

BYLAWS  
OF  
THE COMMUNITY ASSOCIATION OF CEDAR LAKES

Article I - Definitions

The words used hereinabove or hereafter in these Bylaws which begin with capital letters (other than words which would be normally capitalized) shall have the meanings assigned to them in Article I of these Bylaws.

1.01 "Annual Assessments" shall mean and refer to the Annual General Assessment, Swimming Pool Assessment, Recreation Association Assessment and Services Assessment levied by the Association in each of its fiscal years pursuant to Article IV of the Declaration.

1.02 "Annual General Assessment" shall mean and refer to the annual charge shared by all Class "A" members established pursuant to Article IV of the Declaration.

1.03 "Assessable Property" shall mean and refer to all of the Property except such part or parts thereof as may from time to time constitute Exempt Property.

1.04 "Association" shall mean and refer to The Community Association of Cedar Lakes, a Virginia non-stock corporation, its successors and assigns.

1.05 "Board of Directors" shall mean and refer to the Board of Directors of the Association and any board, group or entity of the successor or assign to the Association serving in a comparable capacity to the Board of Directors of the Association.

1.06 "Class A Members" shall mean and refer to all Owners except, during the Development Period, the Developer.

1.07 "Class B Member" shall mean and refer to the Developer.

1.08 "Community Facilities" and/or "Common Area" shall mean and refer to all real property and the improvements thereon from time to time owned or leased by the Association for the common use and enjoyment of the Members, except for the Swimming Pool Facility. Such property may (but need not) include any common areas, public, neighborhood or community buildings, community centers and plazas, day care centers, natural resource facilities, parks and other open space land, lakes and streams, storm water management and drainage facilities, private streets, pathway and bikeway systems, tennis courts, tot lots, pedestrian facilities, cable television facilities, design amenities and other community facilities and buildings needed in connection with water supply, sewage disposal, gas, electric, or other utility lines, equipment or installations.

1.09 "Covenants Committee" shall mean and refer to the Architectural Review and Covenants Committee so named and established in accordance with Article V of the Declaration.

1.10 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements recorded or to be recorded among the land records of Fairfax County, Virginia, as it may from time to time be amended or supplemented.

1.11 "Developer" shall mean and refer to Tate Terrace Realty Investors, Inc., its successors and assigns, provided, however, that no successor or assignee of the Developer shall have any rights or obligations of the Developer hereunder unless such rights and obligations are specifically set forth in an instrument of succession or assignment designating a party as the Developer hereunder or which pass by operation of law.

1.12 "Development Period" shall mean and refer to the period commencing on the date of the Declaration and terminating on the earlier of (a) December 31, 2007; or (b) four years from the date any of the land described in Exhibit "B" of the Declaration is subjected to the Declaration or (c) such earlier date as may be specified by the Developer in a written notice to the Association. If the Developer is delayed in the improvement and development of the Property due to a sewer, water or building permit moratorium or other cause or event beyond the Developer's control, then the aforesaid period shall be extended for the length of the delay.

1.13 "Dwelling Unit" shall mean any portion of the Property, as improved, intended for any type of independent ownership for use and occupancy as a residence by one household and shall, unless otherwise specified, include within its meaning (in way of illustration, but no limitation) condominium units, apartment and cooperative units, patio, townhouse, single family detached or zero lot line homes, as may be used and defined as herein provided or as provided in subsequent supplemental declarations covering all or part of the Property.

1.14 "East Village Lots or East Village Lot Owners" shall mean and refer to Lots 46 through 63 inclusive and Lots 81 through 237, inclusive, as shown on the recorded subdivision plat for the Property and those Class A Members who own such lots. By recorded covenant, these lot owners are subject to the Recreation Association and its governing documents. All East Village Lot Owners shall pay a separate assessment to the Association for transmittal to the Recreation Association.

1.15 "Exempt Property" shall mean and refer to all land and structures and community facilities owned by the Association for so long as the Association shall be the owner thereof.

1.16 "Federal Housing Administration" ("FHA") shall mean and refer to that governmental agency of the United States of America so entitled and any agency or regulatory authority of the United States of America which succeeds the Federal Housing Administration.

