

ARTICLES OF INCORPORATION  
OF  
MASSANUTTEN PROPERTY OWNERS ASSOCIATION, INC.

(A Virginia Non-Stock Corporation)

ARTICLE I

The name of the corporation is "Massanutten Property Owners Association, Inc."

ARTICLE II

The purposes of the corporation are as follows:

(a) To provide for security and for maintenance and preservation of streets, open areas, trails, recreational and other facilities, either owned by it or used though not owned, exclusively or nonexclusively by members of this corporation; to provide for the use of the facilities by members or others as determined by bylaws or policies;

(b) To do all things lawful, necessary or incident to the accomplishment of the purposes set forth above, to exercise all lawful powers now possessed by Virginia corporations of similar character, and to engage in any business in which a corporation organized under the laws of Virginia may engage except any business that is required to be specifically set forth in the articles of incorporation.

(c) The objects, powers and purposes specified in any clause or paragraph hereinabove contained shall be construed as objects, powers and purposes in furtherance, and not in limitation, of the general powers conferred by the laws of the Commonwealth of Virginia; and it is hereby expressly provided that the foregoing enumeration of specific powers shall in no way limit or restrict any other power, object or purpose of the corporation as granted by Title 13.1, Chapter 2.

### ARTICLE III

The corporation does not contemplate pecuniary gain or profit to the members thereof.

### ARTICLE IV

*(Amended February 10, 1988)*

(A) The corporation shall have members made up of owners of lots at Massanutten Village. (A "lot" is any unit, parcel, division, or piece of land designated or used for residential purposes. The term "residential purposes" encompasses, but is not necessarily limited to, single or multiple family dwellings, townhouses, condominiums, and time-sharing units.)

(B) There shall be two classes of members. "Periodic" members are owners of time-share units and have no vote. All other members are "Year-Round" members and are entitled to vote as provided in paragraph (C).

(C) Year-Round members shall be entitled to one vote for each lot provided that

(1) there shall be only one vote for each lot, and when there is more than one owner of a lot, the vote for that lot shall be as the owners determine, and

(2) in multiple family dwellings, only one vote shall be allowed for the lot on which the dwelling is situated, and such vote shall be cast as the owners of the multiple family dwelling determine.

If, for any reason, a lot is not assessed, or if assessed and payment is not made when due, the owner of any such lot shall not be entitled to vote.

### ARTICLE V

The corporation shall have the authority to levy annual or special assessments on its members and to collect such assessments from the members according to law, for the purposes stated under Article II hereof.

## ARTICLE VI

The corporation shall have a lien on every lot within its subdivision for unpaid regular or special assessments levied against that lot and such lien, once perfected, shall be prior to all other liens and encumbrances except for (a) real estate tax liens on that lot, (b) liens and encumbrances recorded prior to the perfected lien, and (c) any sums unpaid on any first mortgages or first deeds of trust recorded prior to the perfection of said lien for regular or special assessments provided such first mortgages or first deeds of trust secure institutional lenders.

## ARTICLE VII

The corporation shall have the right by bylaw to provide procedures for determining and collecting regular assessments to defray expenses attributable to the ownership, use, enjoyment, and operation of common areas and facilities owned by the corporation and to provide by bylaw procedures for establishing and collecting special assessments for capital improvements or other purposes.

## ARTICLE VIII

The corporation shall also have the right by bylaw to establish monetary penalties or denial of use privileges and voting suspension of members for breaches of the restrictions, bylaws, or other legal instruments for the management and control of the various subdivisions at Massanutten Village, or for non-payment of regular or special assessments.

## ARTICLE IX

The corporation shall have the right to provide by bylaw for procedures for hearings for disciplined members.

## ARTICLE X

*(Amended May 30, 1990)*

There shall be thirteen (13) directors. Eleven (11) of the directors shall be selected by the

voting members of the corporation, another voting director shall be designated by the developer of the Massanutten Village Project, and another voting director shall be a member of Mountainside Villas Owners Association, Inc., designated by that corporation's board of directors. "Developer" now means Great Eastern Resorts Corporation, the present owner of the skiing and golf facilities within the project, and any successor to Great Eastern Resorts Corporation which continues generally the development of the project.

