

A8-

**AMENDED AND RESTATED BYLAWS OF
JAMESTOWN HUNDRED HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

Section 1.1 Name and Location. The name of this Association is the Jamestown Hundred Homeowners Association, Inc. (the "Association"). Its principal office is located at 703 Thimble Shoals Boulevard, Suite C-1, Newport News, Virginia 23606, or at such other location as may be designated by the Declarant or by the Board of Directors of the Association, from time to time.

Section 1.2 Authority. These Bylaws are established pursuant to the Virginia Nonstock Corporation Act, as amended (the "Act") for the administration of the single family residential development known as Jamestown Hundred located in James City County, Virginia.

**ARTICLE II
DEFINITIONS**

Section 2.1 Association. "Association" shall mean Jamestown Hundred Homeowners Association, Inc., its successors and assigns.

Section 2.2 Common Areas. "Common Areas" shall mean all real property owned by the Association for the common use and enjoyment of the Members.

Section 2.3 Declarant. "Declarant" shall mean Hampton Roads Development, L.L.C., a Virginia limited liability company, its successors and assigns, if such successors or assigns should acquire more than one (1) undeveloped lot from the Declarant for the purpose of development.

Section 2.4 Declaration. "Declaration" shall mean that certain Declaration by Declarant with respect to the initial section of the Development, as well as similar Declarations with respect to any subsequent sections of the Development, as the same may be amended from time to time; which Declaration is or will be recorded among the land records of the James City County, Virginia.

Section 2.5 Development. "Development" shall mean the real property encompassed within the Jamestown Hundred subdivision in James City County, Virginia, initially containing approximately 75 acres, together with such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 2.6 Lot. "Lot" shall mean any parcel of land shown upon any subdivision map of any section of the Development upon which a residential dwelling may be constructed, and any improvements thereon; but shall exclude the Common Areas.

Section 2.7 Member. "Member" shall mean those persons entitled to membership in the Association as provided below.

Section 2.8 Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all terms used herein shall have the same meaning as they are defined to have in the Declaration or in the Act.

Section 2.9 Owner. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Development, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE III MEMBERSHIP

Section 3.1 Members. Every person, partnership, corporation, limited liability company, trust or other legal entity, or any combination thereof, that owns a Lot within the Development shall be a Member of the Association, provided, however, that any person, partnership, corporation, limited liability company, trust or other legal entity, or any combination thereof, that holds such interest solely as security for the performance of an obligation shall not be a Member. Any Owner of a Lot that is not a natural person may act through its duly authorized agent, and any number of such authorized agents may be elected or appointed to any office or position contemplated in these Bylaws.

Section 3.2 Membership Certificates. In the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such certificate shall state that the Association is organized under the laws of the Commonwealth of Virginia, the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered and shall be issued upon certification as to the transfer of title to the Lot to which such membership is appurtenant. Membership is not otherwise transferable. Every membership certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary and shall be sealed.

Section 3.3 Lost Certificates. The Board of Directors may direct that a new certificate or certificates be issued in place of any certificate or certificates previously issued by the Association and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the membership certificate to be lost or destroyed. When

authorizing such issuance of a new certificate or certificates, the Board of Directors may in its discretion, and as a condition precedent to the issuance thereof, require the registered holder of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Association a bond in such sum as the Board of Directors may require as an indemnity against any claim that may be made against the Association.

ARTICLE IV MEETING OF MEMBERS

Section 4.1 Place of Meeting. Meetings of the membership shall be held at the principal office or place of business of the Association, or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 4.2 Annual Meetings. The first annual meeting of the Members of the Association shall be held within one year of the date of the issuance of corporate charter for the Association. Thereafter, annual meetings shall be held in accordance with the provisions of the Act during the month of October of each year, unless otherwise designated by the Board of Directors. At such meeting, a Board of Directors shall be elected in accordance with the requirements of these Bylaws; provided, however, that as long as the period of Declarant control (as defined in Section 5.4 of Article V of these Bylaws) continues, said directors may be appointed by the Declarant. The Members also may transact such other business of the Association as may properly come before them.