1.17 "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage," as used herein, shall include deeds of trust. "First Mortgagee" as used herein, shall mean the holder of a mortgage with priority over other mortgages. As used in these Bylaws, the term "Mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in these Bylaws, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government. As used in these Bylaws, the term "holder" or "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof.

1.18 "Land Development Activity" shall mean and refer to any building, construction, reconstruction or repair of a Dwelling Unit, roadways, curbing, sidewalks, utility services or any other Structure on a Lot or any other portion of the Property by the Developer and/or by other persons regularly engaged in the building or construction business (including a Participating Builder), if granted approval in writing by the Developer.

1.19 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property which has been subjected to the Declaration and upon which a Dwelling Unit(s) could be constructed in accordance with Fairfax County zoning ordinances and to each condominium unit or apartment or cooperative unit on the Property created in accordance with the applicable laws of Virginia in effect from time to time. "Lot" shall not mean and refer to Community or Swimming Pool Facilities.

1.20 "Member" shall mean the Class A Members and Class B Member of the Association.

1.21 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any Lot and/or Dwelling Unit which is part of the Property but excluding in all cases any party holding an interest merely as security for the performance of an obligation. For the purpose of this definition, the owner of Dwelling Units in an apartment shall be the record owner of the apartment building or buildings. The owner of Dwelling Units in a cooperative shall be the cooperative corporation.

1.22 "Participating Builder" shall mean and refer to a person (a) designated in writing by the Developer as a Participating Builder.

1.23 "Person" shall mean and refer to any individual, corporation, joint venture, partnership, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other separate legal entity.

1.24 "Property" shall mean and refer to those certain lands in Fairfax County, Virginia, more particularly described in Exhibit "A" attached to the Declaration, together with such additional lands as shall be subjected to the Declaration. Other land described in Exhibit B attached to the Declaration may, be subjected to the Declaration during the Development Period.

1.25 "Resident" shall mean and refer to (i) each individual occupying any Dwelling Unit pursuant to a lease agreement with the Owner thereof who, if requested by the Board of Directors, has delivered proof of such lease agreement to the Board of Directors; (ii) members of the immediate family of such individual or of an owner who actually resides within the Property and in the same household with each such individual or Owner; and (iii) any person who has a fixed place of habitation at a Dwelling Unit of any such individual or owner to which, whenever he is absent, he has the intention of returning.

1.26 "Recreation Association" shall mean and refer to the Cedar Lakes Recreation Association, Inc., a Virginia non-stock corporation established to operate and maintain a swimming pool facility for the East Village section of Cedar Lakes. This facility is not on the Property. The Association shall be a member of the Recreation Association and shall pay a share of the assessments levied by the Recreation Association based on the number of East Village Lot Owners who are subject to the Recreation Association governing documents.

1.27 "Recreation Association Assessment" shall mean and refer to the separate assessment for the operation and maintenance of the Recreation Association facility levied by the Association for transmittal to the Recreation Association. Only East Village Lot Owners shall have the obligation of paying this assessment.

1.28 "Services Assessment" shall mean and refer to the charge or charges which may be imposed upon certain sections of the Property by the Association for special services rendered pursuant to Article IV of the Declaration.

1.29 "Special Assessment" shall mean and refer to any special charge established by the Association pursuant to Article IV of the Declaration.

1.30 "Swimming Pool Assessment" shall mean and refer to the separate assessment for the operation and maintenance of the Swimming Pool Facility levied by the Association. This assessment shall be levied against all Class A Members, except for East Village Lot Owners.

1.31 "Swimming Pool Facility" shall mean and refer to the parcel of property and improvements owned, operated and maintained by the Association for the use of all Class A Members. Those Class A Members who are East Village Lot Owners shall have the option but not the obligation of using this facility upon payment of the assessment described above.

1.32 "Structure" shall mean and refer to:

(a) Any Community Facility or the Swimming Pool Facility,

(b) Any thing or object (other than trees, shrubbery, landscaping and hedges less than two feet high) the placement of which upon any Lot may affect the appearance of such Lot, including any building, garage, porch, shed, greenhouse, bathhouse, coop, cage, house trailer, covered or uncovered patio, swimming pool, fence, curbing, paving, wall, signboard, statues or any other temporary or permanent improvement on such Lot,

(c) Any excavation, fill, ditch, dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any Lot, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot, and any Lot.