The terms of office of ~~the eleven~~ (11) members of the board elected by the voting members of the corporation shall be as follows:

- (a) Three (3) directors are currently serving terms expiring upon the annual meeting of the membership in 1990;
- (b) Four (4) directors are currently serving a term expiring upon the annual meeting of the membership in 1991;
- (c) Four (4) members are currently serving terms expiring upon the annual meeting of the membership in 1992; and
- (d) All successors to the directors referred to above shall serve for terms of three (3) years.

#### ARTICLE XI

The board of directors, subject to any specific written limitations or restrictions imposed by law or by these articles, shall direct the carrying out of the purposes and exercise the powers of the corporation without previous authorization or subsequent approval by the members of the corporation.

#### ARTICLE XII

Any contract or other transaction between the corporation and one or more of its directors or between the corporation and any firm of which one or more of its directors are members or employees, or in which they are interested, or between the corporation and any corporation or association of which one or more of its directors are shareholders, members, directors, officers, or employees, or in which they are interested, shall be valid for all purposes, notwithstanding the presence of the director or directors at the meeting of the board of directors of the corporation that

acts upon, or in reference to, a contract or transaction, and notwithstanding his or their participation in the action, if the fact of such interest shall be disclosed or known to the board of directors and the board of directors shall, nevertheless, authorize or ratify the contract or transaction, the interested director or directors to be counted in determining whether a quorum is present and to be entitled to vote on such authorization or ratification. This section shall not be construed to invalidate any contract or other transaction that would otherwise be valid under the common and statutory law applicable to it.

## BYLAWS

### MASSANUTTEN PROPERTY OWNERS ASSOCIATION, INC.

#### ARTICLE I INTENT

**Section 1. General Statement.** The intent of these bylaws is to provide for the orderly governing of the community known as "Massanutten" or "Massanutten Village."

**Section 2. Specifics of Intent.** Governing of the community includes but is not limited to security and policing; maintenance, improvement and beautification of roads, Open areas, recreational and other facilities, and private properties within the community; the enforcement of the rules and regulations regarding the use and development of the community and supervision and use of facilities.

#### ARTICLE II DEFINITIONS

**Section 1. "Association"** shall mean and refer to Massanutten Property Owners Association, Inc., its successors and assigns. Massanutten Property Owners Association, Inc., is sometimes referred to as "MPOA."

**Section 2. "Common facilities"** shall mean all the property owned by the Association for the common use and enjoyment of the members.

**Section 3. "Developer"** shall mean and refer to Great Eastern Resorts Corporation, a Virginia corporation, doing business under the assumed name of "Massanutten Village" and any successor in interest to Great Eastern Resorts Corporation which continues generally the development of the project.

**Section 4. "Lot"** shall mean any unit, parcel, division, or piece of land designated or used for residential purposes, including the improvements thereon; residential purposes encompassing but not necessarily limited to single or multiple family dwellings, townhouses, condominiums, and time-sharing units.



**Section 5. "Member"** shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation.

**Section 6. "Open area"** shall mean and refer to all real property owned by the Association for the common use and enjoyment of the members of the Association as provided in the restrictive covenants, the applicable zoning ordinance of Rockingham County, Virginia, and any bylaws, rules or regulations of the Association.

**Section 7. "Owner"** shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the project, including developer, but excluding those having an interest merely as security for the performance of an obligation.

**Section 8. "Project"** shall mean and refer to the Massanutten Development Company Project, also known as Massanutten Village, and the various subdivisions thereof, whether platted or unplatted.

**Section 9. "MVOA"** shall mean Mountainside Villas Owners Association, Inc.

### **ARTICLE III MEMBERS**

**Section 1. Annual Meetings.** There shall be a meeting of the members of the Association on the third Saturday in May of each year, or on such other date as may be designated by the board of directors. The annual meeting shall be held at a time and place designated by the board. At the annual meeting the board shall present a statement of the expenses and income for the previous year.

**Section 2. Special Meetings.** Special meetings of the members may be called at any time for the purpose of considering matters which require the approval of all or some of the members or for any other reasonable purpose. Such meetings shall be called by written notice signed by a majority of the board of directors or by members in good standing who make up at least one third of the total voting membership of the Association.

**Section 3. Notice of Meetings.** Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 60 days before the date of the meeting either personally, or by mail, by or at the direction of the president, or the secretary, or the persons calling the meeting, to each member entitled to vote at such meeting except as otherwise provided by law. 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 published in the city or county in which the registered office of the Association is located, or having a general circulation therein, the first publication to be not more than 60 days and the second not less than 7 days, before the date of the meeting.

