

BYLAWS
OF
CONGERS CREEK PROPERTY OWNERS ASSOCIATION, INC.

The Board of Directors of Congers Creek Property Owners Association, Inc. (the “Association”), a non-profit corporation, duly-formed and approved under the Virginia Nonstock Corporation Act, Title 13.1, Chapter 10 of the Code of Virginia, 1950, as amended, (the “Virginia Code”), hereby adopts the following Bylaws of the Association which shall govern the management and operation of the Association's business and the regulation of its affairs in accordance with the Virginia Code, the Association’s Articles of Incorporation and applicable law, and in accordance with Section 13.1-823 of the Code.

ARTICLE I

NAME

The name of the Association is Congers Creek Property Owners Association, Inc.

ARTICLE II

PURPOSE

The Association is organized for the general purposes stated in the Association’s Articles of Incorporation and the Declaration of Protective Covenants Congers Creek Townhomes, which is recorded in the Clerk’s Office of the Circuit Court of Rockingham County, Virginia (the “Clerk’s Office”) in Deed Book 5359, page 192 (the “Declaration”).

ARTICLE III

DEFINITION OF TERMS

Unless otherwise stated herein, all terms used in these Bylaws which are defined in § 13.1-803 of the Virginia Code have the meanings set forth therein.

ARTICLE IV

ADOPTION

In accordance with § 13.1-823(A) of the Virginia Code, these Bylaws shall become effective upon adoption by the Association's Board of Directors (the "Board").

ARTICLE V

CORPORATE POWERS

The Association shall have the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including, without limitation, those enumerated as §§ 13.1-826 and 13.1-827 of the Virginia Code.

ARTICLE VI

NON-STOCK CORPORATION

In accordance with § 13.1-814 of the Virginia Code, the Association shall not issue shares of stock. No dividends shall be paid and no part of the income of the Association shall be distributed to its members, directors or officers, except that the Association may make distributions to another nonprofit corporation that is a member of the Association or has the power to appoint one or more of its directors. The Association may pay compensation in a reasonable amount to members, directors or officers for services rendered including pensions, and may confer benefits upon its members in conformity with its purposes, and may make

distributions to its members or others as permitted by the Virginia Code upon dissolution or final liquidation and no such payment, benefit or distribution shall be deemed to be a dividend or a distribution of income.

ARTICLE VII

MEMBERS

Section 1. Classes of Members and Voting. Every Owner shall be a member of the Association. The membership shall be appurtenant with and may not be separated from ownership of any Lot.

The Association shall have two (2) classes of members:

Class A. Class A members shall include all Owners except the Declarant. Class A members shall be entitled to one (1) vote for each Lot owned. When a Lot is owned by more than one person or entity, the one (1) vote for such Lot may be cast by any Owner thereof unless an objection or protest by another co-owner is made prior to the completion of a vote. Upon such objection or protest, the one (1) vote shall be cast according to the majority vote (based on each Owner's percentage ownership interest) of the Owners of such Lot, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot it owns.

Section 2. Annual Meeting. The annual meeting of the Members shall be held on a date determined by the Board of Directors. The Association shall give each member written notice of the date, time and location, if any, of each annual meeting no less than ten nor more than sixty days before the date of the meeting.

Section 3. Special Meetings. The Association shall hold special meetings of the Members on the call of the President, the Board of Directors, the Class B member, or the holders of at least twenty percent (20%) of all votes entitled to be cast by Class A members on any issue proposed to be considered at the special meeting, which holders shall sign, date, and deliver to the Association's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held. Unless otherwise provided by statute, the Association shall give each member written notice of the date, time, location, and purpose of any special meeting no less than ten nor more than sixty days before the date of the meeting.

Section 4. Place of Meetings. Annual, regular, or special meetings of the Members may be held either within or outside of the Commonwealth of Virginia.

Section 5. Action Without a Meeting. Any action required or permitted to be taken at a Members' meeting may be taken without a meeting and without action by the Board of Directors if the action is taken by all the Members entitled to vote on the action. The action shall be evidenced by one or more written consents describing the action taken, signed by all the Members entitled to vote on the action, and delivered to the Secretary of the Association for inclusion in the minutes or filing with the corporate records. Any action taken by unanimous written consent shall be effective according to its terms when all consents are in possession of the Association. Action taken under this section is effective as of the date specified therein provided the consent states the date of execution by each shareholder. A consent signed under this section shall have the effect of a unanimous vote of voting Members and may be described as such in any document filed with the State Corporation Commission.