Section 4.3 Special Meetings. The President may call a special meeting of the Members when he deems necessary. It shall be the duty of the President to call a special meeting of the Members as directed by a resolution of the Board of Directors or upon receipt by the Secretary of a petition signed by Members representing at least twenty percent (20%) of the total eligible votes in the Development. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4.4 Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose of any special meeting, as well as the time and place where it is to be held, to the Management Agent, if any, as defined in Section 5.3, Article V hereafter, and to each Member of record, or to publish such notice, all in accordance with the procedures and provisions of the Act. Attendance by a Member at any meeting of the Members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 4.5 Quorum. The presence, either in person or by proxy, of Members representing at least ten percent (10%) of the total eligible votes in the Development shall constitute a quorum at all meetings.

Section 4.6 Adjourned Meetings. If any meeting of Members cannot be conducted because a quorum has not attended, the Members who are present, either in person or by proxy, except as otherwise provided by law, may adjourn the meeting to a time not less than forty-eight (48) hours after the time the original meeting was called.

Section 4.7 Voting. At every meeting of the Members, each of the Members shall have the right to cast his vote as set forth in the Articles of Incorporation. A vote representing a majority of the total eligible votes of the Members present at such meeting, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Act, or of the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. No Member shall be eligible to vote, either in person or by proxy, to serve on any committee, or to be elected to the Board of Directors or to serve as an officer, who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association.

Section 4.8 Proxies. A Member may appoint his spouse or child (provided they are over 21 years of age), any other Member, the Declarant, or the Management Agent as his proxy. Any proxy must be in writing, shall be dated, shall have the signatures of those executing the proxy witnessed by a person who shall sign his full name and address, and must be filed with the Secretary in a form approved by the Board of Directors at or before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 4.9 Order of Business. The order of business at all regularly scheduled annual meetings of the Members shall be as follows:

- A. Roll call and certification of proxies.
- B. Proof of notice of meeting or waiver of notice.
- C. Reading of minutes of preceding meeting.
- D. Reports of officers, if any.
- E. Reports of committees, if any.
- F. Election of directors.
- G. Unfinished business.
- H. New business.

In the case of special meetings, items A through D shall be applicable and thereafter, the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE V DIRECTORS

Section 5.1 Number and Qualification. The affairs of the Association shall be governed by an executive body known as the Board of Directors (hereinafter sometimes referred to as the "Board") and except for the initial Board, shall be composed of five (5) natural persons, and except as hereinafter provided, shall be Owners or spouses of Owners or, in the case of entity Owners, a partner, stockholder, member, officer, director, employee or other authorized agent, as the case may be, or, in the case of fiduciary Owners, the fiduciary or an officer or employee of such fiduciary. Any director who ceases to be associated in one of the enumerated capacities with the Owner shall be deemed to have resigned as of the date such association terminates. Directors initially or subsequently appointed by or on behalf of the Declarant shall not be subject to the restrictions set forth above.

Section 5.2 Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things which are not by law or by these Bylaws directed to be exercised and done by the Members. The powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- A. Maintenance of a complete record of all its acts and corporate affairs and presentation of a statement thereof to the Members at the annual meeting.
- B. Supervision of all officers, agents and employees of the Association, to see that their duties are properly performed.
- C. Care and upkeep of the Common Areas in a clean, neat, first-class manner consistent with all applicable laws, the provisions of these Bylaws, the Declaration and the Development as a whole; and maintenance of appropriate insurance coverage for the same.
- D. Establishment and collection of assessments and/carrying charges from the Members and for the Members, and the assessment and/or enforcement of liens therefor in a manner consistent with law and the provisions of these Bylaws and the Declaration.
- E. Issuance of certificates setting forth whether any Member or Lot has any assessments outstanding against it, including the details regarding the same, if requested by a party in interest. The content of any such certificate shall be binding upon the Association; and the Board may require a reasonable fee for the issuance of such certificates.

F. Designation, hiring and/or dismissal of the personnel necessary for the good working order and for the proper care of the Common Areas and to provide services for the Common Areas in a manner consistent with law, the provisions of these Bylaws, the Declaration and the Development as a whole.

G. Promulgation, publication and enforcement of such rules and regulations and such restrictions and/or requirements as may be deemed proper, from time to time, respecting the use and maintenance of the Common Areas, any personal conduct of the Members and their guests, and the establishment of penalties for infractions.

H. Authorization of refunds, in their sole discretion, from excess assessment receipts when and as reflected in the annual report.