**Section 4. Quorum.** Quorum. The presence (in person or by proxy) at the meeting of members entitled to cast three percent of the votes of the membership shall constitute a quorum. If a quorum shall not be present at any meeting, the members entitled to vote at such meeting shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present or represented.  
(Amended March 16, 1996.)

**Section 5. Proxies.** Members may not vote by proxy for the board of directors, but proxy voting is allowed for all other issues. (Amended March 16, 1996.)

**Section 6. Voting.** Members with voting privileges shall be entitled to one vote for each lot owned provided that there shall only be one vote authorized for each lot and when there is more than one owner of a lot the vote for that lot shall be cast as the owners themselves determine. In the case of multiple family dwellings only one vote shall be allowed for the lot on which the dwelling is located, such vote to be cast as the owners of that multiple family dwelling determine.



**Section 7. No Voting Rights Unless Lot Assessed, etc.** If for any reason a lot is not assessed, or if assessed and payment is delinquent the owner of any such lot shall not be entitled to vote.

**Section 8. Record Date.** The record date for annual meetings and board of directors' meetings shall be 35 days prior to the annual meeting. (Added March 16, 1996.)

## **ARTICLE IV BOARD OF DIRECTORS**

**Section 1. Number and Election.** The number and composition of the board of directors shall be as specified in the articles of incorporation. The members shall elect directors at the annual meeting of each year, and the developer and MVOA shall designate the directors selected by them at the same time.

**Section 1.1 Qualifications.** All directors of the association (except those appointed by the developer and MVOA) shall be members in good standing at the time of their election or appointment. (Added March 16, 1996.)

**Section 2. Term.** Directors shall serve for the terms specified in the articles of incorporation or until their respective successors are elected, or until death, resignation, or removal.

**Section 3. Vacancies.** Any vacancy occurring among the elected board members may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Vacancies in the two directors' seats appointed by the Developer and MVOA shall be filled by those entities.

**Section 4. Compensation.** Directors shall receive no compensation for their services but a director serving the Association in any other capacity shall be entitled to receive compensation for such services.

**Section 5. Quorum.** A majority of the directors in office shall constitute a quorum at any board meeting.

**Section 6. Powers.** The board of directors shall have power to:

- (a) Adopt rules and regulations governing the use of the common facilities, open areas and the personal conduct of the members and their guests and to establish penalties for infractions; also, within the limitations of the restrictive covenants, to adopt rules and regulations concerning the development and maintenance of private properties within the community.
- (b) Suspend the voting rights and right to use of the facilities and open areas of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association.
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these bylaws or the Articles of Incorporation.
- (d) Declare the office of a member of the board of directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the board, unless good cause for such absence exists and is certified by the board in its minutes;
- (e) Employ an administrator and such other employees as the board deems necessary and prescribe the duties for each;
- (f) Fix assessments, regular and special salaries of all employees, adopt bylaws and generally perform all duties required of it by the Articles of Incorporation, bylaws, and rules and regulations of the Association, and such other functions as fall within the scope of the duties of directors generally;

- (g) Subject only to specific written limitations or restrictions imposed by virtue of law or by the Articles of Incorporation, direct the carrying out of the purposes and exercise all of the powers of the Association without previous authorization or subsequent approval by the members.

**Section 7. Duties.** It shall be the duty of the board of directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs;
- (b) Supervise the administrator and cause him to supervise employees of the Association;
- (c) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (d) See that the common facilities, open areas and streets are properly maintained and procure and maintain adequate security within the project.

**Section 8. Meetings.** The board shall hold at least six (6) meetings each year at the offices Of the Association or such other place or places as it may from time to time determine. The time and dates of such meetings shall be set by the board. A meeting of the board shall be held whenever called by the president or by a majority of the directors. Any and all business may be transacted at any meeting. An annual meeting of the board shall be held immediately after the annual meeting of the members.

**Section 9. Notice of Meetings.** Notices of meetings shall be given at least 24 hours before the meeting, either orally or in writing. Notice may be waived by directors and appearance at the meeting shall constitute a waiver of notice by the director unless the director appears specifically for the purpose of objecting to the meeting. Notice need not be given as to the annual meeting of the board.

**Section 10. Nomination and Election of Directors.**

- (a) **Manner of Election.** Election to the board of directors shall be by written ballot, representing one lot, cast in accordance with this section. Only official

ballots supplied by the association shall be used.

