

## **ARTICLES OF INCORPORATION**

### **OF**

## **CEDAR POINT TOWNHOMES PROPERTY ASSOCIATION**

The undersigned Incorporator hereby establishes a nonstock corporation subject to the requirements of the laws of the Commonwealth of Virginia, pursuant to the provisions of Chapter 10 of Title 13.1 of the Code of Virginia, 1950, as amended, and to that end, hereby adopts Articles of Incorporation as follows:

### **ARTICLE I**

#### **Name**

The name of the Corporation shall be "CEDAR POINT TOWNHOMES PROPERTY ASSOCIATION" (the "Association").

### **ARTICLE II**

#### **Definitions**

Any capitalized terms used in these Articles that are not defined in these Articles have the meanings given to them in the Declaration of Covenants for Cedar Point Townhomes, of record in the Office of the Clerk of the Circuit Court of Rockingham County, Virginia, as Instrument Number 2014-00002120 (Deed Book 2120, page 4369), as amended and supplemented from time to time (the "Declaration").

ARTICLE III  
Members

3.01 Membership. There shall be one Association Membership appurtenant to each platted lot (each, a "Lot") within the Property as it may be expanded in accordance with the Declaration (the "Subdivision"). The Association Membership appurtenant to a Lot shall be held by the Owner(s) of that Lot, may not be separated from the Lot to which it is appurtenant, and shall transfer with the transfer of ownership of a Lot. Any Association Membership appurtenant to a Lot having more than one Owner shall be shared by such Owners, and each such Owner shall be a member of the Association.

3.02 Voting. Each member shall be entitled to one vote for each Lot owned. If a Lot is owned by more than one Owner, then the vote appurtenant to that Lot's Membership shall be shared by such Owners as provided in the Bylaws. The Association has the right to suspend the voting rights of any Owner during a period of default by such Owner with respect to his or her obligations under the Declaration or the governing documents of the Association.

ARTICLE IV  
Registered Office and Agent

The initial registered office of the Association shall be located in the City of Harrisonburg, Virginia. The address of the initial registered office is Lenhart Pettit, 90 N. Main Street, Suite 201, Harrisonburg, Virginia 22802. The name of the initial registered agent, whose business office is identical with such registered office, shall be Lisa Anne Hawkins, who is a member of the Virginia State Bar and a resident of the Commonwealth of

Virginia. The Board of Directors of the Association may change the registered agent at any time.

## ARTICLE V Board of Directors

5.01 Composition of Board of Directors. The business and affairs of the Association shall be controlled, conducted and managed by its Board of Directors, to be comprised of at least three but no more than seven members. The initial Board of Directors shall have three members, all of whom shall be appointed by the Declarant and shall serve until the first annual meeting of the Association, at which time their successors shall be duly elected. The initial Directors will be Andy Shifflett, Stacey Custer and Gail Mitchell.

5.02 Power and Authority. Except as otherwise provided by law or these Articles, the Board of Directors may act on behalf of the Association in all instances. The Board of Directors may not act on behalf of the Association to: (a) amend the Declaration; (b) terminate the legal status of the Association or the Subdivision; (c) elect members of the Board of Directors, other than to fill a vacancy for the unexpired portion of the term of a member of the Board of Directors as provided in these Articles or the Bylaws; or (d) determine the qualifications, powers, duties, or terms of office of members of the Board of Directors.

5.03 Resignations. Any director may resign at any time by giving written notice to the Board of Directors or the President. Such resignation shall take effect on receipt of written notice by the Association, unless an effective time is set forth in such notice, in which event such resignation shall take effect at the time specified. Unless otherwise specified in a

resignation notice, the acceptance of such resignation shall not be necessary to make it effective.

5.04 Removal. At any regular or special meeting of the Association's Members where the meeting notice states that the purpose or one of the purposes of the meeting is to vote on the removal of one or more directors, such director or directors may be removed, with or without cause, and a successor may then and there be elected to serve for the unexpired term of the removed director, in each case by a majority of the votes entitled to be cast and represented in person or by proxy at such meeting.

5.05 Vacancies. Any vacancy occurring on the Board of Directors by reason of resignation, incapacity or death may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum. A director elected to fill a vacancy or newly created directorship shall hold office until the next annual meeting of the Owners or until his successor is duly elected and qualified.

