on the entire slate of nominees and the seven (7) nominees receiving from the Unit Owners the highest plurality of votes shall constitute the Board of Directors. The term of office of the four (4) Directors receiving the highest plurality of votes shall be fixed at two (2) years and the term of office of the remaining Directors shall be fixed at one (1) year. The members of the Board of Directors shall hold office until their respective successors have been elected by the Unit Owners.

(b) Persons qualified to be members of the Board of Directors may be nominated for election only as follows:

(1) Any Unit Owner may submit to the Secretary a nominating petition signed by Unit Owners owning at least two (2) Units, a statement that the person nominated is willing to serve on the Board of Directors and a biographical sketch of the nominee. Nominating petitions must be filed with the Secretary on or before the date for such filing set forth in the notice of the meeting; or

(2) Nominations may be submitted 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.

Section D. Removal or Resignation of Members of the Board 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 (7) 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 shall be deemed to have resigned upon disposition of his Unit as provided for officers in §55-79.78(a) of the Condominium Act.

Section E. 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 for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Unit Owners Association. Notwithstanding anything to the contrary in this Section or in the preceding Section, so long as the Declarant owns twenty-five percent (25%) or more of the aggregate Percentage Interests (but in no event after the expiration of the maximum time permitted by §55-79.74(a) of the Condominium Act), the Declarant shall designate the successor to any resigned or removed member previously designated by the Declarant.

Section F. Organizational Meeting. Within thirty (30) days after resignation of the Directors designated by the Declarant and election of the successor Board of Directors by the Unit Owners an organizational meeting of the Board of Directors shall be held at such time and place as shall be fixed by the Unit Owners Association at the meeting at which the successor 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 to legally

constitute such meeting, provided a majority of the whole Board of Directors shall be present at such meeting. The purpose of the organizational meeting shall be to appoint a Managing Agent, to elect Officers of the Association and to take up such other business as may come before the meeting.

Section G. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by a majority of the members of the Board, but such meetings shall be held at least once every three (3) months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board by mail or telegraph, at least five (5) business days prior to the day named for such meeting.

Section H. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each member, given by 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 in like manner and on like notice on the written request of at least two (2) members of the Board.

Section I. Waiver of Notice. Any member 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 member 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, unless such member attends for the specific purpose of challenging such notice. If all members are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section J. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the Board shall constitute a quorum for the transaction of business, and the votes of a majority of the Board 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, the meeting may be adjourned to a new 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.

Section K. Fidelity Bonds. There shall be obtained a Fidelity bond or bonds in an amount as required by Article 6, Section D hereof or in such form and such greater amounts as may be required by the Mortgagees for all Officers,

members of the Board of Directors and employees of the Association, including without limitation the Managing Agent, handling or responsible for the Condominium's funds. The premium on such bonds shall constitute a Common Expense.

Section L. Compensation. Directors' compensation, if any, shall be determined by the members of the Association.

Section M. Conduct of Meetings. The President who shall be a Director shall preside over all meetings of the Board of Directors and the Secretary who may but does not have to be a Director shall keep a minute book for 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 Condominium Instruments or the Condominium Act.

Section N. 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 O. Liability of the Board of Directors,
Officers, Unit Owners and Association.

(a) The Officers and members of the Board of Directors of the Association shall not be liable to the Association for any mistake of judgment caused by negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each member of the Association (including Officers and Board of Directors' members that are not Unit Owners) from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act, the Declaration, Articles of Incorporation, or these Bylaws in which case those persons dealing in bad faith or dealing knowingly in a contrary manner to the aforesaid provisions shall not be indemnified. Other than has previously been stated in this Section, Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association and shall be considered as only acting as agents for the Association. The liability, if any, of any Unit Owner arising out of any contract made by the Officers or Board of Directors or out

of the aforesaid indemnity in favor 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 a Percentage Interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by his Percentage Interest. Every agreement made by the Officers, the Board of Directors or the Managing Agent on behalf of the Association shall, if obtainable, provide that the Officers, the members of the Board of Directors or the Managing Agent, as the case may be, are acting only as agents of the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Percentage Interest.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to any person or property caused by the elements or by the Unit Owner of any Condominium Unit, or any other person, or resulting from electricity or water, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit,

appliance or equipment. The Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as elsewhere provided herein shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section P. Common or Interested Members. Each Officer of the Association shall exercise his powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Association and any of its members, or between the Association and any corporation, firm or association (including the Declarant) in which any of the members of the Association are members or officers or are pecuniarily or otherwise interested, is either void or voidable because any such member 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 subparagraphs exist:

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

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

Any common or interested members may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote at any such meeting to authorize or disallow any contract or transaction with like force and effect as if such member were not such member or Officer of the Association or not so interested.

Section Q. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of Two Thousand Dollars (\$2,000.00) shall be executed by any two (2) persons designated by the Board of Directors. All such instruments for expenditures or obligations of Two Thousand Dollars (\$2,000.00) or less may be executed by any one (1) person designated by the Board of Directors.

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

(a) Requirements. The Managing Agent shall be a bona fide business enterprise which is experienced in managing common interest residential communities. Such firm shall have a minimum of two (2) years' experience in real estate community management and shall employ persons possessing a high level of competence in the technical skills necessary for proper management of the Condominium. The Managing Agent must be able to advise the Board of Directors regarding the administrative operations of the Condominium and may with the consent of the Board of Directors employ personnel expert in the areas of condominium insurance, accounting and condominium regulations.

(b) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize. 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 paragraphs (b), (m), and (n) of Section 8 of this Article 3 and other than its power to make and amend any Rules and Regulations issued by the Board of Directors. The Managing Agent shall perform the obligations, duties and services relating to management of the Condominium, relating to the rights of Mortgagees and relating to 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:

(i) Cash accounts of the Association shall not be commingled with any other accounts except with the express permission of the Board of Directors;

(ii) No remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association

whether in the form of commissions, finders fees, service fees or otherwise;

(iii) Any discounts received shall benefit the Association;

(iv) Any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(v) A monthly financial report shall be prepared for the Unit Owners Association disclosing:

a. All income and disbursements activity for the preceding month;

b. The status of all accounts in an "actual" versus "projected" (budget) format; and

c. Any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent (10%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

(d) Limitations. Subject to the provisions of §55-79.74(b) of the Condominium Act, during the period when

persons designated by the Declarant constitute a majority of the Board of Directors, the Board of Directors may employ a Managing Agent for a term not to exceed one (1) year. Any contract with the Managing Agent must provide that it may be terminated with cause on not more than thirty (30) days' written notice and without cause on no more than ninety (90) days' written notice; and the contract must be terminable without payment of a termination fee.

When professional management has been previously required by any first Mortgagee or insurer or guarantor of such mortgage, whether such entity became a Mortgagee, insurer or guarantor at that time or later, any decision to establish self-management by the Association shall require the prior consent of Unit Owners to which at least sixty-seven percent (67%) of the votes of the Association are allocated and the approval of Mortgagees holding first liens on Units which have at least fifty-one percent (51%) of the votes of the Units subject to such mortgages.

Section S. Covenants Committee. The Board of Directors may establish a Covenants Committee, consisting of five (5) members appointed by the Board of Directors, each to serve for a term of one year, in order to assure that the Condominium shall always be maintained in a manner:

(1) providing for visual harmony and soundness of repair;

(2) avoiding activities deleterious to the esthetic or property values of the Condominium;

(3) furthering the comfort of the Unit Owners, their guests and tenants; and

(4) promoting the general welfare of the Condominium community.