(b) *Nomination and Ballots.* Nomination for election to the board of directors shall be made by the nominating committee at least 60 days prior to the annual meeting at which the election will be held. The nominating committee will recommend only candidates whom it feels reflect the spirit and integrity of the corporation. All candidates nominated by the nominating committee shall be placed on the ballot. No other method of nomination shall be permitted, but the ballots shall contain reasonable space for members to write in votes. Ballots shall note a candidate's incumbency, if applicable. The board may also note its recommendations on the ballot.

(c) *Voting in absentia.*

(1) At least 30 days prior to the annual meetings, the administrator will send one ballot for each lot entitled to vote to the owner or owners at the address shown in MPOA's records. The ballot shall be accompanied by two envelopes:

(a) One envelope (the "ballot envelope") shall bear only the word "BALLOT."

(b) A larger envelope (the "outer envelope") shall bear MPOA's address and appropriate spaces for the member to sign and record his name and lot number.

(2) If a member wishes to vote without attending the annual meeting, he shall (1) mark the ballot appropriately, (2) place it in the ballot envelope, (3) place the ballot envelope in the outer envelope, providing the requested information, and (4) return the outer envelope to MPOA by mail or otherwise. One member's signature shall be sufficient even if the lot has multiple owners.

(3) To be effective, a ballot must be received by MPOA at least two days prior to the Annual Meeting.

(4) As ballots are received, the Administrator shall review the information and

signature on the outer envelope.

- (a) If the outer envelope is signed by a member entitled to vote, the Administrator shall remove the ballot envelope and store it securely without opening it. He shall also date the outer envelope, mark it with the word "VERIFIED," and store it securely.
  - (b) If the outer envelope is from a member whose lot is not entitled to vote, or if it is received after the deadline, or if it is invalid for some other reason, the Administrator shall date it, mark it with the word "REJECTED," and store it securely.
  - (c) If the outer envelope can neither be verified under paragraph (c) (4)(a) nor rejected under (c)(4)(b), or if the ballot envelope is missing or irregular, the Administrator shall seal all the materials received in a third envelope, date it, mark it with the word "QUESTIONABLE," and store it securely.
- (5) Within the 24 hour period ending with the commencement of the annual membership meeting, the tally committee shall meet to count and record all verified ballots received. Their count shall remain confidential until the results of the election are released at the annual meeting. The tally committee shall review all envelopes marked "REJECTED" or "QUESTIONABLE," and they shall pass on the Administrator's judgements, with full power to overrule erroneous decisions. If the tally committee finds that a "QUESTIONABLE" ballot can be counted without risk of election fraud or uncertainty, it shall do so. Otherwise, it shall reject such ballots. (Amended July 21, 2001)
- (6) Wherever the Administrator is directed to act in this section, he may act through one or more agents.
- (d) *Voting at Annual Meeting.* Members who do not cast effective ballots under paragraph (c) of this section but are entitled to vote may vote in person at the annual meeting. The tally committee shall count these ballots, adding the results to the ballots counted under paragraph (c) above.

(e) *Construction of Ballots.* With respect to ambiguous or vague ballots, the tally committee is authorized to employ such rules of construction, acceptance, and rejection as it may deem wise. In construing the ballots, they shall seek to give effect to all reasonably defined votes cast.

(d) *Announcement of Results.* The results of the election shall be announced at the annual meeting.

(Amended March 16, 1996.)

## ARTICLE V OFFICERS

*Section 1. Enumeration of Officers.* The officers of this Association shall be a president and vice president, who shall be members of the board of directors, a secretary, treasurer, administrator and such other officers as the board may from time to time by resolution create.

*Section 2. Time of Election of Officers.* The election of officers shall take place at the annual meeting of the Board of Directors.

*Section 3. Methods of Election.* The officers of the Association shall be elected by the board. All except the administrator shall be elected annually. The administrator shall hold office at the pleasure of the board. The other officers shall hold office for one year or until they resign, are removed, or otherwise become disqualified to serve.

*Section 4. Special Appointments.* The board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the board may, from time to time determine.

*Section 5. Resignation and Removal.* Any officer may be removed from office with or without cause by the board. Any officer may resign at any time given 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 6. 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 7. Multiple Offices.** The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in case of special offices created per Section 4 of this article.

