

BYLAWS
FOR
EAST STRATFORD PHASE C & D HOMEOWNERS ASSOCIATION

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BYLAWS
FOR
EAST STRATFORD PHASE C & D HOMEOWNERS ASSOCIATION

ARTICLE 1

INTERPRETIVE PROVISIONS

Section 1.1. Defined Terms. Terms used herein without definition shall have the meanings specified for such terms in Section 13.1-803 of the Virginia Nonstock Corporation Act ("Act"). Definitions, terms and other interpretive provisions set forth in Article 2 of the Articles of Incorporation for East Stratford Phase C&D Homeowners Association ("Articles of Incorporation") and in Section 1.1 of the Declaration for East Stratford Phase C&D ("Declaration") are equally applicable to these Bylaws.

Section 1.2. Use of Technology.

(a) Electronic Means. To the extent permitted by law, the Association and its Owners and occupants may perform any obligation or exercise any right by use of any technological means providing sufficient security, reliability, identification and verifiability. Acceptable technological means shall include without limitation electronic communication over the internet, the community or other network, whether by direct connection, intranet, telecopier or e-mail.

(b) Signature Requirements. Any requirement for a signature under the Association Documents may be satisfied by a digital signature meeting the requirements of applicable law.

(c) Electronic Funds Transfer. Payment of all sums to and from the Association and the Owners and occupants may be made by electronic transfer of funds creating a record evidencing the transaction for the period such record would be required to be available in non-electronic form.

(d) Voting Rights. Voting and approval of any matter under the Association Documents may be accomplished by electronic means provided that a record is created as evidence thereof and maintained as long as such record would be required to be maintained in non-electronic form.

(e) Non-technology Alternatives. If any Owner, occupant or third party does not have the capability or desire to conduct business using electronic or other technological means, the Association shall make reasonable accommodation, at its expense, for such person to conduct business with the Association without use of such electronic or other means until such means has become generally accepted in similar communities in the area.

ARTICLE 2

MEETINGS OF OWNERS

Section 2.1. Annual Meetings. The first annual meeting of the Association shall be held not later than the first anniversary of the incorporation of the Association, at such time and place as may be fixed by a resolution of the Board of Directors. Subsequent annual meetings of the Association shall be held on weekdays (other than legal holidays recognized as such in Virginia) at least ten months but not more than fourteen months after the preceding annual meeting.

Section 2.2. Special Meetings. The Association shall hold a special meeting: (1) upon the call of the President; (2) if so directed by resolution of the Board of Directors; (3) upon a petition presented to the Secretary and signed by Owners entitled to cast at least ten percent of the total number of votes (excluding the Declarant's votes); or (4) upon request of the Declarant during the Development Period. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred-eighty days after the date of the first such signature. Such resolution, petition or request must: (1) specify the time and place at which the meeting is to be held; (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.3, or else specify that the Secretary shall designate the date of the meeting; (3) specify the purposes for which the meeting is to be held; and (4) be delivered to the Secretary. No business other than that stated in such resolution, request or petition shall be transacted at such special meeting.

Section 2.3. Notice of Meetings.

(a) Content and Timing. Written notice stating the place, date and time of each meeting and, in the case of a special meeting the purposes for which the meeting is called, shall be given by the Secretary (or as directed by the Secretary) to each Owner entitled to vote at such meeting, not less than fourteen days nor more than sixty days in advance of any annual or regularly scheduled meeting, and at least ten days in advance of any other meeting, except for meetings to vote on extraordinary actions, in which case notice shall be given as provided in paragraph (b) below. The giving of notice in the manner provided in this section, Articles 1 and 10 hereof, the Act, and the POA Act shall be considered service of notice.

(b) Extraordinary Actions. Notwithstanding the provisions of Subsection (a), notice of a meeting to act on an amendment to the Articles of Incorporation, a plan of merger or consolidation or dissolution of the Association shall be given in the manner provided above not less than twenty-five nor more than sixty days before the date of the meeting. Any such notice shall be accompanied by a copy of the proposed amendment, plan of merger or consolidation or dissolution.

Section 2.4. Waiver of Notice of Meetings.

(a) Written Waiver. Whenever any notice is required to be given of any meeting of the Association, a written waiver signed by an Owner entitled to such notice, whether given before or after the meeting, shall be equivalent to the giving of such notice to that Owner and such waiver shall be delivered to the Secretary for inclusion in the minutes or filing with the Association records.

(b) Waiver by Attendance. An Owner who attends a meeting shall be conclusively presumed to have had timely and proper notice of the meeting or to have duly waived notice thereof, unless such Owner attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting.

Section 2.5. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association if Owners entitled to cast at least twenty percent of the total number of votes are present, in person or by proxy, at the beginning of such meeting. Once an Owner is present at a meeting, such Owner is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new Record Date is set for that adjourned meeting. When voting on any matter requiring a vote by a specified percentage of each class of Owners or of a specific class of Owners, a quorum of each class of Owners or the specific class of Owners must be present in person or by proxy.