(a) 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 issue a cease and desist request to a Unit Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Condominium Act, the Condominium Instruments, 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 Condominium Instruments, 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 a vote of a quorum of the Board of Directors may modify or reverse any such action, ruling or decision.

(b) Authority. The Covenants Committee shall have such additional duties, power 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 by vote of a quorum thereof. 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 A. Number of Officers. The Officers of the Association shall be a President, who shall be a Director, a Vice-President, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by a vote of the Directors at any meeting with or without cause. Any person may hold two (2) or more offices except that the President shall not also

be Vice-President, Secretary or an Assistant Secretary. The Board of Directors shall, from time to time, elect such other Officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

Section B. President. The President shall be the chief executive Officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association.

Section C. Vice-President. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

Section D. Secretary. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required

by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President.

Section E. Treasurer. The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

Section F. Compensation. The compensation of all Officers, if any, and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude their contracting with a Director in the capacity of a Managing Agent.

Section G. Vacancies. Vacancies in any office of the Association shall be filled by a vote of the majority of the

Board of Directors at a special meeting held for such purpose promptly after the occurrence of such vacancy. Each person so elected shall be an Officer of the Association for the remainder of the term of the Officer being replaced and until a successor shall be elected at the next Annual Meeting of the Board of Directors.

ARTICLE 5. OPERATION OF THE CONDOMINIUM.

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

(a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors, except that in the initial year of the Condominium's operation, the fiscal year shall commence with the closing of the sale of the first Condominium Unit.

(b) Preparation and Approval of Budget.

(i) On or before the fifteenth day of September of each year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the 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 Condominium Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Condominium and the rendering to the Unit Owners of all related services.

(ii) 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 seven (7) days before the date of the Association's Annual Meeting, the Board of Directors shall deliver to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Association.

(c) Assessment and Payment of Common Expenses.

Subject to the provisions of Section A of Article 9 hereof pertaining to expense caused by carelessness, conscious act

or neglect of a Unit Owner and certain other persons, the total amount of the estimated funds required for the operation of the Condominium set forth in the budget adopted by the Board of Directors shall be assessed against each Unit Owner in proportion to the number of votes in the Unit Owners Association appertaining to each such Unit and shall be a lien against each Unit Owner's Unit as provided in Article 9, Section B of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) 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 (1/12) of such assessment. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners and to each Mortgagee 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, if the Board of Directors deems it advisable, be credited 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: (i) in full with payment of the next monthly assessment due; or (ii) in not more than six (6) equal monthly installments, as the Board of Directors may determine. All such credits and additional assessments charged to Unit Owners shall be made in proportion to the number of votes in the Unit Owners Association appertaining to each such Unit.

(d) Reserves. The Association through 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 nonpayment 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 in proportion to the number of votes in the Unit Owners Association appertaining to each such Unit. Such additional assessment 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 all 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 no more than ten (10) days after the delivery of such notice of further assessment. Such assessment shall be a lien as of the effective date as set forth in preceding paragraph (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 (30) days after such election or designation, and ending on the last day of the fiscal year in which such election or designation occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as provided in paragraph (c) of this Section.

(ii) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to twice the estimated monthly assessment for Common Expenses for such purchaser's Unit and the Declarant shall deliver same forthwith to the Association. Within

sixty (60) days after the date of the conveyance of the first Unit in the Condominium, the Declarant will advance to the Board of Directors an initial capital payment computed on the same basis for each unsold Unit. Thereafter all initial capital payments collected from initial purchasers at settlement shall be used to reimburse the Declarant for its advance to the Association. All such funds shall be maintained as a working capital fund in a segregated account for the use and benefit of the Association. Amounts paid into the fund shall not be considered as advance payment of regular assessments.

(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 allocable 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 notice of the monthly payment is received that is based on the new annual or adjusted budget.

(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, but shall be held for each Unit Owner in accordance with his Percentage Interest.

(h) Association's Units. Should the Association be the Owner of a Unit or Units, any assessment which would be otherwise due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income which might be derived from the leasing of such Unit or Units by the Association, shall be apportioned and an assessment therefor levied ratably among the other Owners of all Units not owned by the Association based upon the Percentage Interest of those Owners.

Section B. Payment of Common Expenses.

(a) Each Unit Owner shall pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section A of this Article. 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 Expenses or by abandonment of his Unit. No Unit Owner shall be 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. In accordance with Va. Code Ann. §55-79.97, any such purchaser shall be entitled to a statement setting forth, among other things, the amount of the unpaid assessments against the selling Unit Owner within five (5) 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. The form of such statement is attached as Exhibit B to these Bylaws. Any Mortgagee who comes into possession of a Condominium Unit by virtue of foreclosure or by deed of assignment in lieu of foreclosure or any purchaser at a foreclosure sale shall take the Condominium Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such Mortgagee comes into possession thereof.

(b) When an Owner ceases to be a member of the Association by reason of his divestment of ownership of a

Unit or Units, by whatever means, the Association shall not be required to account to that Owner for any share of the fund or assets of the Association or which may have been paid by that Owner to the Association since all monies which any Owner has paid to the Association shall be an asset of the Association to be used in the operation and management of the Condominium.

Section C. 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 (30) days from the due date for payment thereof. Any assessment, or installment thereof, not paid within five (5) days after due shall accrue a late charge in the amount of Ten Dollars (\$10.00) or such other amount as may be established by the Board of Directors.

Section D. 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 to the extent permitted by the Condominium Act.

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

(a) By the Board of Directors. The Board of Directors shall be responsible for all maintenance, repair and replacement of the Common Elements whether located inside or outside of the Units. The Board of Directors shall be responsible for maintenance, repairs and replacements of the fences enclosing the Limited Common Element patios. The Board of Directors shall be responsible for paving and striping all parking spaces. The cost of all such maintenance, repairs and replacements made by the Board of Directors shall be a common expense unless in the opinion of not less than two-thirds (2/3) of the Board of Directors, such expense was necessitated by the negligence, misuse or neglect of a Unit Owner, in which event such expense may be charged to the responsible Unit Owner.

(b) By the Unit Owner. Each Unit Owner shall keep his Unit and its equipment, appliances, appurtenances and Limited Common Element patio in good order, condition and repair and in a clean and sanitary condition, including keeping them free and clear of all trash, ice and any

accumulation of water, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. Each Unit Owner shall be responsible for all damage to his Unit and Limited Common Elements or to any other Units or to the Common Elements resulting from his negligence, misuse or failure to make any of the maintenance, repairs and replacements required of him by this Section. 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. The Unit Owner will have total responsibility for all maintenance, repairs and replacements required to be made to window screens, storm windows, screen doors and mail slots, and other items designated by §55-79.50(e) of the Condominium Act as Limited Common Elements. Such maintenance, repairs and replacements shall only be performed in accordance with such specifications (if any) as may be prescribed by the Rules and Regulations.

(c) Manner of Repair and Replacement. All repairs and replacements shall be of first-class quality and shall meet all provisions of the building codes used by the City

of Richmond. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section F. Additions, Alterations or Improvements by Board of Directors. Except during the period of Declarant's control, whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements amounting to greater than Ten Thousand Dollars (\$10,000.00) during any period of twelve (12) consecutive months, the making of such additions, alterations or improvements shall be approved by a majority of the Unit Owners, and the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing Ten Thousand Dollars (\$10,000.00) or less during any period of twelve (12) 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. Notwithstanding the foregoing, if, in the opinion of a majority 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 proportions as may be determined by the Board of Directors.