**Section 8. Duties of the Officers are as Follows:**

#### THE PRESIDENT

- (a) The president shall be the chief executive officer of the Association. He shall, for the benefit of the members, promote improvements in procedures for governing, maintenance, operation and beautification within the community.
- (b) The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried out by the administrator. He shall sign all leases, mortgages, deeds and other written instruments, except when the board authorizes another officer to execute such instruments. The president shall see that the bylaws are enforced and shall exercise supervision over the administrator and through the administrator over all the employees of the Association.

#### THE VICE PRESIDENT

- (c) The vice president shall act in the place of the president in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required by the board.

#### THE SECRETARY

- (d) The secretary shall record the votes and keep or cause to be kept the minutes of all meetings and proceedings of the board and of the members; keep the corporate seal of the Association and affix it on all papers requiring such seal; keep or cause to be kept appropriate current records showing the members of the Association together with their addresses and shall perform such other duties as required by the board.

#### THE TREASURER

- (e) The treasurer shall receive and deposit or cause to receive and deposit in appropriate bank accounts all money for the Association and shall disburse such funds as directed by the board; and shall assist in preparation of an annual budget.

#### THE ADMINISTRATOR

- (f) The administrator shall be the chief operations officer of the Association. He shall be in charge of and exercise general management and control of the business of the Association, subject to direction by the president under policies of the board. He shall exercise, or cause to be exercised, all functions relative to security and policing; maintenance, improvement and beautification of roads, open areas, recreational and other facilities; he shall enforce the rules and regulations regarding the use and development of the properties and shall provide for the supervision and use of the facilities. He shall further provide for such inspections and enforcement procedures as are required in the collection and disbursement of funds of the Association, subject to the budget and to the general policies and direction of the board. When in doubt on matters of policy he shall seek advice from the president. Unless excused by the board of directors, or the president, he shall be required to attend all meetings of the board and all special committees appointed by the board but he shall not be a member of the board nor of any

such committee or have a vote unless designated as a voting member of the committee at the time the committee is appointed. He shall with the assistance of the treasurer make recommendations to the board as to the budget and see that the budget is faithfully complied with.

## **ARTICLE VI COMMITTEES**

**Section 1. Executive Committee.** The executive committee shall consist of four (4) persons, including the president, appointed by the board of directors at the annual meeting of the board. The executive committee shall exercise all the functions and the powers of the board of directors between meetings of the board.

**Section 2. Architectural and Ecological Control Committee.** This committee shall consist of at least five (5) members appointed by the directors serving a term of three years, and shall exercise all the powers set forth in the Protective Covenants and Restrictions. A majority of the members of this committee shall be full-time residents of the community. Specifically, whether set forth in all the Covenants to all subdivisions or not the committee shall have the right to approve all plans for dwellings placed or altered on any lot and the right to enforce building or construction codes now or hereafter adopted by the Association, whenever such code is more restrictive than the code or codes of Rockingham County, Virginia. The committee shall have the right to refuse to approve plans or specifications upon any reasonable grounds, including purely aesthetic considerations. No alterations may be made and approved to plans after construction has commenced except by and with the written consent of the committee. No alterations in the exterior appearance of any building or structure shall be made without like approval of the committee. In exercising its powers, the committee shall not be unreasonable and shall apply such standards that will inure to the benefit of the entire project. The committee or its representatives shall have inspection rights during construction to determine compliance with approved plans and in building codes. Where

discrepancies exist, the committee may require corrective work or, where warranted, in its opinion, may issue a note to cease construction until compliance is assured to its satisfaction. Failure to heed notice of the committee shall operate as a default of the Covenant. The committee shall inspect, or have inspections carried out, on all homes under construction, and those homes that have been finished, to assure their compliance with the protective covenants and restrictions of the community.

### **Section 3. Nominating Committee.**

- (a) *Composition.* The nominating committee shall consist of five members of the association, two of whom shall be members of the board of directors and three of whom shall not be board members.
- (b) *Term.* Nominating committee members shall serve terms of two years. Two terms--one board-member position and one non-board position--shall expire in even-numbered years. The remaining three terms shall expire in odd-numbered years. Within the appropriate year, all terms shall expire on the date of the annual MPOA members' meeting.
- (c) *Appointment.* The committee shall be appointed by the President by the close of each MPOA annual members' meeting, and such appointment shall be announced at the annual meeting. Any vacancies on the committee will be filled by the President for the unexpired portion of the term.
- (d) *Chair.* The committee shall elect one of its members to serve as its chair.
- (e) *Function in Board Elections.* The nominating committee must nominate a minimum of two more candidates than the number of vacancies there are to be filled.