## ARTICLE VI

### Purpose and Powers

6.01 Purpose and Powers. The Association shall not have as its purpose the pursuit of pecuniary gain or distribution of profit to its Members. Instead, the purpose of the Association is to manage and govern the Subdivision as a "homeowners association", by serving as the entity:

(a) for the proper organization and administration of the exercise of all the powers, privilege, duties and obligations of the Association as set forth in the Declaration and the

governing documents of the Association with respect to all or any portion of the Subdivision, including but not limited to the exercise of all consent and approval rights of the Declarant under the Declaration once the Declarant has transitioned control and assigned such rights to the Association as required by Article Two, Section 2.3 of the Declaration; and

(b) for the proper organization and administration of the exercise of all of the powers, privileges, duties and obligations of the Association as set forth in the Virginia Nonstock Corporation Act, Virginia Code Sections 13.1-801 et seq., as it may be amended from time to time, and the Virginia Property Owners' Association Act, Virginia Code Sections 55-508 et seq. (as the same may be amended from time to time, the "Act")

6.02 Restrictions on Purposes and Powers. The purposes and powers of the Association described above are subject to the following limitations:

(a) The Association shall be organized and operated exclusively for nonprofit purposes.

(b) No part of the net earnings of the Association shall inure to the benefit of any Owner, except as expressly permitted below with respect to the dissolution of the corporation.

(c) The Association shall not pay any dividends. No distribution of the corporation's assets to Owners shall be made until all of the corporation's debts are paid, and then only upon the final dissolution of the corporation as approved in accordance with applicable law. Upon payment of all of the corporation's debts and final dissolution, any remaining assets of the corporation shall be distributed among the Owners on a per-Lot basis, with each Lot receiving an equal share.

**ARTICLE VII**  
**Limitation of Liability and Indemnification**

7.01 **Limitation of Liability.** To the fullest extent permitted by law, a director or officer of the Association shall not be liable to the Association for any monetary damages. Any repeal or modification of this paragraph shall be prospective only and shall not adversely affect any right or protection of a director existing at the time of such repeal or modification.

7.02 **Indemnification.** To the fullest extent permitted by law, the Association shall indemnify a director or officer of the Corporation who is or was a party to any proceeding by reason of the fact that he or she is or was such a director or officer, or is or was serving at the request of the Association as a director, officer, manager, employee or agent, against all liabilities and expenses incurred in the proceeding except such liabilities and expenses as are incurred because of his or her willful misconduct or knowing violation of criminal law.

7.03 **Advances and Reimbursement of Expenses.** Unless a determination has been made that the indemnification is not permissible, the Association may make advances and reimbursements for expenses incurred by a director or officer in a proceeding upon receipt of an undertaking from him or her to repay the same if it is ultimately determined that the director or officer is not entitled to indemnification.

7.04 **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 and may also procure insurance, in such amounts as the Board of Directors may determine, on behalf of any person who is or was a director, officer, employee, or agent of the Association, against any liability asserted against or incurred by any such person in any such capacity or

arising from his or her status as such, whether or not the Association would have power to indemnify him against such liability under the provisions of this Article.

7.05 Former Directors and Officers. References herein to directors, officers, employees or agents shall include former directors, officers, employees and agents and their respective heirs, executors and administrators.

#### ARTICLE VIII Dissolution

The Association may not be dissolved unless the Declaration is terminated or revoked by the required percentage of votes of the Members acting at a duly called meeting where the issue of dissolution has been specifically placed on the agenda for a planned vote, including the approval of Declarant so long as Declarant owns any Lot or any portion of the Expansion Property, and notice thereof has been provided as required by law. Upon the dissolution of the Association, the Board of Directors shall, after making provision for the payment of all of the liabilities of the Association, dispose of all of the assets of the Association exclusively for the purposes of the Association by the conveyance of common areas to any nonprofit corporation or association to be devoted to the purposes and uses that most nearly reflect the purposes and uses to which they were required to be devoted by the Association, or in the absence of such a successor, in such manner as the Board of Directors shall determine, which may include distribution of the common areas, if any, to the Lot Owners, in kind, with each Lot taking an equal share subject to common use easements providing for the sharing of expenses and related matters in keeping with the intent of the Declaration.


ARTICLE IX  
Amendment

These Articles of Incorporation may be amended only by vote of the Members in accordance with the provisions of Section 13.1-886 of the Virginia Code, as it may be amended. At the time of adoption of these Articles, such Section of the Virginia Code requires that an amendment to these Articles (a) must be recommended by the Board of Directors unless it determines because of conflicts of interests or other special circumstances, it should make no recommendation and communicates the basis for its determination to the members with the amendment, and (b) must be approved by more than two-thirds of the votes cast on the proposed amendment at a meeting at which a quorum exists, provided that the Board of Directors may condition its recommendation upon approval by a higher percentage of votes.

ARTICLE X  
Duration

The period of duration of the corporation is unlimited.

IN WITNESS WHEREOF, I have hereunto set my hand this 16<sup>th</sup> day of April, 2014.

  
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Lisa Anne Hawkins, Incorporator

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