(d) Any change of more than six inches in the grade of any lot.

1.33 "Veterans Administration" ("VA") shall mean and refer to that governmental agency of the United States of America so entitled and any agency or authority of the United States of America which succeeds the Veterans Administration.

## Article II - Property Rights of Community Facilities

### ARTICLE II

#### Offices

Section 2.01. The initial registered office shall be in the City of Virginia Beach in the Commonwealth of Virginia. The Association may also have offices at such places within the Commonwealth of Virginia as the Board of Directors may, from time to time, determine or the business of the Association may require.

## ARTICLE III

### Members

Section 3.01. Voting Rights of Members. The Association shall have two classes of members in accordance with the provisions of Article VI of the Articles of Incorporation. The rights, privileges and qualifications of each class of members shall be as set out in the Articles of Incorporation, the Declaration and as provided in these Bylaws.

Section 3.02. Annual Meetings. The Association shall hold an annual meeting of the Members each year within one year from the date of incorporation and for the transaction of any business within the powers of the Association. Such annual meeting shall be held in the same month of each year and at a time to be designated by the Board of Directors from time to time. Any business of the Association may be transacted at an annual meeting without being specially designated in the notice of such meeting, except such business as is specifically required by statute, the Articles of Incorporation or the Declaration to be stated in the notice. Any matter requiring the affirmative vote of more than a majority of the Class A Members present at a meeting shall be designated in the notice of such meeting. Failure to hold an annual meeting at the designated time shall not, however, invalidate the corporate existence or affect otherwise valid corporate acts.

Section 3.03. Special Meetings. At any time in the interval between annual meetings, special meetings of the Members may be called by the President, the Board of Directors, the Class B Member or by Class A Members having twenty percent (20%) of the votes entitled to be cast by the Class A Members at such meeting.

Section 3.04. Place of Meetings. All meetings shall be held at the registered office of the Association, or at such other place within the State of Virginia as is designated by the Board of Directors from time to time.

Section 3.05. Notice of Meetings.

(a) Written notice stating the place, day and hour of the annual meeting of the Members and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) no more than sixty (60) days before the date of the meeting (except as a different time is specified below) either personally or by mail, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. In lieu of delivering notice as above, the Association may publish such notice at least once a week for two successive calendar weeks in a newspaper having a general circulation in the city or county in which the registered office is located, the first publication to be not more than sixty (60) days and the second not less than seven (7) days before the date of the meeting. If notice of the meeting is so published, a notice of the

meeting shall also be posted at not less than three (3) conspicuous locations on the Property.

(b) Notice of a Members' meeting to act on an amendment of the Articles of Incorporation or a plan or merger or consolidation shall be delivered or published and posted in the manner required by the laws of Virginia. Such laws currently require such notice not less than twenty-five (25) nor more than sixty (60) days before the date of the meeting.

(c) Notwithstanding the foregoing provision, a waiver of notice in writing, signed by the Member or Members entitled to such notice, whether before or after the holding of the meeting, shall be equivalent to the giving of such notice to such Member(s). A Member who attends a meeting shall be deemed to have had timely and proper notice of the meeting unless he attends for the express purpose of objecting because the meeting is not lawfully called or convened.

Section 3.06. Quorum. Unless otherwise provided in the Articles of Incorporation or the Declaration, at any meeting of Members the presence in person or by proxy of members entitled to cast twenty-five percent (25%) of all of the votes entitled to be cast by the Members shall constitute a quorum. This section shall not affect any requirement under statute, the Declaration or under the Articles of Incorporation of the Association for the vote necessary for the adoption of any measure. In the absence of a quorum, without regard to class, the Members present in person or by proxy, by majority vote taken and without notice other than by announcement, may adjourn the meeting from time to time until a quorum shall attend. In addition, at such a meeting where a quorum of Members is not present the Members present in person or by proxy by majority vote taken without notice other than by announcement may call a further meeting of Members, and at such further meeting the percentages of votes required to constitute a quorum shall each be reduced to one-half (1/2) of the percentage specified above and by proxy may take any action, including, without limitation, the election of directors, which might have been taken at the original meeting had a sufficient number of members been present.