(Amended May 16, 1998)

**Section 4. Long Range Planning Committee.** Long Range Planning Committee members shall serve terms of three years and be appointed by the MPOA President. The committee shall be comprised of at least three members of the association. The committee shall advise the board of the following issues:

(a) The association's long-term goals for improving its members' quality of life (and to the extent consistent therewith, the quality of life of resident non-members). The committee shall direct its attention to the following long-term issues:

- (1) Land-use concerns,
- (2) Economic concerns,
- (3) Infrastructure, and
- (4) Public services.

(b) The likelihood that such goals will be met, given existing trends, and

(c) Strategies for achieving such goals.

(Amended July 19, 1997.)

**Section 5. Social Committee.** This committee, consisting of a minimum of 3 members appointed by the president shall serve for a term of two years. It shall plan and carry out social events for residents of the community. It shall see that adequate advance and follow-up publicity is given to these events in any house organ published by the Association as well as in other media. (Amended July 17, 1999.)

**Section 6. Special Committees.** The board of directors may in its discretion instruct the president to appoint special committees with membership being designated by the chairman and such special committee shall have such powers and perform such duties as may be provided in the resolution of the board.

**Section 7. Tally Committee.** At least 30 days before each annual meeting, the President shall appoint a tally committee, consisting of one member of the board of directors whose term does not expire in that year and

two members of the association who are not directors. The tally committee shall serve through the adjournment of the annual meeting. (added March 16, 1996.)

**Section 8. Ways & Means Committee.** Ways & Means Committee members shall serve terms of three years and be appointed by the MPOA President. The committee shall be comprised of at least three members of the association. The committee shall advise the board on methods and opportunities for the association to raise revenue other than through assessments. Wherever practicable, the committee shall first report to the board on a proposal in general terms. If the board then determines that the matter merits further study, it will direct the committee to prepare a full report showing expected costs and benefits of the proposal. (added July 19, 1997.)

## **ARTICLE VII ASSESSMENTS**

### **Section 1. Annual Assessments.**

- (a) Annual assessments shall be fixed by the board of directors no later than November 30 of each year.
- (b) Subject to paragraph (c) below, the assessment shall be due and payable by the following March 1.
- (c) *Installment Payments.*
  - (1) Members may elect to pay the annual assessment in two installments. To do so, members must pay 50% of the assessment plus a ten dollar service fee on or before March 1. The remaining 50% shall be due on the following September 1.
  - (2) Unless paragraph (c)(1) is complied with, the entire assessment shall be due on March 1.
  - (3) For persons who have validly elected to pay the assessment in two installments in accordance with paragraph (c)(1), the Administrator shall send a reminder of the second



installment on or before July 15. However, the obligation to pay the installment is not contingent upon receipt of the reminder.

- (d) With respect to any assessment (or installment thereof) which is not paid in full as of its due date:
  - (i) a penalty equal to 10% of the assessment or installment shall immediately become due, and (ii) interest will accrue on the unpaid balance at the annual rate of ten percent.
- (e) Payments received after the due date will be treated as timely paid if postmarked by the due date.

(Amended November 16, 1996.)

**Section 2. Special Assessments.** Special assessments may be levied by the board of directors on the membership for the purpose of maintenance of the common areas and common facilities and such special assessments shall be due and payable in accordance with a resolution of the board fixing the special assessment.

**Section 3. Liens.** The Association shall have a lien on every lot within the project for unpaid regular or special assessments levied against that lot. In order to perfect the lien the Association shall file before the expiration of the time specified by law, in the Clerk's Office of the Rockingham County, Virginia, a memorandum, verified by the oath of the president of the Association, which memorandum shall contain such information as may be required by law.

The cost of recording such memorandum shall be taxed against the person found liable for any judgment or decree enforcing such lien.

**Section 4. Statement Showing Unpaid Assessment.** Any lot owner within the subdivision shall be entitled upon request, to a recordable statement setting forth the amount of unpaid regular or special assessments currently levied against that lot. Such request shall be in writing, directed to the president of the Association and delivered to the principal office of the Association. Payment of a fee, as established by the board of directors, not to exceed \$15.00, may be required as a prerequisite for the issuance of such a statement.