Section 6. Quorum and Voting Requirement. Members holding thirty percent (30%) of the votes entitled to be cast represented in person or by proxy shall constitute a quorum. The

vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by statute or by the Association's Declaration. Once a member is present at a meeting the member is deemed present for quorum purposes for the remainder of the meeting and for adjournment of that meeting. Less than a quorum may adjourn a meeting. Directors shall be elected by a majority of the votes cast by the members entitled to vote in the election at a meeting at which a quorum is present. In the election of directors, each Class A member shall be entitled to cast one vote per lot owned for as many persons as there are directors being elected at that time, and the Class B member shall be entitled to cast three votes per lot owned for as many persons as there are directors being elected at that time. Members shall not have the right to cumulate their votes for directors.

Section 7. Assessments. Each Member shall be required to pay such annual assessments, special assessments, fees, dues, and other charges as may be established by the Association's Board of Directors from time to time; provided that the Board establishes such annual assessments, special assessments, fees, dues, and other charges in a manner not inconsistent with the Association's Declaration. Such assessments shall be used, in the Board's discretion, for the maintenance and operation of the Association's property and facilities.

Section 8. Compliance With Declaration. Each member shall be obligated to comply with the covenants, conditions and restrictions contained in the Association's Declaration.

ARTICLE VIII

BOARD OF DIRECTORS

Section 1. Responsibilities. All the corporate powers, business, and affairs of the Association shall be managed by or under the authority of the Board of Directors. The Board shall consist of no less than three (3) persons. The number of Directors may be fixed or changed from time to time by the Board.

Section 2. Election. The initial Board shall consist of the persons so designated in the Articles of Incorporation. Members of the initial Board shall hold office until the first annual meeting of the directors and until their successors shall have been elected and qualified. All other directors shall be elected by the members at each annual members' meeting in the manner provided herein; provided however, that the Declarant shall appoint the Directors until such time as the last Lot is sold.

Section 3. Term. The terms of the initial directors of the Association shall expire at the first meeting at which directors are elected. **The terms of all other directors shall be two (2) years.** A Director whose term expires shall continue to serve until their successor is elected and qualified or there is a decrease in the size of the Board.

Section 4. Resignation and Removal. A Director may resign at any time by delivering written notice to the Board, the President or the Secretary. A resignation shall be effective when delivered unless the written notice specifies a later date. The Board may remove elected Directors with or without cause. An elected Director may be removed if the number of votes cast for removal constitutes a majority of votes entitled to be cast at an election of Directors.

Section 5. Vacancy. If a vacancy occurs on the Board, including a vacancy resulting from an increase in the number of Directors, the vacancy may be filled by the affirmative vote of a majority of the remaining Directors, even though less than a quorum of the Board.

Section 6. Annual Meeting. The Board shall meet at least annually for the purpose of general organization, the election of officers and directors, and consideration of any other business that may properly be brought before the meeting.

Section 7. Regular or Special Meetings in Addition to the Annual Meeting. Regular or special meetings of the Board may be held upon notice by word-of-mouth, letter, facsimile, or electronic mail delivered not less than twenty-four (24) hours before the meeting.

Section 8. Quorum and Voting. The Board may only take action on a matter at a meeting in which a quorum is present. A quorum of the Board shall consist of fifty percent (50%) of the number of Directors on the Board. If a quorum is present, the affirmative vote of a majority of Directors present constitutes action by the Board.

Section 9. Conduct of Meetings. The President shall preside over all meetings of the Board. If the President is not present, the Vice President or, if the Vice President is not present, the Secretary, shall be elected to preside over the meeting. If none of the officers are present, a chairman shall be elected by a majority of the members to preside over the meeting. Directors may participate in regular or special meetings through the use of any means of communication which allows all Directors to simultaneously hear each other. Written minutes of all meetings shall be prepared by the Secretary and approved by the Board at the next meeting.