Section C. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to any load bearing wall surrounding or within his Unit without first obtaining the prior written consent of the Board of Directors, and the approval of appropriate and necessary authorities of the City of Richmond, Virginia. 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 the building, or install electrical wiring, television or radio antennae or other object, machines or air conditioning units which may protrude through the walls, roof or windows of the Condominium or in any manner alter the appearance of any exterior portion of the Condominium without such permission. The Board of Directors shall be obligated to answer any written request by a Unit Owner for improvement in such Unit Owner's Unit within forty-five (45) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement. If-----

any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors only; without, however, incurring any liability on the part of the Board of Directors or Association or any of them to any government, municipality, contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to persons or damage to property arising therefrom. The Unit Owner shall pay the costs of filing any such applications.

The provisions of this Section G shall not apply to Units owned by the Declarant until deeds of conveyance of such Units shall have been recorded; provided, however, that Declarant's construction or alteration shall be architecturally compatible with existing Units. The Declarant shall have the right to make such construction or alterations without the consent of the Board of Directors and the Board of Directors shall execute any application to any governmental authority which may be required.

Section H. Restrictions on Use of Units, Rules and Regulations.

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

(1) Units shall not be used for other than residential housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary nonresidential uses in Units from time to time.

Nothing in these Bylaws shall be construed to prohibit the Declarant from using any Unit owned by Declarant for promotional, marketing or display purposes or from using any appropriate portion of the Common Elements for settlement of sales of Condominium Units.

(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 without the prior written consent of the Board of Directors. No Unit Owner shall permit anything 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 in 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 store anything upon 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. Vehicular parking upon the Common Elements may be regulated or assigned by 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 and for

which the same are reasonably suited and which are incident to the use and occupancy of the Units.

(5) No Unit shall be rented for transient or hotel purposes. No Unit shall be rented for an initial period of less than six (6) months. No portion of a 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 requiring the lessee to comply with the Condominium Instruments and the Rules and Regulations, and providing that failure to comply constitutes a default under 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. The foregoing provisions of this subparagraph shall not apply to the Declarant, or to a Mortgagee in possession of a Unit as a result of a foreclosure or other judicial sale or as a result of any proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles or boats may be parked on the Property only in such parking areas as may be designated exclusively for such purposes by the Board of Directors. No junk or derelict vehicles or

other vehicles on which current license plates or inspection stickers are not displayed shall be kept upon any of the Common Elements.

..... (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 (1) per Unit without the 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 (10) 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 or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Condominium, each Unit Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or

maintaining such pet within the Condominium. All pets 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 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. The provisions of this subparagraph shall not be applicable to the institutional holder of any first mortgage which comes into possession of any Unit by reason of any remedies provided for in the mortgage, foreclosure of any mortgage or any deed of trust or other proceeding in lieu of foreclosure.

(b) Each Unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and amended by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit

Owner. Amendments 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 I. Right of Access. By acceptance of a deed of conveyance, each Unit Owner thereby grants a right of access to his Unit, as provided by Va. Code Ann. §55-79.79(a) and Article V, Section 2 (b) of the Declaration, 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 and threatening another Unit or the Common Elements, performing installations, alterations or repairs to the technical or electrical services or the Common Elements in his Unit or elsewhere in the Property or to correct any condition which violates any mortgage or deed of trust of an institutional lender having a valid lien on all or any part of the Condominium; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

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Section J. Utility Charges. The cost of utilities serving the Condominium not individually metered to each Unit shall be a Common Expense.

Section K. Parking Spaces. One parking space has been assigned as a Limited Common Element appurtenant to each Unit as shown on the Plats and Plans. All parking spaces not so assigned shall be used by the Unit Owners for self-service parking purposes on a "first come, first served" basis, provided, however, that no Unit Owner shall park more than two vehicles (owned or leased by such Unit Owner, a member of his family or a tenant residing in his Unit) on the Common Element parking spaces without the prior written consent of the Board of Directors. The cost of maintenance and repair of all parking areas shall be a Common Expense.

Section L. Use of Common Elements. No Unit Owner shall place or cause or permit to be placed on or in the public halls, stairways or other Common Elements (other than in the areas designated as storage areas) any furniture, packages or objects of any kind. The lobbies, public halls and stairways shall be used for no purpose other than for normal transit.

Section M. Access to Books and Records. The Association shall make available to Unit Owners and lenders,

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and to holders, insurers or guarantors of any first mortgage on Units, current copies of the Declaration, Bylaws, Rules and Regulations and the books, records and financial statements of the Association. As used herein "available" means available for inspection, upon request, during normal business hours.

Section N. Condemnation. To the extent permitted by the Condominium Act, the Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements or any part thereof, and the Association shall have the irrevocable power as attorney in fact to act on behalf of the Unit Owners for all such purposes. To the extent permitted by the Condominium Act, the condemnation award or proceeds of settlement resulting from the taking or acquisition of all or any part of the Common Elements shall be payable to the Association for the use and benefit of the Unit Owners and their Mortgagees as their interests may appear.

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ARTICLE 6. INSURANCE.

Section A. Authority to Purchase.

(a) Except as otherwise provided in Section E of this Article 6, all insurance policies relating to the Condominium shall be purchased by the Board of Directors. Neither the Board of Directors nor the Managing Agent nor the Declarant shall 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 coverage from an insurance company having the qualifications set forth in subsection (d) of this Section or if, in the opinion of the Board of Directors, such coverage is prohibitively expensive.

(b) Each such policy shall provide that:

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

(ii) 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

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any member, officer or employee of the Board of Directors or the Managing Agent without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect and without sixty (60) days having elapsed after such a demand without a cure of the defect.

(iii) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty (60) 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, so long as it 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 and having a rating by Best's Key Rating Guide of 3+ or better. Physical damage policies shall be in form and substance acceptable to the Mortgagees of the Condominium.

Section B. Physical Damage Insurance.

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(a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, debris removal, and water damage endorsements, insuring the entire Condominium (including all of the Units and the bathroom and kitchen fixtures initially installed therein by the Declarant and the replacements thereto installed by the Declarant but not including furniture, wall coverings, furnishing or other personal property supplied or installed by Unit Owners), together with any heating or air conditioning equipment and other service machinery contained therein and covering the interests of the Association, the Board of Directors and all Unit Owners and their Mortgagees, as their interests may appear (subject, however, to loss payment and adjustment provisions in favor of the Board of Directors and the Insurance Trustee contained in Section F of this Article), in an amount equal to one hundred percent (100%) of the then current replacement cost of the Condominium (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).

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(b) The Board of Directors shall make every reasonable effort to have such policy also provide:

(i) The following endorsements (or equivalent):

(aa) "Contingent liability from operation of building laws or codes";

(bb) "increased cost of construction" or "condominium replacement cost"; and

(cc) "agreed amount" or elimination of co-insurance clause; and

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

(c) A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies

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or certificates and endorsements issued thereunder together with proof of payment of premiums shall be delivered by the insurer to any Mortgagee so requesting them at least thirty (30) 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 the current replacement cost of the Condominium, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Section B. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy.

Section C. 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 Officers) and property damage insurance with limits of at least Five Hundred Thousand Dollars (\$500,000.00) as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, the Officers, the Managing Agent, each Unit Owner and the Declarant against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of, or incident

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to the ownership and/or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (a) 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; (b) hired and nonowned vehicle coverage; (c) host liquor liability coverage with respect to events sponsored by the Association; (d) deletion of the normal products exclusion with respect to events sponsored by the Association; and (e) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Association or of another Unit Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. At least One Million Dollars (\$1,000,000.00) of "umbrella" liability insurance in excess of the primary limits shall also be obtained.

