

**ARTICLES OF INCORPORATION
OF SHADY CREEK HOMEOWNERS ASSOCIATION, INC.,
A VIRGINIA NONSTOCK, NONPROFIT CORPORATION**

In compliance with the requirements of Section 13.1-801, et seq., of the Code of Virginia, 1950 (as amended) (the "Act"), the following are Articles of Incorporation of a nonstock, nonprofit corporation:

ARTICLE I

Name

The name of the Corporation is Shady Creek Homeowners Association, Inc. (herein referred to as "Association").

ARTICLE II

Powers and Purposes

The Association is organized as a nonstock, nonprofit, corporation with the purposes of providing for the maintenance, preservation and architectural control of the lots and the common area within that certain property described as Shady Creek Subdivision and any and all other properties which may be annexed thereto in accordance with the provisions of the Declaration of Covenants, Conditions and Restrictions of Shady Creek Subdivision (the "Declaration") and promoting the health, safety and welfare of the residents within the above described property.

The Association shall also carry on any other activities that promote the aforesaid purpose and to have and to exercise any and all powers, rights and privileges which a corporation organized under the Act may now or hereafter have or exercise.

The Association will own and have under its control the real estate identified in the Declaration and Supplemental Declarations, which are recorded in the Clerk's Office of the Circuit Court of Rockingham County, Virginia, in Deed Book 3914, Page 253, Deed Book 4134, page 702, and Deed Book 4221, page 245, and any additions thereto.

ARTICLE III

Registered Office

The post office address of the registered office of the Association is 268 Newman Avenue, Harrisonburg, Virginia 22801. The name of the City in which the initial registered office is located is Harrisonburg. The name of its registered agent is Dean M. Nichols, who is a resident of Virginia, a member of the Virginia State Bar, and whose business office is identical with the initial registered office of the Association.

ARTICLE IV

Principal Office

The principal office of the Association is located at P.O. Box 511, Ruckersville, Virginia 22968, (Physical Address: 100 Madison Road, Stanardsville, VA 22973) in Greene County, Virginia.

ARTICLE V

Membership

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject to the Declaration, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to the Declaration. Ownership

of such lot shall be the sole qualification for Membership.

ARTICLE VI

Voting by Members

The Association shall have two classes of voting Membership:

Class A. Class A Members shall be all those Members as defined in Article V above with the exception of Grottoes, LLC, a Virginia limited liability company, its successors and assigns. Class A Members shall be entitled to one vote for each lot in which they hold the interest required for Membership by Article V. When more than one person holds such interest in any lot, all such persons shall be Members. The vote for such lot shall be exercised as they determine among themselves, but in no event shall more than one vote be cast with respect to any lot. For so long as the Class B Member exists, the Class A Members are non-voting Members.

Class B. The Class B Member shall be Grottoes, LLC, a Virginia limited liability company, its successors and assigns. The Class B Member shall be entitled to one (1) vote for each Lot it owns. The Class B Membership shall cease upon the happening of the earlier of (i) Grottoes, LLC, no longer owning any Lots, or (ii) the surrender of the Class B Membership by Grottoes, LLC, a Virginia limited liability company, its successors and assigns, which Member shall be converted to Class A Membership, evidenced by the recordation of a written instrument in the Clerk's Office of Rockingham County, Virginia.

ARTICLE VII

Directors

The affairs of the Association shall be regulated and directed by a Board of Directors, who need not be Members of the Association. In the event a vacancy exists on the Board of Directors, a majority of the members of the Board of Directors shall elect a successor(s) to fill the

vacancy. The names and addresses of the initial Board of Directors are as follows:

Rodney Kibler
P.O. Box 511
Ruckersville, Virginia 22968

Rob Lynch
P.O. Box 511
Ruckersville, Virginia 22968

John Bowman
2340 South Main Street
Harrisonburg, VA 22801

ARTICLE VIII

Bylaws

The conditions and regulation of the membership of the Board of Directors shall be determined and fixed by the By-Laws. The By-Laws may be amended, in whole or in part, in the manner provided therein.

ARTICLE IX

Restrictions

No part of the net earnings of the Association shall inure to the benefit of, or be distributable to its Members or Board of Directors, Trustee, officers, or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article II hereof. No substantial part of the activities of the Association shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Association shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other

provision of these articles, the Association shall not carry on any other activities not permitted to be carried on by a Corporation exempt from federal income tax under Section 501(c)(4) of the IRC 1986 or the corresponding provision of any future United States Internal Revenue law.

ARTICLE X

Amendment

These articles may be amended or repealed, in whole or in part, by action of the Members of the Association, whereby after thirty (30) days prior written notice of the action to be taken, two-thirds (2/3) or more of the Members vote for the amendment or repeal.

ARTICLE XI

Dissolution

Upon the dissolution of the Association, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or to a State or Local government, for a similar public purpose, as the Board of Directors shall determine. Any of such assets not so disposed of shall be disposed of by a court in which the principal office of the Association 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.

ARTICLE XII

Special Amendments

Notwithstanding anything herein to the contrary, the Declarant may unilaterally amend these Articles to make any amendment (a) it deems necessary to make a non-material, clarifying or corrective change, or (b) required by any of the federal mortgage agencies, such as the Veterans Administration, Federal Housing Administration, Fannie Mae or Freddie Mac, or by a

local development of the Shady Creek Subdivision or the operation of the Association, by the filing of Articles of Amendment with the Virginia State Corporation Commission, and shall give written notice to the Members of any amendments made pursuant to clauses (b) or (c). This right of the Declarant to amend these Articles as aforesaid shall continue notwithstanding the lapse of the Declarant's Class B Membership.

ARTICLE XIII

Conflict

In the case of any conflict between the Declaration and these Articles, the Declaration shall control, and in the case of any conflict between the By-Laws and these Articles, these Articles shall control.

INCORPORATOR:

LAYMAN & NICHOLS, P.C.

DATED

11/1/13

By:


DEAN M. NICHOLS, Secretary