I. Enforcement by legal means of the provisions of the Declaration, these Bylaws, and any Rules and Regulations adopted hereunder.

Section 5.3 Management Agent. The Board of Directors may employ for the Association a Management Agent (the "Management Agent"), at a rate of compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize in writing, from time to time, which may include, but not necessarily be limited to, the duties set out in Section 5.2 of this Article. See also Section 8.2.

Section 5.4 Election and Term of Office. At the first annual meeting of the Members at which directors are to be elected by the Members, the term of office of the two (2) directors receiving the greatest number of votes shall be fixed at three (3) years. The term of office of the two (2) directors receiving the next greatest number of votes shall be fixed at two (2) years. The term of office of the director receiving the next greatest number of votes shall be one (1) year. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three (3) years. The directors shall hold office until their successors have been elected and hold their first meeting. No elected director having an initial term of three (3) years shall be eligible to succeed himself as a director, nor shall his spouse be eligible to succeed him; except that any director appointed by Declarant may succeed himself. Notwithstanding the foregoing provisions, however, as long as the Declarant is a Class B member of the Association, the Declarant shall be entitled to appoint the directors.

Section 5.5 Vacancies. Vacancies among the elected directors arising due to any cause other than the removal of a director by a vote of the membership shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected by the Members at the next annual meeting to serve out the unexpired portion of the term.

Section 5.6 Removal of Directors. At a regular or special meeting of the Members duly called, any director, except those appointed by the Declarant, may be removed with or without cause by the affirmative vote of the majority of the votes entitled to be cast represented in person or by proxy, and a successor shall then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. The term of any director who becomes more than thirty (30) days delinquent in payment of any assessments and/or carrying charges due the Association shall be automatically terminated and the remaining directors shall appoint his successor as provided in Section 5.5 of this Article.

Section 5.7 Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to any director who is also a Member of the Association for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration is adopted by the Board of Directors.

Section 5.8 Organization Meeting. The first meeting of a newly-elected Board of Directors shall be held within thirty (30) days after the election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly-elected directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 5.9 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or facsimile, at least seven (7) days prior to the date of such meeting.

Section 5.10 Special Meeting. Special meetings of the Board of Directors may be called by the President on seven (7) days' notice to each director, given personally or by mail, telephone or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the directors.

Section 5.11 Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the directors 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 5.12 Quorum. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 5.13 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 consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

ARTICLE VI OFFICERS

Section 6.1 Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be members of and elected by the Board of Directors. Eligibility for office shall be subject to the restrictions placed on eligibility for the Board of Directors. The directors may elect an Assistant Secretary and an Assistant Treasurer, and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 6.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors from among the Board at the first meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 6.3 Removal of Officers. Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 6.4 President. The President shall be the chief executive officer of the Association and Chairman of the Board of Directors. He shall preside at all meetings of the Members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of a corporation, including but not limited to, the power to appoint committees from among the membership from time to time as he may, in his discretion, decide are appropriate to assist in the conduct of the affairs of the Association.

Section 6.5 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other individual on the Board to act on an interim basis. The Vice President also shall perform such other duties as shall be delegated to him, from time to time, by the Board of Directors.

Section 6.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members of the Association; he shall have custody of the seal of the Association; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 6.7 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors from time to time.

ARTICLE VII LIABILITY OF OFFICERS AND DIRECTORS

Section 7.1 Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director of the Association, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, gross negligence or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Association and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association, or former officer or director of the Association, may be entitled; and any limitation of liability or right to indemnification provided herein shall be further subject to any limitation, qualification or condition required by applicable law.

Section 7.2 Common or Interested Directors. The directors shall exercise their powers and duties in good faith and to promote the best interests of the Association and the Development. No contract or other transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or association (including the Declarant) in which one or more of the directors of this Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because of the relationship with such director or directors, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

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

(b) The fact of the common directorate or interest is disclosed or known to the Members, or a majority thereof, and they 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.

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

ARTICLE VIII MANAGEMENT

Section 8.1 Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, operate and maintain the Development and, for the benefit of the Lots and the Association, shall enforce the provisions of these By-Laws and may pay out of the common expense fund the following:

A. The cost of providing water, sewer, garbage and trash collection, electrical, gas and other necessary utility services for the Common Areas.