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

(a) Adequate fidelity coverage to protect against dishonest acts on the part of Officers, members, trustees

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and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the Managing Agent. Such fidelity bonds shall: (i) name the Association as an obligee; (ii) be written in the amount of Twenty-Five Thousand Dollars (\$25,000.00) or such other amount as the Board of Directors deems appropriate; provided, however, the aggregate amount of such bonds shall not be less than (x) the estimated maximum of funds, including reserve funds, in the custody of the Association or the Managing Agent at any given time during the term of the bond, or (y) a sum equal to three (3) months' aggregate assessment on all Units plus reserve funds; 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) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law;

(c) 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; and

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(d) 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 E. Separate Insurance. Each Unit Owner shall have the right, at his own expense, to obtain insurance for his own Unit and for his own benefit 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 "tenants 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 to be brought into contribution with insurance coverage obtained by a Unit Owner. All such policies shall contain waivers of subrogation. No Unit Owner shall obtain separate insurance policies on the Condominium except as provided in this Section E.

Section F. Insurance Trustee.

(a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit

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of the Association, the Unit Owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that, with respect to any single loss, if the proceeds thereof exceed Twenty-Five Thousand Dollars (\$25,000.00) then all such proceeds shall be paid in trust to such lending institution in the Richmond, Virginia area with trust powers as may be designated by the Board of Directors (which Trustee is herein referred to as the Insurance Trustee). If such proceeds do not exceed Twenty-Five Thousand Dollars (\$25,000.00) then all such proceeds shall be paid to the Board of Directors to be applied pursuant to the terms of Article 7.

(b) The Board of Directors may enter into an Insurance Trust Agreement with the Insurance Trustee which shall provide that the Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received on account of the proceeds of any insurance policies nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws for the benefit of the insureds and their beneficiaries thereunder.

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Section G. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium 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.

ARTICLE 7. REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY.

Section A. When Repair and Reconstruction are Required. Except as otherwise provided in Section D of this Article, in the event of damage to or destruction of the Condominium as a result of fire or other casualty in excess of Twenty-Five Thousand Dollars (\$25,000.00), the Board of Directors under the direction of the Insurance Trustee shall arrange for and supervise the prompt repair and restoration of the Condominium (including any damaged Units, and the kitchen or bathroom fixtures and appliances initially installed therein by the Declarant, and replacements thereof installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners in the Units). Notwithstanding the foregoing, each

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Unit Owner shall have the right to supervise the redecorating of his own Unit.

Section B: Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage in excess of Twenty-Five Thousand Dollars (\$25,000.00), the Board of Directors under the direction of the Insurance Trustee shall obtain reliable and detailed estimates of the cost of repairing and restoring the Condominium (including any damaged Units and kitchen and bathroom fixtures and appliances initially installed by the Declarant, and the replacements thereof installed by the Declarant, but not including any other furniture, furnishings, fixtures or equipment installed 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 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 Declaration and the original plans and specifications of the Condominium.

Section C. 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 or 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:

(i) If the estimated cost of reconstruction and repair is less than Twenty-Five Thousand Dollars (\$25,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors.

(ii) If the estimated cost of reconstruction and repair is Twenty-Five Thousand Dollars (\$25,000.00) or

more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the Insurance Trustee to supervise such work, with 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 and stating that (aa) 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 material furnished; (bb) there is no other outstanding indebtedness known to such architect for the services and materials described; and (cc) 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. It shall be presumed that 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

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more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the Insurance Trustee to supervise such work, with 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 and stating that (aa) 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 material furnished; (bb) there is no other outstanding indebtedness known to such architect for the services and materials described; and (cc) 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. It shall be presumed that 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 interest at law or in equity in each Unit.

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

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

Section D. When Construction is Not Required. In the event that two-thirds (2/3) or more of the Condominium is rendered untenable and Unit Owners to which at least eighty percent (80%) of the votes of the Association are

allocated shall vote at a special meeting of the Association (to be held for such purpose within thirty (30) days after such casualty) that the Condominium not be repaired and in the event that the insurance policy covering such damage does not require otherwise, and the agreement of Mortgagees holding first liens on Units to which at least sixty-seven percent (67%) of the votes of the Units subject to such mortgages is obtained then any insurance proceeds received on account of such damage along with the net assets of the Condominium shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among all Unit Owners in proportion to their respective Percentage Interests, after first paying out of the share of each Unit Owner, to the extent sufficient therefor, the amount of any unpaid liens on that Owner's Unit in the order of priority of such liens.

ARTICLE 8. MORTGAGEES.

Section A. 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 any insurer or guarantor of such mortgage) and shall file a conformed copy of the note and mortgage with the Board of Directors. In the event of a sale or transfer of a Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in the Unit purchased or received.

Section B. Notice of Default, Casualty or Condemnation.

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, any first Mortgagee, or insurer or guarantor of such mortgage, will be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first mortgage held, insured or guaranteed by such Mortgagee or insurer or guarantor, as applicable;
- (b) Any delinquency in the payment of assessments or charges owed by the Owner of a Unit subject to a first mortgage held, insured or guaranteed by such first Mortgagee or insurer or guarantor of such mortgage, which remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) Any proposed action which would require the consent of a specified percentage of first Mortgagees of Units as specified in Section E below.

For purposes of this Section only, when notice is to be given to a Mortgagee (or insurer or guarantor of such mortgage), the Board of Directors shall also give notice to the Federal Home Loan Mortgage Corporation, the Veterans Administration, the Federal Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guaranteeing mortgages of Units in the Condominium if the Board of Directors has notice of such participation.

Section C. Notice of Amendment of Declaration or Bylaws. The Board of Directors shall give notice to all Mortgagees seven (7) days prior to the date on which the Unit Owners, in accordance with the provisions of these Bylaws, materially amend any Condominium Instruments.

Section D. Notice of Change in Managing Agent. The Board of Directors shall give notice to all Mortgagees thirty (30) days prior to undertaking self-management or changing the Managing Agent and no such change shall be adopted without the written consent of all Mortgagees.

Section E. Mortgagee's Approvals. Except as provided in the Condominium Act in case of condemnation or substantial loss to the Units and/or Common Elements, unless

Mortgagees holding first liens on Units which have at least sixty-seven percent (67%) of the votes of the Units subject to such mortgages and Unit Owners to which at least sixty-seven percent (67%) of the votes of the Association are allocated (which shall include at least sixty-seven percent (67%) of the votes allocated to Units not owned by the Declarant) shall have given their written approval, neither the Association nor any Unit Owner shall:

(a) By act or omission seek to abandon or terminate the Condominium project.

(b) Change the Percentage Interest or obligations of any individual Condominium Unit for the purpose of:

(i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or

(ii) determining the prorata share of ownership of each Condominium Unit in the Common Elements.

(c) Partition or subdivide any Condominium Unit.

(d) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements.

(The granting of easements for public utilities or for other

public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.)

(e) Use hazard insurance proceeds for losses to any Condominium Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such Condominium Property.

(f) Make any material amendment to the Condominium Instruments which would establish, provide for, or govern or regulate any of the following:

- (1) Voting;
- (2) Assessments, assessment liens or subordination of such liens;
- (3) Reserves for maintenance, repair and replacements of the Common Elements;
- (4) Insurance or Fidelity Bonds;
- (5) Rights to use of Common Elements;
- (6) Responsibility for maintenance and repair of the Units' Common Elements and Limited Common Elements.
- (7) Boundaries of any Unit;

(8) The interest in the Common Elements or Limited Common Elements;

(9) Leasing of Units;

(10) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer or otherwise convey his or her Unit or the interest in the Common Elements applicable thereto;

(11) Any provisions which are for the express benefit of Mortgagees holding a first lien on Units or insurers or guarantors of such mortgages.