Section 3.07. Votes Required. A majority of the votes cast by the Members without regard to class at a meeting of Members duly called and at which a quorum is present shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, except as otherwise required by the laws of Virginia, the Declaration or the Articles of Incorporation. The Declaration requires the affirmative vote of more than a majority of each class of members in certain instances.

3.08. Proxy Voting. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy how to vote) or uninstructed (leaving how to vote to the proxy's discretion). Such proxies may be granted by any Owner in favor of only another Owner, a member of the Board of Directors, the Developer, the managing agent or such unit owner's Mortgagee, or additionally in the case of a non-resident Owner, the Owner's

lessee, attorney or rental agent. No person other than the managing agent or a member of the Board of Directors shall cast votes as a proxy for more than one unit not owned by such person. There are no restrictions on the number of uninstructed proxy ballots which can be cast by a member of the Board of Directors or the managing agent. Proxies shall be duly executed in writing, shall be witnessed, shall contain the full name and address of the witness, shall be dated, shall be signed by a person having authority at the time of the execution thereof to execute deeds on behalf of that person, shall be valid only for the particular meeting designated therein and any continuation thereof, and must be filed with the Secretary. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such unit. Except with respect to proxies in favor of a lessee or Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred and eighty days (180) after the execution thereof.

Section 3.09. Alternative Voting Procedures. Notwithstanding any other provision of these Bylaws, to the extent permitted by the laws of Virginia, any vote to be taken of the members upon a stated proposal or for the election of directors may be taken by mail, and the number of votes necessary for passage of the proposal or election as a director shall be the same as if the vote were taken at a meeting.

Section 3.10. Fixing of Record Date. For the purpose of determining The Members entitled to notice of, or to vote at any annual or special meeting of the Members, or any adjournment thereof, or in order to make a determination of the Members for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of Members such date in any case to be not more than sixty (60) days and not less than ten (10) days prior to the date on which the particular action requiring such determination of Members is to be taken. If no record date is fixed for the determination of Members entitled to notice or to vote at a meeting of Members, the date on which notice of the meeting is mailed shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

## ARTICLE IV

### Board of Directors

Section 4.01. Powers. The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors may exercise all the powers of the Association, except such as are, by the laws of Virginia, the Articles of Incorporation, the Declaration or these Bylaws, conferred upon or reserved to the Members. The Board of Directors may employ, at rates of compensation which are ordinary, reasonable and



customary for the services performed a manager, an independent contractor and such other employees as they deem necessary, and to prescribe their duties. The Board of Directors may appoint such committees as it deems appropriate in carrying out its duties.

Section 4.02. Duties. It shall be the duties of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Class A Members who are entitled to cast one-fourth (1/4) of the outstanding votes;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the Annual Assessments against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) fix the Services Assessment against each Lot in any section of property requiring special services, and

(3) send written notice of each assessment to every Owner subject thereto.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded in an amount which shall not be less than the sum of three month's assessments on all units in the Association, plus the Association's reserve funds.

(g) cause the Community Facilities to be maintained; and

(h) appoint a Covenants Committee as provided in the Declaration.

Section 4.03. Number and Composition of Board. The Board of Directors shall consist of not fewer than three (3) members and not more than seven (7) members. The initial Board shall consist of three (3) members appointed by the Developer. Until the

Class B membership expires, the Board shall consist of appointed Directors. Thereafter, all Directors shall be elected. After the expiration of Class B Membership, the Association may, by majority vote of the Members expand the number of Directors to not more than seven (7) members.

Section 4.04. Appointed Directors. Appointed Directors shall be appointed by the Developer and shall serve one year terms or until their successor is appointed. Such appointed Directors may be reappointed and they need not be members of the Association. The Developer shall appoint three (3) Directors until such time as the Class B membership expires.

Section 4.05. Elected Directors. Until the expiration of the remaining terms of all appointed Directors, all elected Directors shall be elected for one (1) year terms and shall be members of the Association. At the Annual Meeting following the expiration of the final term of all of the appointed Directors, Directors shall be elected for staggered terms, as follows; one (1) Director shall be elected for one (1) year terms, one (1) Director shall be elected for two (2) year terms and the remaining Directors shall be elected for three (3) year terms. Thereafter, all Directors shall be elected for three (3) year terms.