B. The cost of fire and extended coverage and liability insurance on the Common Areas and the cost of such other insurance as the Board of Directors may deem necessary or appropriate.

C. The cost of the services of one or more persons or firms to manage the Common Areas to the extent deemed advisable by the Board of Directors, together with the services of such other personnel as the Board of Directors of the Association shall consider necessary for the operation of the Common Areas.

D. The cost of providing such legal and accounting services as may be considered necessary for the operation of the Association.

E. The cost of painting, maintaining, replacing, repairing and landscaping the Common Areas and such furnishings, improvements and equipment for the Common Areas as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same.

F. The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Association is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the Common Areas.

G. Any amount necessary to discharge any lien or encumbrance levied against the Common Areas.

H. Any amount necessary to pay real estate taxes or other governmental charges of whatever nature assessed on or against the Common Areas, and all other taxes and assessments levied against the Association or upon the property which it may own or it is otherwise required to pay, if any.

I. Any amount deemed necessary or desirable by the Board of Directors to be placed in a reserve for the replacement of the Common Areas.

Section 8.2 Management Agent. The Association may, by contract in writing, delegate to the Management Agent any of its duties or functions; and neither the Association nor the Board of Directors shall be liable for any omission or improper exercise by the Management Agent of any such duty or function so delegated; provided such Management Agent was selected with reasonable care. See also Section 5.3.

Section 8.3 Duty to Maintain. Except for maintenance requirements herein imposed upon the Association with regard to the Common Areas, the Owners at their own expense, shall maintain their respective Lots and improvements thereon as required by the Declaration.

Section 8.4 Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the common expense funds, including, but not limited to, those enumerated in Article VIII hereof, or for injury or death

of persons or damage to property occurring on or about the Common Areas or caused by the Owner of any Lot, or any other person. The Association shall not be liable to the Owner of any Lot for loss or damage, by theft or otherwise, of articles which may be left or stored upon any of the Common Areas. No diminution or abatement of assessments, as herein provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas, 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.

ARTICLE IX ASSESSMENTS

Section 9.1 Annual Assessments and Common Expenses. Each Member shall pay (monthly, quarterly, semi-annually or annually as the Board of Directors may determine) in advance to the Association on such date or dates as specified by the Board of Directors, a sum (herein elsewhere sometimes referred to as "Assessments") equal to the Member's proportionate share of the sum required by the Association, as estimated by its Board of Directors, to meet its annual expenses, including, but in no way limited to, the following (all of its annual expenses elsewhere herein referred to as "Common Expense"):

- A. The cost of all operating expenses of the Association and for the Common Areas and services furnished, including charges by the Association for facilities and services provided by it.
- B. The cost of funding all reserves established by the Association in accordance with generally accepted accounting practices, including when appropriate, a general operating reserve and/or a reserve for replacements.
- C. The estimated cost of repairs, maintenance and replacements of the Common Areas to be made by the Association.

The Board of Directors shall determine the amount of the Assessment annually, but may do so at more frequent intervals should circumstances so require. However, in no event shall the annual assessment for dues increase by more than twenty percent (20%) in any one year without the affirmative vote of at least a majority of all the votes cast on the proposal at an annual or special meeting of the members duly called for such purpose, at which a quorum exists. Until amended as aforesaid, the annual assessment for dues shall continue in the same amount from year to year. No Member may waive or otherwise escape liability for the Assessments provided for herein by nonuse of the Common Elements or any facilities thereon or by abandonment of his Lot.

The Board of Directors of the Association shall make reasonable efforts to fix the amount of the Assessment against each Lot for each Assessment period at least thirty (30) days

in advance of such date or period. The regular Assessment for any Lot shall be the same as the regular Assessment for all other Lots. Written notice of Assessment together with a copy of the budget upon which the Assessment was based shall be sent to the Members. The failure of the Board of Directors to fix the Assessments hereunder for any Assessment period, before the expiration of any prior Assessment period, shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any Member from the obligation to pay the Assessment, or any installment thereof, for that or any subsequent Assessment period, but the Assessment fixed for the preceding period shall continue until a new Assessment is fixed.

Section 9.2 Special Assessments. In addition to the regular Assessments authorized by this Article, the Association may levy in any Assessment year a special Assessment or Assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, replacement, repair or maintenance of any improvement to the Common Areas, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate, provided that any such Assessment shall have the affirmative vote of at least a majority of all the votes cast on the proposal at an annual meeting or special meeting of the Members duly called for such purpose, at which a quorum exists.