To the extent permitted by applicable secondary market requirements, a Mortgagee who receives a written request to approve additions or amendments to the Condominium Instruments and who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section F. Other Rights of Mortgagees. All Mortgagees or their representatives shall be entitled to attend meetings of the Association and shall have the right to speak at such meetings and upon request shall have the right to receive written notice of all meetings. All such Mortgagees shall have the right to examine the books and

records of the Condominium, to receive copies of the Declaration, Bylaws, Rules and Regulations and the annual report filed by the Declarant pursuant to Va. Code Ann. §55-79.93 and to require the submission free of charge of the annual audited financial statement of the Association for the immediately preceding year. Any financial statement requested pursuant to this section shall be furnished within a reasonable time following such request.

ARTICLE 9. COMPLIANCE AND DEFAULT.

Section A. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Declaration, Articles of Incorporation, these Bylaws, any Rules and Regulations and the Condominium Act as any of the same may be amended from time to time. In addition to the remedies provided in Va. Code Ann. §55-79.53, a default by a Unit Owner shall entitle the Association, acting through its Board of Directors or through the Managing Agent, to the relief as set forth in the following paragraphs:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his conscious act, neglect or carelessness of any member of his family or his employees, tenants, agents, licensees, guests or invitees,

but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an 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 Declarant, the Association, the Board of Directors or of the Unit Owner to enforce any right, provisions, covenant or condition which may be granted by the Condominium Instruments or the Condominium Act shall not constitute a waiver of the right of the Declarant, the 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 Association, the Board of Directors or any Unit Owner pursuant to any term,

provisions, covenant or condition of the Condominium Instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the aforesaid documents or Act or at law or in equity.

(d) Interest. In the event of a default by any Unit Owner in paying any sum assessed against his Condominium Unit or for Common Expenses which continues for a period in excess of fifteen (15) days, the principal amount unpaid shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

(e) Abating and Enjoining Violations by Unit Owners. The violations of any of the Rules and Regulations adopted by the Board of Directors, the breach of any Bylaws contained herein or the breach of any provision of the Declaration, Articles of Incorporation or the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove at the expense of

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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, the Articles, these Bylaws and the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent or, if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

Section B. Lien for Assessments.

(a) The total annual assessment of each Unit Owner for Common Expenses or any special assessment made pursuant to these Bylaws is hereby declared to be a lien levied

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against the Unit of such Unit Owner as provided in Va. Code Ann. §55-79.84, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Condominium and, as to special assessments, on the first day of the next month which begins more than ten (10) days after delivery to the Unit Owner of notice of such special assessment. 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 by the aforesaid section of the Condominium Act or by the laws of the Commonwealth of Virginia to confirm the establishment and priority of such lien.

(b) 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 (2) consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire balance of the annual assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner and his Mortgagee by the Board of Directors or the Managing Agent.

(c) The lien for assessments may be enforced and foreclosed in the manner provided by the laws of the

Commonwealth of Virginia by action in the name of the Board of Directors or the Managing Agent, acting on behalf of the 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) A suit to recover a money judgment for unpaid contributions may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section C. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the Condominium Instruments or the Condominium Act, all of the Unit Owners may be required by the Declarant or the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by a declaration of trust recorded among

the land records of the City of Richmond, Division I, granting unto a trustee or trustees appropriate powers to the end that, upon default in the performance of such bond the aforesaid declaration of trust may be foreclosed by the trustee or trustees acting at the direction of the Board of Directors. In the event any such bonds have been executed and the declaration of trust is recorded, then any subsequent purchaser of a Unit shall take title subject to the declaration of trust and shall assume the obligations provided for therein.

Section D. Subordination and Mortgagee 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 subject to, and shall in no way affect the rights of a first Mortgagee on a Unit so long as such mortgage or deed of trust was made in good faith for value received. Such liens shall not be affected by a sale or transfer of the Unit, except as provided in §55-79.84(h) of the Condominium Act, and except that a sale or transfer pursuant to a foreclosure of a first Mortgagee or deed of trust shall extinguish a subordinate lien for assessments which became payable prior to such sale or transfer. Any delinquent assessments which are extinguished

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Section B. Method of Amending.

(a) Unless otherwise provided in these Bylaws or in the Condominium Act, the Declaration and these Bylaws may be amended in the following manner: An amendment or amendments may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Directors, or by a majority of the Unit Owners whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments being proposed by the Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other Officer of the Association in the absence of the President, who shall thereupon call a special meeting of the members of the Association. It shall be the duty of the Secretary to give to each member written or printed notice of the special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form. Any member may by written waiver of notice signed by such member waive such notice, and such waiver when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting the amendment or amendments proposed must be approved by an affirmative vote of

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sixty-six and two-thirds percent (66-2/3%) of the Owners of the Units in order for such amendment or amendments to become effective. Thereupon such amendment or amendments shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, certified and executed by the requisite number of Unit Owners and Mortgagees in accordance with Va. Code Ann. §55-79.49, shall be recorded in the Clerk's Office, Circuit Court of the City of Richmond, Division I, within ten (10) days from the date on which the same were approved by the Unit Owners, such amendment or amendments to specifically refer to the recording date identifying the Declaration or Bylaws which are affected by such amendment or amendments. Thereafter, a copy of the amendment or amendments in the form in which the same were placed of record by the Officers of the Association shall be delivered to all the Owners, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of the amendment or amendments. At any meeting held to consider the amendment or amendments, the written vote of any members of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the

Secretary of the Association prior to such meeting or at such meeting. Instead of calling the special meeting described above the President may prepare an agreement of the Unit Owners approving the amendment, and when signed by the requisite number of Unit Owners such agreement shall have the same effect as if such Unit Owners had approved the amendment by voting at such special meeting.

(b) No amendment in the percentage of ownership in Common Elements appurtenant to each Condominium Unit or amendment that would change Unit boundaries or amendment to the basis of sharing Common Expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or amendment to the basis of ownership of any reserve funds, shall be made without the written approval of first Mortgagees and Unit Owners as set forth in Article 8, Section E, of the Bylaws.

(c) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of a Mortgagee shall be made without prior written consent of such Mortgagee being first had and obtained.

(d) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant shall be made without the written consent of the Declarant being first had and obtained.

Section C. Termination.

BOOK 790 PAGE 545

(a) Unless otherwise provided in these Bylaws or in the Condominium Act, termination of the Condominium may be effected only by an agreement of eighty percent (80%) of the Unit Owners and only after a termination agreement has been executed by such Unit Owners and recorded in the Clerk's Office, Circuit Court of the City of Richmond, Division I, in accordance with Va. Code Ann. §55-79.49. In addition to the foregoing, termination shall not be allowed unless each of the holders of all mortgages or deeds of trust that are liens on the Condominium or any of its Units consent in the aforesaid termination agreement that their liens may be transferred to the Unit and its appurtenant interests on which their lien rests once that Unit becomes separated and owned as a tenancy in common by operation of law due to the termination or, in the event of a termination due to casualty, that their liens may be satisfied as set forth in Article 7, Section D.

(b) In the event of termination where there is no casualty as set forth in Article 7, Section D, the Unit Owners shall, as previously stated, own the Condominium as tenants in common in undivided shares with any holders of mortgages or deeds of trust having a lien on such undivided shares. Such undivided share of each Owner shall be in the

BOOK 790 PAGE 546

entire Condominium in proportion to that Owner's undivided share or Percentage Interest in the Common Elements immediately prior to recording an instrument terminating the Condominium. So long as the tenancy in common lasts, each Unit Owner or his heirs, successors or assigns shall have an exclusive right of occupancy of that portion of the Property which formerly constituted his Unit. All funds held by the Association, including insurance proceeds, if any, shall be held for the Unit Owners in the same proportion as their former Percentage Interests. Any costs incurred by the Association in connection with the termination shall be considered a Common Expense.