Section 4.06. Vacancies and Removal. Any Director may be removed from the Board with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board of Directors and shall serve for the unexpired term of his predecessor, subject to removal, however, by vote of the Members of the Association. Notwithstanding the foregoing during the Development Period, none of the directors appointed by the Developer shall be removed without the prior written consent of the Developer.

Section 4.07. Compensation. No Director shall receive compensation from the Association for any service he may render to the Association as a Director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.08. Action by the Board of Directors.

(a) Regular Meetings. Except as permitted by this Section, all actions, matters or resolutions approved or disapproved by the Board of Directors shall be by vote of the Directors taken at a regular meeting. Regular meetings of the Board of Directors shall be held monthly without notice.

(b) Emergency Meetings or Action by the Board of Directors. In the event of an emergency (as determined by the unanimous consent of the Board of Directors) requiring immediate action by the Board of Directors, the Board of Directors may act by means of a conference telephone or similar communication equipment by means of which

all persons participating in the meeting can hear each other and participation by such means shall constitute presence in person at such meeting. Such meetings may be called by the President of the Association or by a majority of the Directors.

(c) Time and Place of Meeting. Each meeting of the Board of Directors shall be held at such time and at such place within the State of Virginia as the person or persons calling the meeting may designate or at such other place outside the State of Virginia as may be agreed upon by all of the Directors. Meetings may be conducted by telephone or electronically.

(d) Action Without a Meeting. To the extent permitted by the laws of Virginia, the Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 4.09. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business.

## ARTICLE V

### Officers and Their Duties

Section 5.01. Enumeration of Officers. The officers of this Association shall be a president, who shall be a Director, a vice president, a secretary, and a treasurer, and such other officers and assistant officers as may from time to time be deemed necessary by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary.

Section 5.02. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 5.03. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year until his successor is elected and qualified unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 5.04. Special Appointments. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.06. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 5.07. Duties of the President. The President shall be the chief operating officer of the Association, shall be available at all meetings of the Members and the Board of Directors, shall have general and active operating management of the business of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall act as chairman at meetings of the Board of Directors. He shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the Association, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association.

Section 5.08. Duties of the Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one vice president, the Vice Presidents in the order designated by the Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 5.09. Duties of the Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members and shall record or cause to be recorded all the proceedings of the meetings of the Association and of the Board of Directors in a book to be kept for that purpose. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall have custody of the corporate seal of the Association and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Association and to attest the affixing by his signature. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 5.10. Duties of the Treasurer and Assistant Treasurers. The Treasurer shall have the custody of the Associations' funds and securities and shall keep or cause to be kept fully and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit 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. He shall disburse or cause to be disbursed the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Association. The Treasurer shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of issuance and expenditures to be prescribed to the membership at its regular annual meeting and shall file a copy of each in the records of the Association. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) , shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and have such other powers as the Board of Directors may from time to time prescribe.

## ARTICLE VI

### Finance

Section 6.01. Checks, Drafts, Etc. All checks, drafts, and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Association, shall unless otherwise provided by resolution of the Board of Directors, be signed by two officers of the Association, one of whom shall be the President or a Vice President and the other of whom shall be the Treasurer or an Assistant Treasurer.

Section 6.02. Fiscal Year. The fiscal year of the Association shall be the twelve calendar months period ending December 31 of each year, unless otherwise provided by the Board of Directors.

Section 6.03. Carryover of Unused Funds. The Association shall not be obligated to spend in any calendar year all the sums collected in such year and may carry forward, as surplus, any balance remaining; nor shall the Association be obligated to apply any such surpluses to the reduction of the amount of the assessments in the succeeding year, but may carry forward from year to year such surplus as the Board of Directors in its absolute discretion may determine to be desirable for the greater financial security of the Corporation and the effectuation of its purposes.

Section 6.04. Annual Audit. The Association shall cause an annual audit of the Association books to be made by a public accountant at the end of every fiscal year. Such audit shall be available to all Members and First Mortgagees within 120 days of the fiscal year end.