Section 9.3 Reserve for Replacements. The Association shall establish as part of its budget and shall maintain, a reserve fund for replacements in accordance with management and accounting practices. Such fund shall be conclusively deemed to be a Common Expense. Such fund shall be deposited in a special account with an institution, the accounts of which are insured by an agency of the United States of America (the Board of Directors may authorize the depositing of funds in such an institution in excess of the limits of such insurance if any portion of such funds are insured); or, in the discretion of the Board of Directors, may be invested in obligations of, or obligations fully guaranteed as to principal by, the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacement of the Common Area, property, facilities and landscaping, including the necessary fixtures, equipment and other personal property related thereto, and for operating contingencies of a non-recurring nature. The amounts required to be allocated to the reserve for replacements may be changed by appropriate resolution of the Board of Directors. The proportionate interest of any Lot Owner in any reserve for replacements shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

Section 9.4 Nonpayment of Assessment. Any Assessment levied pursuant to these Bylaws, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with all late charges, interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the

Lot or Lots belonging to the Member against whom such Assessment is levied and shall bind such Lot or Lots in the hands of such Member, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the Member to pay such Assessment shall, however, remain his personal obligation and a suit to recover a money judgment for nonpayment for any Assessment levied pursuant to these Bylaws, or any installments thereof, may be maintained without foreclosing or waiving the lien herein created to secure the same.

Section 9.5 Remedies for Nonpayment of Assessment. Any Assessment levied pursuant to the Declaration or these Bylaws, or any installment thereof, which is not paid within fifteen (15) days after it is due, shall result in the imposition of a late charge of five percent (5%) of the amount due or \$20.00, whichever is greater; and if an Assessment and late charge are not paid within thirty (30) days after the original due date, the Assessment and late charge combined shall begin to accrue interest at the rate of eighteen percent (18%) per annum, compounded annually.

In the event that any Assessment against any Lot is not paid within forty-five (45) days after the original due date, the Board of Directors shall have the right, at its option, by written notice to the Member, to accelerate the Assessments attributed to that Lot for the remainder of the calendar year, which amount shall be immediately due and owing and shall result in an additional late charge and interest if not paid within the time periods described above for assessments generally. The Association may bring an action at law against the Member personally obligated to pay the same, or foreclose on the lien against the Lot; and in either event, the Association shall be entitled to recover interest, costs and attorneys' fees of not less than twenty-five percent (25%) of the amount due or One Hundred Fifty Dollars (\$150.00), whichever is greater. The Association may notify the holder of the first mortgage on any Lot for which any Assessment levied pursuant to these Bylaws becomes delinquent for a period in excess of thirty (30) days and in any other case where the Owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 9.6 Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any Assessment levied pursuant to these Bylaws upon any Lot in the Development shall be subordinate to, and shall in no way affect the rights of any lender which is the holder of an indebtedness secured by a recorded first mortgage or first deed of trust (meaning a mortgage with priority over all other mortgages) upon such Lot made in good faith and for value received; provided, however, that such subordination shall apply only to Assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such a sale or transfer shall not relieve the purchaser of the Lot at such sale from liability for any Assessments thereafter becoming due, nor from the lien of any such subsequent Assessments, which lien shall have the same effect and may be enforced in the same manner as provided herein.

No amendment to this Section shall affect the rights of the holder of any such mortgage (or the indebtedness secured thereby) recorded prior to the date of such amendment unless the holder thereof (or of the indebtedness secured thereby) shall join in the execution of such amendment.

Section 9.7 Definition. As used in these Bylaws, the term "mortgage" shall include deed of trust and the term "holder" or "mortgagee" shall include the party secured by any deed of trust or any beneficiary thereof.

Section 9.8 Initiation Fee. At the closing on the sale of any lot to an owner other than the Declarant, an initiation fee or working capital assessment in the sum of \$150.00 shall be paid to the Association.

ARTICLE X USE RESTRICTIONS

Section 10.1 Residential Use. All Lots shall be used for single family residential purposes exclusively.