(c) Following termination, the Property that was formerly the Condominium may be partitioned and sold upon the application of any Unit Owner. Following a termination if the Board of Directors determines by not less than a majority vote to accept an offer for the sale of the Property, each Unit Owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such form as the Board of Directors directs. In such event, any action for partition or other division of the Property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

BOOK 790 PAGE 547

(d) The members of the Board of Directors acting collectively as agent for all Unit Owners, shall continue to have such powers as are granted in this Article notwithstanding the fact that the Association itself may be dissolved upon termination.

ARTICLE 11. MISCELLANEOUS

Section A. Notices. All notices, demands, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally (pursuant to Va. Code Ann. §55-79.75) or otherwise as the Condominium Act may permit: (a) if to a Unit Owner, at the address which 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 (b) if to the Association, the Board of Directors or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one person, each person who so designated an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section B. Captions. The captions used herein are inserted only as a matter of convenience and for reference,

BOOK 790 PAGE 548

and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section C: Gender.. Singular/Plural. 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.

MOUNT VERNON ASSOCIATION

By: 

EXHIBIT A
TO BYLAWS

BOOK 790 PAGE 549

MOUNT VERNON ASSOCIATION

As a Member of Mount Vernon Association (the "Association"),
I hereby appoint _____
as my proxy, for and in my name, with full power of substitution, and with all powers I would possess if personally present, to attend the meeting of Mount Vernon Association, to be held in Richmond, Virginia on _____, 19____, and I authorize _____ to cast my vote or votes at such meeting and at any adjournments thereof:

1. (list of topics, such as "on the election of Directors")
- 2.
- 3.

WITNESS my hand and seal this _____ day of _____, 19____.

Signature (SEAL)

WITNESS:

Signature (SEAL)

Address

EXHIBIT B

BOOK 790 PAGE 550

TO BYLAWS

CERTIFICATE OF RESALE

FOR

MOUNT VERNON ASSOCIATION

The undersigned, being the President of Mount Vernon Association, hereby states on behalf of the Condominium that as of this _____ day of _____, _____, the following facts exist:

1. The unpaid assessments currently levied against Unit Number _____ are as follows:

2. It is anticipated that there shall be within the current or the next succeeding two fiscal years capital expenditures in the amount of \$ _____ for _____.

3. There are currently funds in reserve for replacement of Common Elements of the Condominium in the amount of \$ _____. _____% of this fund is further reserved for the following project.

4. Attached hereto is a copy of the current statement of the financial condition of Mount Vernon Association, (the Association).

BOOK 790 PAGE 551

5. The Association is a party to the following pending litigation, or litigation in progress:

6. The Association is a party to the following judgments:

7. The Association provides the following insurance coverage for all Unit Owners:

The Association hereby sets forth what other insurance is normally carried by Unit Owners, but the prospective Unit Owner should seek competent insurance advice prior to obtaining individual insurance coverage since the Association hereby declares that it will not be held liable for any reliance by a prospective Unit Owner on the suggestion contained in this paragraph pertaining to what insurance a Unit Owner should buy.

8. All improvements and alterations made to Unit Number _____ or to the Limited Common Elements assigned to that Unit by the Owner as of this date are not in violation of the Bylaws and Rules and Regulations of the Condominium. This paragraph presupposes, however, that the current Owner has, in accordance with the Bylaws provisions, disclosed to the Association any improvements and alterations that might

BOOK 790 PAGE 552

be a violation of the aforesaid Bylaws and Rules and Regulations.

IN WITNESS WHEREOF, the undersigned, on behalf of the Association, hereby sets his hand and seal.

MOUNT VERNON ASSOCIATION

By _____ (SEAL)
President

STATE OF VIRGINIA

CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this _____ day of _____, _____, by _____
My Commission expires: / /

Notary Public

VIRGINIA: IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF RICHMOND, DIVISION I.

This deed was presented, and, with the Certificate annexed, admitted to record on

DEC 15 1981 at 9:00 o'clock A.M.

Clerk's Fee 157.00
Transfer Fee _____
State Tax _____
City Tax _____
Grantor's Tax _____
Total 157.00

- Teste:

File: Brouwer, Russell

Clerk

CS170047

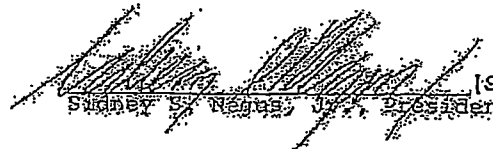
Original of original
submitted to the
proper authorities

CERTIFICATION

2439

APR 70 M. 80


I, Sidney S. Negus, Jr., President of the Mount Vernon Association, hereby certify that the Amendments attached hereto were agreed upon in writing by the requisite majority of the unit owners pursuant to the provisions of § 55-79.72 of the Condominium Act after having been proposed by the Board of Directors of the Association.


[SEAL]
Sidney S. Negus, Jr., President

STATE OF VIRGINIA,

CITY OF RICHMOND, to-wit:

The foregoing instrument was acknowledged before me this 7th day of February, 1980, by Sidney S. Negus, Jr., President of the Mount Vernon Association, on behalf of the Association.


[SEAL]
Notary Public

My Commission expires:

9-14-86

AMENDMENT TO THE BYLAWS OF MOUNT VERNON ASSOCIATION

THIS AMENDMENT to the Bylaws of Mount Vernon Association is made this 21st day of June, 2005 by the MOUNT VERNON ASSOCIATION, INC. (hereafter "Association").

WITNESSETH:

WHEREAS, the Mount Vernon Condominium was created by the recordation of the Declaration Mount Vernon Condominium ("Declaration") in Deed Book 790, Page 402 in the Clerk's Office of the Circuit Court of the City of Richmond, Virginia, with the Bylaws of Mount Vernon Association attached as Exhibit F; and

WHEREAS, pursuant to Article 10, Section B of the Bylaws, the Bylaws may be amended after approval by a majority of the Board of Directors and by agreement of Unit Owners of Units to which two-thirds (2/3) of the votes in the Association appertain; and

WHEREAS, pursuant to Article 8, Section E of the Bylaws, no material amendment regarding the leasing of Units may be adopted without the prior written approval of Mortgagees holding first liens on Units which have at least sixty-seven percent (67%) of the votes of the Units subject to such mortgages and of Unit Owners to which at least sixty-seven percent (67%) of the votes of the Association are allocated; and

WHEREAS, this Amendment to the Bylaws received the approval of a majority of the Board of Directors and the written approval of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes of the Association are allocated, as evidenced by the Certificate of the President attached hereto and incorporated herein; and

WHEREAS, Mortgagees holding first liens on Units which have at least sixty-seven percent (67%) of the votes of the Units subject to such mortgages have provided their written approval of this Amendment, or been deemed to have provided their written approval pursuant to Section 55-79.73:1 of the Virginia Condominium Act;

NOW, THEREFORE, in accordance with Article 10, Section B and Article 8, Section E of the Bylaws, the Bylaws of Mount Vernon Association are hereby amended as follows:

1. Article 5, Section H(a)(6) of the Bylaws is hereby amended so that Article 5, Section H(a)(6) of the Bylaws provides as follows, in its entirety. (Note: new language in bold)

(6) No Unit shall be rented for transient or hotel purposes. No Unit shall be rented for an initial period of less than six (6) months. No portion of a 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 requiring the lessee to comply with the Condominium Instruments and Rules and

Regulations, and providing that failure to comply constitutes a default under 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.