**Section 5. Responsibility for Share of Costs for Maintenance of Roads.** Each lot owner within a subdivision shall be responsible for his or her pro rata share of the cost of maintaining the streets or roads owned by the Association including any orderly program for the continued upkeep and improvements of such roads. The association shall have the responsibility of determining the pro rata share assessed against each lot owner and such amount assessed thereby may, at the option of the board, be in addition to the annual or special assessment otherwise obligated by each member of the Association.

**Section 6. Denial of Use Privileges.** Members whose assessments are past due may be denied the right to use any of the common areas or common facilities of the Association other than the roads and streets.

## **ARTICLE VIII RESTRICTIVE COVENANTS**

**Section 1. Enforcement.** The board of directors shall have the right to enforce the protective covenants of the various subdivisions within the project. Day-to-day enforcement of these covenants shall be delegated to and be the responsibility of the administrator.

**Section 2. Abatement.** The board shall further have the right to abate violations in accordance with the provisions of the covenants.

**Section 3. Discipline of Members.** In the event of violation of the covenants, or of the bylaws, Articles of Incorporation, or rules and regulations of the Association the board of directors shall have the right to discipline offending members by denial of use privileges and by such other means as are properly established in the rules and regulations.

## **ARTICLE IX BOOKS AND RECORDS**

**Section 1. Seal.** The Association shall adopt an official seal.

**Section 2. Financial Records.** The directors shall prepare an annual balance sheet and operating statement for each year with a provision for distribution of a copy of these reports to each member of the Association in good standing within 90 days after the end of the fiscal year.

**Section 3. Preparation of Budget.** No later than November 30 of each year the Association shall prepare and adopt a budget for the next fiscal year which shall provide for estimated income, expenses, and capital improvements.

## **ARTICLE X INDEMNIFICATION**

**Section 1. Indemnification of Directors, etc.** The Association shall indemnify any director or officer of the Association against expenses (including legal fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by him, to the fullest extent now or hereafter permitted by law in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, brought or threatened to be brought against him by reason of his performance as a director or officer of the Association, or in any other capacity on behalf of the Association. The board of directors by resolution adopted in each specific instance may similarly indemnify any person other than a director or officer of the Association for liabilities incurred by him in connection with services rendered by him for, or at the request of the Association. The provisions of this section shall be applicable to all actions, suits, or proceedings commenced after its adoption, whether such arise out of acts or omissions which occur prior or subsequent to such adoption, and shall continue as to a person who has ceased to be a director or officer or to render services for, or at the request of the Association, and shall inure to the benefit of the heirs, executors and administrators of such a person. The rights or indemnification provided for herein shall not be the exclusive rights to which any director, officer, employee, or agent of the Association may be entitled. The Association may pay the expenses incurred

by any person entitled to be indemnified by the Association in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking, by or on behalf of such person, to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized by law.

**Section 2. Liability Insurance.** The Association may purchase and maintain insurance on behalf of any person who is or was director, officer, employee, or agent of the Association or who is or was serving in any capacity in any other corporation or organization at the request of the Association against any liability asserted against him or incurred by him in any such capacity or arising out of his status of such, whether or not the Association would have the power to indemnify him against such liability under law.

## **ARTICLE XI RULES AND REGULATIONS**

**Section 1. Right to Adopt.** The board of directors shall have the right to adopt and amend rules and regulations governing the details of the operation, maintenance and use of the property owned by the Association, as authorized by the Articles of Incorporation, restrictive covenants, and bylaws. Such rules and regulations shall be reasonably disseminated to the membership.

## **ARTICLE IXX RENTAL PROGRAM**

**Section 1. Right to Operate.** The board shall have the right to operate a rental program in accordance with the protective covenants. Day to day operation of this program shall be under the supervision of the administrator. The administrator shall see that the program is operated in an efficient manner.

**Section 2. Rules and Regulations.** The administrator shall recommend detailed rules and regulations pertaining to the rental program and the board shall adopt the same in such form as it decides. Copies shall be furnished to each person whose property is being handled through the Association for rental purposes.

### **ARTICLE XIII AUDIT**

Any property owners may at any time, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

### **ARTICLE XIV INTERPRETATION**

The provisions of these bylaws will be liberally construed to effectuate the purpose of maintaining the property owned by or required to be maintained by the Association for the benefit of the members. Failure to enforce any provisions at all shall not constitute a waiver of right to enforce said provision or any other provision hereof.

### **ARTICLE XV AMENDMENTS**

These bylaws may be amended by the Board of Directors at any meeting, provided that for any special meeting, the call for such meeting notice of intention to amend shall be given.