Section 10. Action Without a Meeting. The Board may take any action required or permitted by law without a meeting if i) a majority of directors in office sign and deliver a consent to the Association or ii) all members of the board take action. The consent shall describe

the action taken and may be submitted in writing or by facsimile or electronic mail. With respect to a consent expressed by email, the act of sending the email shall serve as the signature, as authorized by Virginia Code §§ 13.1-803 and 865. A consent signed under this Section shall have the same effect of a meeting vote and may be described as such in any document. Consents shall be included in the minutes or filed with the corporate records.

If all Directors consent to action without a meeting, the action shall be effective when the last Director signs a consent unless the consent specifies a different effective date, in which case the action taken is effective as of the specified date. If fewer than all Directors consent to action without a meeting, the Association shall give written notice to each Director describing the proposed action at least ten (10) business days before the action is taken. The proposed action shall be taken unless any Director delivers a written objection to the Association within ten (10) business days after being given such notice. The Association shall promptly notify each Director of any such objections.

Section 11. Managing Agent. The Board of Directors may employ a manager or managing agent, or both, for the Association at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. If and to the extent that the Board of Directors delegates its powers relating to the collection, deposit, transfer or disbursement of Association funds to a manager or managing agent, or both, such manager or managing agent, or both shall:

- (a) have all licenses and certifications required by the Act and other applicable law;
- (b) maintain fidelity insurance coverage or a bond in an amount established by the Association;

(c) maintain all funds and accounts of the Association separate from the funds and accounts of the managing agent and any other associations managed by the manager or managing agent, and maintain all reserve accounts of the Association so managed separate from operational accounts of the Association; and

(d) have prepared and present to the Association periodic financial reports no less frequently than quarterly, and an annual accounting for Association funds and a financial statement, which accounting and financial statement shall be prepared by the managing agent, a public accountant, or a certified public accountant acceptable to the Association.

ARTICLE IX

OFFICERS

Section 1. General. The officers of the Association shall consist of a President, Vice-President, Secretary, and Treasurer and any other officers, assistant officers, or agents as may be elected by the Board. All officers serve at the pleasure of the Board. The same individual may simultaneously hold more than one office in the Association.

Section 2. Resignation and Removal. An officer may resign at any time by delivering written notice to the Board. A resignation shall be effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Association accepts the future effective date, it may fill the pending vacancy before the effective date if the successor does not take office until the effective date. The Board may remove any officer at any time with or without cause.

Section 3. Vacancies. The Board shall fill any vacancy in any office.

Section 4. The President. The President shall preside at all meetings of the Directors, preside at all meetings of the Association, have active executive management of the operations

and affairs of the Association, discharge all the duties that devolve upon a presiding officer, and perform such other duties as these Bylaws or the Board may prescribe.

Section 5. The Vice-President. The Vice President shall perform all duties incumbent upon the President during the absence or disability of the President, and shall perform such other duties as the Bylaws may provide or the Board of Directors may prescribe.

Section 6. The Secretary. The Secretary shall attend all meetings of the Board and shall have the responsibility for preparing and maintaining custody of the minutes of the Directors' meetings and for authenticating records of the Association. The Secretary shall keep or cause to be kept in a book provided for the purpose a true and complete record of the proceedings of all meetings.

Section 7. The Treasurer. The Treasurer shall keep or cause to be kept correct and complete records of accounts, showing accurately the financial condition of the Association. The Treasurer shall furnish, or cause to be furnished, at meetings of the Board, or whenever requested, a statement of the financial conditions of the Association. The Treasurer shall perform such other duties as these Bylaws or the Board may prescribe.

Section 8. Transfer of Authority. In case of the absence of any officer of the Association or for any other reason that the Board may deem sufficient, the Board may transfer the powers or duties of that officer to any other officer or to any Director or employee of the Association.

ARTICLE X

STAFF

The Board may appoint staff members of the organization, including but not limited to an Executive Director, and may fix the compensation, duties, and terms of employment. The Board may provide such supervision to staff members as it deems appropriate.

ARTICLE XI

FINANCES

The fiscal year of the Association shall be determined by the Board in its discretion, subject to applicable law.