The percentage of Unit Owner Occupied Units in the Condominium must at all times be eighty percent (80%) or greater. No Unit Owner may lease his/her Unit if the percentage of Unit Owner Occupied Units in the Condominium is, at the time of the contemplated leasing, less than or equal to eighty percent (80%) or will decrease the percentage of Unit Owner Occupied Units below eighty percent (80%). Prior to leasing any Unit within the Association, a Unit Owner shall submit a written request to the Board of Directors requesting verification of the then-current percentage of Unit Owner Occupied Units. Within seven (7) days of receipt of such request, the Board shall provide a written response to the requesting Unit Owner. If at any time or for any reason the percentage of Unit Owner Occupied Units within the Association is at or below the minimum percentage established herein, then leasing of a Unit shall be prohibited; except that under certain extreme hardship situations the Board of Directors, in its discretion, may give written permission to a Unit Owner to lease the Unit, even if in conflict with the minimum percentage established in this provision, on a case by case basis.

This Unit Owner Occupancy provision shall not operate to prohibit Unit Owners who own a Unit in the Condominium as of the effective date of this Amendment from leasing that Unit. The requirements of this subsection will only become enforceable against Unit Owners who acquire title to a Unit after the effective date of this Amendment, after which future leasing of the Unit will be dependent on the Unit Owner Occupancy restrictions provided above.

For the purposes of this section, a Unit Owner Occupied Unit shall be the following: 1) a Unit which is occupied by at least one of the record owners of the Unit; or 2) a Unit owned by a trust if at least one of the named grantors or beneficiaries of that trust are the occupants of the Unit; or 3) a Unit owned by a partnership or corporate entity if at least one of the partners, directors, officers, shareholders, or members of the partnership or corporate entity are the occupants of the Unit. A Unit which is occupied by family members of the Unit Owner, but not by a record Owner, will not be considered Unit Owner Occupied for the purposes of this section.

With respect to Unit Owners who are not able to lease a Unit because the proposed lease would exceed the percentage limit established above, the Board of Directors shall establish and maintain a waiting list of Unit Owners who wish to lease their Units, on a first come, first served basis. The waiting list shall be maintained in chronological order. If the maximum number of Units is rented, the Unit Owners on the waiting list shall have the first opportunity to lease their Unit when another leased Unit is sold or occupied by its owner. Preference shall be given to the Unit Owner whose name has been on the waiting list for the longest time, who shall receive written notification by the Board that a leasing opportunity is available. If such Unit Owner fails to respond within five (5) days of the notification being

sent, that Unit Owner's position on the waiting list shall be moved to the last position on the waiting list (and their operative date for the purposes of this provision shall be changed to the date they are switched to the last position on the waiting list) and the Unit Owner now in the first position on the list shall then be given leasing preference by the Board of Directors.

The foregoing provisions of this subparagraph shall not apply to a Mortgagee in possession of a Unit as a result of a foreclosure of other judicial sale or as a result of any proceeding in lieu of foreclosure.

2. The effective date of this Amendment shall be the date of recordation.
3. Except as modified by this Amendment, all of the terms and provisions of the Bylaws are expressly ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Directors has caused this Amendment to the Bylaws to be executed and recorded on behalf of the Mount Vernon Association, Inc., pursuant to the required approval by the Board of Directors, Mortgagees, and Unit Owners in the Mount Vernon Condominium.

MOUNT VERNON ASSOCIATION, INC.,
a Virginia non-stock corporation.

By: James T. C. [Signature]

President

By: Alice Ann [Signature]

Secretary

CERTIFICATE OF THE PRESIDENT

The President of the Mount Vernon Association, Inc., hereby certifies that the above Amendment to the Bylaws of Mount Vernon Association was consented to and approved by a majority of the Board of Directors and the Unit Owners of Units to which at least sixty-seven percent (67%) of the votes of the Association are allocated. In witness whereof, and in accordance with Section 55-79.71(D) of the Virginia Condominium Act, I have hereunto subscribed my name this 21st day of June, 2005.

Attest: Alice Ann Berkeley
Secretary

By: Jerome T. Cherry
President

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF Richmond

On this 21st day of June, 2005, before me, the undersigned notary public, personally appeared Jerome T. Cherry, the President of Mount Vernon Association, Inc., a Virginia non-stock corporation, who is known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

W. S. Thompson
Notary Public

My commission expires: 3-31-2010

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF Richmond

On this 21st day of June, 2005, before me, the undersigned notary public, personally appeared Alice A. Berkeley, the Secretary of Mount Vernon Association, Inc., a Virginia non-stock corporation, who is known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

W. S. Thompson
Notary Public

My commission expires: 3-31-2010

EXHIBIT "A"
Tax Map Numbers for
Mount Vernon Association, Inc.

W0001704018	W0001704062	W0001704106
W0001704019	W0001704063	W0001704107
W0001704020	W0001704064	W0001704108
W0001704021	W0001704065	W0001704109
W0001704022	W0001704066	W0001704110
W0001704023	W0001704067	W0001704111
W0001704024	W0001704068	W0001704112
W0001704025	W0001704069	W0001704113
W0001704026	W0001704070	W0001704114
W0001704027	W0001704071	W0001704115
W0001704028	W0001704072	W0001704116
W0001704029	W0001704073	W0001704117
W0001704031	W0001704074	W0001704118
W0001704032	W0001704075	W0001704119
W0001704033	W0001704076	W0001704120
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W0001704037	W0001704082	W0001704124
W0001704038	W0001704083	W0001704125
W0001704039	W0001704084	W0001704126
W0001704040	W0001704085	W0001704127
W0001704043	W0001704086	W0001704128
W0001704044	W0001704087	W0001704129
W0001704045	W0001704088	W0001704130
W0001704046	W0001704091	W0001704131
W0001704047	W0001704092	W0001704132
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W0001704049	W0001704094	W0001704134
W0001704050	W0001704095	W0001704135
W0001704051	W0001704096	W0001704136
W0001704052	W0001704097	W0001704137
W0001704055	W0001704098	W0001704138
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RESOLUTION FOR AMENDING LATE FEES

WHEREAS the Board of Directors of the Association is charged with the responsibility of establishing late fee charges and collecting assessments for common expenses from homeowners pursuant to Article 5, Section C, Collection of Assessments, of the declaration; and

WHEREAS from time to time homeowners become delinquent in their payments of these assessments and are therefore required to pay a late fee after the 5th of each month, and

WHEREAS any assessments or other charges or payments that an owner is required to make or is liable for hereunder which are not paid when due shall be deemed delinquent;
NOW, THEREFORE,

BE IT RESOLVED, September 20, 2005, that pursuant to Article 5, Section C of the declaration, there is hereby levied against any assessment account which is not paid in full by the 5th day of the month, a late fee in the amount of \$30.00 dollars which the managing agent is authorized and directed to charge to and collect from any delinquent homeowner.

Jerome Cherry

Elizabeth Long

Betsy Blevins

Alice Berkebile

Cherlyn Stevens

Joanne Baker

Lewis Mundin

Pat Jagoda

Marci Gelsomino

Jerome Cherry

Elizabeth Long

Betsy Blevins

Alice Berkebile

Cherlyn S Stevens

Joanne Baker

Lewis Mundin

Pat Jagoda

Marci Gelsomino

Mount Vernon Association

July 19, 2005

Dear Unit Owners:

The Homeowners of the Mount Vernon Association have adopted an Amendment to the Bylaws which will restrict the number of rental units within the community.