## ARTICLE VII

### Miscellaneous

Section 7.01. Books and Records. The books, records and papers of the Association (pursuant to the Virginia Property Owners Association Act) shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 7.02. Seal. The Board of Directors may provide a suitable seal, bearing the name of the Association which shall be in the charge of the Secretary. The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 7.03. Indemnification. The members of the Board of Directors and officers of the Association shall not be personally liable to the Association, Owners or others for any mistake or judgment or for any acts or omissions made in good faith acting as such Board members or officers individually or collectively. Each member of the Board of Directors and each officer shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, or any settlement thereof, by reason of his being or having been a member of the Board of Directors or an officer of the Association, whether or not he is a member of the Board of Directors or an officer at the time such expenses are incurred, except in such cases wherein the member of the Board of Directors or officer is adjudged guilty or willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association.

Section 7.04. Amendments. Any and all provisions of these Bylaws may be altered or repealed and new Bylaws may be adopted at any annual meeting of the Members, or at any special meeting called for that purpose by a majority vote of the Members; provided, however, no amendment or change shall be effective without the consent of the Class B Member during the Development Period. Amendment of the Bylaws is subject to specific provisions contained in the Articles of Incorporation and the Declaration.

Section 7.05. Consistency of Articles of Incorporation and Bylaws. These Bylaws shall be construed and interpreted in a manner which is consistent with the terms and provisions of the Articles of Incorporation and the Declaration. The terms and provisions of the Articles of Incorporation and the Declaration shall be controlling over any inconsistent provision contained in these Bylaws.

## ARTICLE VIII

### Management, etc.

Section 8.01 Repair and Replacement Reserve. Subject to the provisions of the Declaration limiting the Association's right to impose assessments on Owners, the Board of Directors shall obtain from Owners contributions to capital on a regular basis, which contributions will be used to establish a replacement and repair reserve. Such contributions shall be paid monthly or at such time as regular assessments are due and be in an amount to be designated from time to time by the Board of Directors. Such funds shall be conclusively deemed to be a common expense. Such funds shall be deposited in an account with a lending institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. Such funds also may, in the discretion of the Board of Directors, be invested in Money Market Funds which, although they themselves are not guaranteed by the United States Government, invest solely in United States Government securities (or in State bonds which are backed in principal by the State). The replacement reserve may be expended only for the purpose of the replacement and repair of the property of the Community Facilities.

Section 8.02. Management Agent. The Board of Directors may, but shall not be required to, employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors, which rate shall be a rate which is ordinary, reasonable, and customary for such services, to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) day's written notice thereof to the other party and without cause upon ninety (90) days' written notice to the other party. The term of any such management agreement shall not exceed one year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

Provided that any Lot subject to these Bylaws is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration, or guaranteed by the Veterans Administration, and, provided further, that FHA, and/or VA standards and regulations prohibit self-management of the Association, then no such self-management shall be undertaken by the Association without the prior written consent and approval of FHA or VA, as the circumstances may require.

## ARTICLE IX

### Rights of First Mortgagees

Section 9.01. Written notice of meetings of the Members shall be delivered in accordance with Article III, Section 3.05 to all First Mortgagees who file a written request with the Secretary.

Section 9.02. Upon written request to the Secretary, the books and records of the Association, pursuant to Section 55-510, Code of Virginia, 1950 as amended, shall be available for examination by a First Mortgagee and its duly authorized agents or attorneys during normal business hours after reasonable notice and for purposes reasonably related to its interest.

Section 9.03. Upon written request to the Secretary, a First Mortgagee may obtain written notification of the lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Unit Owners Association.

Section 9.04. A First Mortgagee shall be entitled to receive a copy of the budget and financial statement of the Association upon written request delivered to the Secretary.



IN WITNESS WHEREOF, we being all of the initial Directors of The Community Association of Cedar Lakes have hereunto set our hands this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_.

WITNESS:

6. M. S. Suvall

6. M. S. Suvall

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John E. Cowles  
John E. Cowles, Director

Thomas Davis  
Thomas Davis, Director

Raymond Gottlieb  
Raymond Gottlieb, Director

#### CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of The Community Association of Cedar Lakes, a Virginia non-stock, non-profit corporation,

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

Thomas P. Davis  
Secretary

(CORPORATE SEAL)