ARTICLE XII

SPECIAL CORPORATE ACTS, NEGOTIABLE INSTRUMENTS, DEEDS AND CONTRACTS

All checks, drafts, notes, bills of exchange, and orders for the payment of money of the Association; all deeds, mortgages, and other written contracts and agreements to which the Association shall be a party; and all assignments or endorsements of registered bonds or other securities owned by the Association, shall be signed by such officers as the Board may from time to time direct. The Board may authorize any one of its officers to sign such instruments for and on behalf of the Association without the need of a countersignature and may designate other officers or employees of the Association who may sign such instruments in the name of the Association.

ARTICLE XIII

INDEMNIFICATION

Section 1. Limitation of Liability. To the fullest extent permitted by the Virginia Nonstock Corporation Act, as it now exists or may hereafter be amended, the liability of Directors and Officers of the Association to the Association is eliminated and they shall not be liable to the Association for monetary damages.

Section 2. Indemnification. The Association shall indemnify a Director or Officer of the Association who is or was a party to any proceeding by reason of the fact that he or she is or was a Director or Officer against all liabilities and expenses incurred in the proceeding except those incurred due to willful misconduct or knowing violation of the law.

Section 3. Procedure for Indemnification. Indemnification determinations shall be made by majority vote of a quorum of disinterested Directors. If a quorum of disinterested Directors cannot be obtained, the determination shall be made by a majority vote of a committee designated by the Board, not including interested Directors. Such committee shall consist only of disinterested Directors, at least two (2) in number, or by special legal counsel selected by the committee described above. If neither a quorum of disinterested Directors nor a committee of at least two (2) disinterested Directors can be obtained, then the determination shall be made by a majority vote of the entire board, including interested Directors.

Section 4. Insurance. The Association may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article.

Section 5. Changes in the Board Composition. If the composition of a majority of the Board changes after the date of the alleged act or omission with respect to which indemnification is claimed, any determination with respect to any claim for indemnification made pursuant to Section 3 of this Article shall be made by special legal counsel agreed upon by the Board and the proposed indemnitee. If the Board and the proposed indemnitee are unable to agree upon such special legal counsel, the Board and the proposed indemnitee each shall select a nominee, those two nominees shall select a third nominee, and the three nominees together shall, by majority vote, select the special legal counsel.

Section 6. Applicability. The provisions of this Article shall be applicable to all actions, claims, suits, or proceedings commenced after the adoption hereof, whether arising from any action taken or any failure to act either before or after such adoption. No amendment, modification, or repeal of this Article shall diminish the rights provided hereby or diminish the right to indemnification with respect to any claim, issue or matter in any then-pending or subsequent proceeding that is based in any material respect on any alleged action or failure to act prior to such amendment, modification, or repeal. Reference herein to Directors, officers or agents shall include former directors, officers, employees, and agents and their respective heirs, executors, and administrators.

ARTICLE XIV

TRANSACTIONS WITH DIRECTORS

Any contract or other transaction between the Association and (a) one or more of its Directors; (b) any firm of which one or more Directors are members, employees, or otherwise interested; or (c) any corporation or association of which one or more Directors are shareholders, members, directors, officers, employees, or otherwise interested shall be valid for all purposes if

the material facts of the transaction and the interest are disclosed or known to the Board and the Board authorizes, approves, or ratifies the contract or transaction. The interested Director or Directors shall be counted in determining whether a quorum is present and entitled to vote on such authorization, approval, or ratification. This section shall not be construed to invalidate any contract or other transaction that is otherwise valid under applicable common and statutory law.

ARTICLE XV

CORPORATE SEAL

The corporate seal shall be in such form as shall be approved by the Board.

ARTICLE XVI

AMENDMENT TO BYLAWS

These Bylaws may be amended or repealed by a two-thirds (2/3) vote of the Board. Any action taken or authorized by a two-thirds (2/3) or greater vote of the Board that is inconsistent with a Bylaw shall have the effect of amending or suspending such Bylaw to the extent necessary to permit the action taken or authorized by the Board.

ARTICLE XVII

DISSOLUTION

The duration of the corporate existence shall be perpetual. In the event of liquidation, dissolution, or winding up of the Association, whether voluntary, involuntary, or by the operation of law, the property or other assets of the Association remaining after the payment, satisfaction, and discharge of liabilities or obligations, shall be distributed for one or more exempt purposes within the meaning of § 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so

disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.