The Amendment to the Bylaws imposes a Unit Owner Occupancy restriction on the Condominium, requiring that at least eighty percent (80%) of the Units in the Condominium be occupied by the Owners of those Units (also call a “rental cap” restriction). This provision limits the ability of Unit Owners to rent out their Units, in that a rental would not be allowed if it would decrease the number of Units occupied by their Owners to below 80% of the Units in the Condominium.

Enclosed please find a copy of the Amendment which has been recorded in the City of Richmond Circuit Court. The restriction which has been adopted will not apply to those who owned units in Mount Vernon prior to this change. The restriction will only apply to Owners who acquired title to a Unit after the Amendment was adopted and became effective on July 11, 2005.

Please review the enclosed Amendment and contact the managing agent, Melinda Thompson, at 282-2574 with any questions.

The Board of Directors

Tax Map #s attached as Exhibit A

AMENDMENT TO THE BYLAWS OF MOUNT VERNON ASSOCIATION

THIS AMENDMENT to the Bylaws of Mount Vernon Association is made this _____ day of _____, 200__ by the MOUNT VERNON ASSOCIATION, INC. (hereafter "Association").

W I T N E S S E T H :

WHEREAS, the Mount Vernon Condominium was created by the recordation of the Declaration Mount Vernon Condominium ("Declaration") in Deed Book 790, Page 402 in the Clerk's Office of the Circuit Court of the City of Richmond, Virginia, with the Bylaws of Mount Vernon Association attached as Exhibit F; and

WHEREAS, pursuant to Article 10, Section B of the Bylaws, the Bylaws may be amended after approval by a majority of the Board of Directors and by agreement of Unit Owners of Units to which two-thirds (2/3) of the votes in the Association appertain; and

WHEREAS, pursuant to Article 8, Section E of the Bylaws, no material amendment regarding the leasing of Units may be adopted without the prior written approval of Mortgagees holding first liens on Units which have at least sixty-seven percent (67%) of the votes of the Units subject to such mortgages and of Unit Owners to which at least sixty-seven percent (67%) of the votes of the Association are allocated; and

WHEREAS, this Amendment to the Bylaws received the approval of a majority of the Board of Directors and the written approval of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes of the Association are allocated, as evidenced by the Certificate of the President attached hereto and incorporated herein; and

WHEREAS, Mortgagees holding first liens on Units which have at least sixty-seven percent (67%) of the votes of the Units subject to such mortgages have provided their written approval of this Amendment, or been deemed to have provided their written approval pursuant to Section 55-79.73:1 of the Virginia Condominium Act;

NOW, THEREFORE, in accordance with Article 10, Section B and Article 8, Section E of the Bylaws, the Bylaws of Mount Vernon Association are hereby amended as follows:

1. Article 5, Section H(a)(6) of the Bylaws is hereby amended so that Article 5, Section H(a)(6) of the Bylaws provides as follows, in its entirety: (Note: new language in **bold**)

(6) No Unit shall be rented for transient or hotel purposes. No Unit shall be rented for an initial period of less than six (6) months. No portion of a 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 requiring the lessee to comply with the Condominium Instruments and Rules and

Regulations, and providing that failure to comply constitutes a default under 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.

The percentage of Unit Owner Occupied Units in the Condominium must at all times be eighty percent (80%) or greater. No Unit Owner may lease his/her Unit if the percentage of Unit Owner Occupied Units in the Condominium is, at the time of the contemplated leasing, less than or equal to eighty percent (80%) or will decrease the percentage of Unit Owner Occupied Units below eighty percent (80%). Prior to leasing any Unit within the Association, a Unit Owner shall submit a written request to the Board of Directors requesting verification of the then-current percentage of Unit Owner Occupied Units. Within seven (7) days of receipt of such request, the Board shall provide a written response to the requesting Unit Owner. If at any time or for any reason the percentage of Unit Owner Occupied Units within the Association is at or below the minimum percentage established herein, then leasing of a Unit shall be prohibited; except that under certain extreme hardship situations the Board of Directors, in its discretion, may give written permission to a Unit Owner to lease the Unit, even if in conflict with the minimum percentage established in this provision, on a case by case basis.

This Unit Owner Occupancy provision shall not operate to prohibit Unit Owners who own a Unit in the Condominium as of the effective date of this Amendment from leasing that Unit. The requirements of this subsection will only become enforceable against Unit Owners who acquire title to a Unit after the effective date of this Amendment, after which future leasing of the Unit will be dependent on the Unit Owner Occupancy restrictions provided above.

For the purposes of this section, a Unit Owner Occupied Unit shall be the following: 1) a Unit which is occupied by at least one of the record owners of the Unit; or 2) a Unit owned by a trust if at least one of the named grantors or beneficiaries of that trust are the occupants of the Unit; or 3) a Unit owned by a partnership or corporate entity if at least one of the partners, directors, officers, shareholders, or members of the partnership or corporate entity are the occupants of the Unit. A Unit which is occupied by family members of the Unit Owner, but not by a record Owner, will not be considered Unit Owner Occupied for the purposes of this section.

With respect to Unit Owners who are not able to lease a Unit because the proposed lease would exceed the percentage limit established above, the Board of Directors shall establish and maintain a waiting list of Unit Owners who wish to lease their Units, on a first come, first served basis. The waiting lists shall be maintained in chronological order. If the maximum number of Units is rented, the Unit Owners on the waiting list shall have the first opportunity to lease their Unit when another leased Unit is sold or occupied by its owner. Preference shall be given to the Unit Owner whose name has been on the waiting list for the longest time, who shall receive written notification by the Board that a leasing opportunity is available. If such Unit Owner fails to respond within five (5) days of the notification being

sent, that Unit Owner's position on the waiting list shall be moved to the last position on the waiting list (and their operative date for the purposes of this provision shall be changed to the date they are switched to the last position on the waiting list) and the Unit Owner now in the first position on the list shall then be given leasing preference by the Board of Directors.

The foregoing provisions of this subparagraph shall not apply to a Mortgagee in possession of a Unit as a result of a foreclosure of other judicial sale or as a result of any proceeding in lieu of foreclosure.

2. The effective date of this Amendment shall be the date of recordation.

3. Except as modified by this Amendment, all of the terms and provisions of the Bylaws are expressly ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Directors has caused this Amendment to the Bylaws to be executed and recorded on behalf of the Mount Vernon Association, Inc., pursuant to the required approval by the Board of Directors, Mortgagees, and Unit Owners in the Mount Vernon Condominium.

MOUNT VERNON ASSOCIATION, INC.,
a Virginia non-stock corporation.

By: _____
President

By: _____
Secretary

CERTIFICATE OF THE PRESIDENT

The President of the Mount Vernon Association, Inc., hereby certifies that the above Amendment to the Bylaws of Mount Vernon Association was consented to and approved by a majority of the Board of Directors and the Unit Owners of Units to which at least sixty-seven percent (67%) of the votes of the Association are allocated. In witness whereof, and in accordance with Section 55-79.71(D) of the Virginia Condominium Act, I have hereunto subscribed my name this ____ day of _____, 200__.

Attest: _____
Secretary

By: _____
President

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF _____

On this ____ day of _____, 200__, before me, the undersigned notary public, personally appeared _____, the President of Mount Vernon Association, Inc., a Virginia non-stock corporation, who is known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My commission expires: _____

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF _____

On this ____ day of _____, 200__, before me, the undersigned notary public, personally appeared _____, the Secretary of Mount Vernon Association, Inc., a Virginia non-stock corporation, who is known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My commission expires: _____