Section 10.2 Leasing. Any Owner who shall lease his Lot shall, promptly following the execution of any such lease, send to the Association a written statement containing the name(s), address(es) and telephone number(s) of the tenant(s) and warranting that the lease is not in conflict with any of the terms and conditions of the Declaration or these Bylaws.

Section 10.3 Resale. Promptly upon the resale of a Lot by a Lot Owner, the selling Owner shall give written notice of the sale to the Board of Directors, setting forth the date of conveyance, and the name(s), address(es) and telephone number(s) of the purchaser(s).

ARTICLE XI INSURANCE

Section 11.1 Insurance. The Board of Directors shall obtain and maintain, to the extent reasonably available, at least the following:

- A. Fire and extended coverage insurance on the Common Areas which contain buildings or other insurable improvements.
- B. Comprehensive general liability insurance.

C. Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Board of Directors.

Section 11.2 Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions, to the extent reasonably available:

A. All policies shall be written with a company or companies licensed to transaction business in the Commonwealth of Virginia.

B. Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors, or its authorized representative, and all proceeds covering any loss shall be payable to the Association. All proceeds from an insured loss under such policy shall be held for the use and benefit of the Association.

C. All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the officers, their agents and employees, the Owners, and the Owners' respective agents, employees or tenants, and a waiver of any defenses based upon invalidity arising from acts of the insured. Independent contractors shall not be considered agents, employees or servants of the Board of Directors, the officers, or the Owners within the meaning of said waiver.

ARTICLE XII FISCAL MANAGEMENT

Section 12.1 Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except that the first fiscal year of the Association shall begin at the date of organization. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should practice subsequently dictate.

Section 12.2 Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with usual and customary accounting principles and practices consistently applied.

Section 12.3 Review. At the close of each fiscal year, the books and records of the Association shall be reviewed by an independent public accountant, who shall prepare a financial statement, including income and disbursements, for the Association; and copies of such statement shall be provided to the Members.

Section 12.4 Inspection of Books. The books and accounts of the Association, and receipts or vouchers for the entries made thereupon, shall be available for examination by the Members and/or their duly authorized agents or attorneys and to the holder of any first mortgage on any Lot and/or its duly authorized agents or attorneys during normal

business hours and upon reasonable notice, and for purposes reasonably related to their interests.

Section 12.5 Execution of Association Documents. With the prior authorization of the Board of Directors, all deeds, notes and contracts and other documents shall be executed on behalf of the Association by either the President or Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons so authorized by the Board of Directors from time to time.

ARTICLE XIII AMENDMENT

Section 13.1 Amendments. These Bylaws may be amended by the affirmative vote of the majority of the member votes entitled to be cast on the issue.

ARTICLE XIV COMPLIANCE - INTERPRETATION - MISCELLANEOUS

Section 14.1 Compliance. These Bylaws are set forth in compliance with the requirements of the Act.

Section 14.2 Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration, the Articles of Incorporation and the Act. In the event of any conflict between these Bylaws and the Declaration, the Articles of Incorporation or the Act, the provisions of the Declaration, the Articles of Incorporation or the Act, as the case may be, shall control.

Section 14.3 HUD/VA Provisions. As long as (a) the Declarant has the right to appoint and remove the directors of the Association and (b) the Development is approved by the U. S. Department of Housing and Urban Development ("HUD") or the U. S. Department of Veterans Affairs ("VA") for insuring or guaranteeing any mortgage in the Development, notwithstanding any other provisions of these Bylaws, the following actions shall require the prior approval of HUD or VA as applicable: Annexation of additional land, with the exception of annexations by Declarant in accordance with a plan of annexation previously approved by HUD or VA as applicable; mergers and consolidations; mortgaging or dedication of the Common Area; dissolution of the Association; or amendment of the Articles of Incorporation or Bylaws of the Association or amendment of the Declaration.

Section 14.4 Notices. Unless another type of notice is herein specifically provided for herein, any and all notices called for in the Declaration or in these Bylaws, shall be given in writing.

Section 14.5 Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions of these By-Laws which can be given effect.

Section 14.6 Waiver. No restrictions, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 14.7 Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or define the terms and provisions of these Bylaws.

Section 14.8 Gender, Etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, the President and Secretary of the Association have executed these Bylaws as of March 25, 2002.

JAMESTOWN HUNDRED HOMEOWNERS
ASSOCIATION, INC.

By: _____

President

By: _____

Secretary