If at any meeting of the Association a quorum is not present, a majority of the Owners who are present at such meeting in person or by proxy may recess or adjourn the meeting to such date, time and place as such Owners may agree not more than thirty days after the date and time the original meeting was called. At the meeting, the Secretary shall announce the date, time and place to which the meeting is recessed or adjourned and make other reasonable efforts to notify all Owners of the date, time and place at which such meeting shall be resumed.

Section 2.6. Order of Business. Unless otherwise specified in the notice of the meeting, the order of business at all meetings of the Association shall be as follows: (1) roll call (proof of quorum); (2) proof of notice of meeting; (3) adoption of minutes of preceding meeting; (4) reports of officers; (5) report of Board of Directors; (6) reports of committees; (7) appointment of inspectors of election (when so required); (8) election of directors (when so required); (9) unfinished business; and (10) new business; provided, however, that balloting for election of directors may commence at any time at the direction of the presiding officer.

Section 2.7. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The President may appoint a parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of all meetings of the Association when not in conflict with the Act or the Association Documents.

Section 2.8. Record Date to Determine Owners; List of Owners. The date and time for determining which Persons are Owners and therefore entitled to vote ("Record Date") shall be the close of business on the tenth business day before the effective date of the notice to the Owners of the meeting, unless the Board of Directors shall determine otherwise. The Board shall not fix a Record Date more than seventy days before the date of the meeting or other action requiring a determination of the Owners, nor shall the Board set a Record Date retroactively. At least ten days before each meeting, the Secretary shall make a complete list of Owners, with the address of each, available for review by the Owners before and during the meeting. The list shall be current as of the Record Date.

Section 2.9. Action by Owners Without Meeting. Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting if written consent, setting forth the action so taken and signed by all of the Owners entitled to vote with respect to the subject matter thereof, is delivered to the Secretary for inclusion in the minutes or filing with the Association records. Such consent shall have the same force and effect as a unanimous vote of the Owners.

ARTICLE 3

VOTING

Section 3.1. Voting Rights. The voting rights of the Owners of the Association shall be as set forth in Section 4.2 of the Articles of Incorporation.

Section 3.2. Additional Provisions Governing Voting.

(a) Association Votes. If the Association is an Owner, the Association shall cast its votes with the majority with respect to any Lot it owns, and in any event such votes shall be counted for the purpose of establishing a quorum.

(b) Multiple-Person Owners. Since an Owner may be more than one Person, if only one of such Persons is present at a meeting of the Association or signs a consent, approval or a proxy, that Person shall be entitled to cast the Owner's votes. If more than one of such Persons is present or otherwise gives a consent or approval, the vote, proxy, approval or consent appertaining to that Owner shall be cast only in accordance with unanimous agreement of such Persons, and such agreement shall be conclusively presumed if any of them purports to cast the vote appertaining to that Owner or to give an approval, consent, or proxy without protest being made forthwith by any of the other Persons constituting such Owner to the person presiding over the meeting or being otherwise indicated to the Association prior to the taking of the action.

(c) Voting Certificate. If an Owner is not a natural person, the vote by such Owner may be cast by any natural person authorized by such Owner. Such natural person must be named in a certificate signed by an authorized officer, partner or trustee of such Owner and filed with the Secretary; provided, however, that any vote cast by a natural person on behalf of such Owner shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote was cast or within ten days of such meeting by the Owner entitled to cast such vote. Such certificate shall be valid until revoked by a subsequent certificate similarly signed and filed. Wherever the approval or disapproval of an Owner is required by the Association Documents, such approval or disapproval may be made by any Person who would be entitled to cast the vote of such Owner at any meeting of the Association.

(d) Delinquency. No Class A Owner may vote at any meeting of the Association or be elected to serve on the Board of Directors if payment by such Owner of any financial obligation to the Association is delinquent more than sixty days and the amount necessary to bring the account current has not been paid at the time of such meeting or election.

Section 3.3. Manner of Voting.

(a) At a Meeting. Voting by Owners at a meeting shall be by voice vote (except for the election of directors which shall be by written ballot) unless the presiding officer determines otherwise or any Owner present at the meeting, in person or by proxy, requests, and by a Majority Vote the Owners consent to, a vote by written ballot indicating the name of the Owner voting, the number of votes appertaining to such Owner, and the name of the proxy of such ballot if cast by a proxy. There shall be no cumulative voting.

(b) By Referendum. In the sole discretion of the Board of Directors, elections of directors (or other matters permitted by law) requiring a vote of the Owners may be submitted to a referendum of the Owners on a ballot, by mail or at polling places. Ballots shall be returned to the Secretary by the date specified on the ballot. The Board of Directors shall determine the method of voting, the form of all ballots, the deadline for return of ballots and the number and location of polling places, if any.

Section 3.4. Proxies. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy holder how to vote) or uninstructed (leaving the decision of how to vote to the proxy holder's discretion). If uninstructed, the proxy form or instructions shall contain a brief explanation of the effect of leaving the proxy uninstructed. Only instructed proxies may be granted by any Owner to the managing agent. No Person other than the Declarant, a Mortgagee (with respect to the Lots on which the Mortgagee holds a Mortgage), the managing agent or an Officer may cast votes as a proxy for more than five Lots. Proxies shall be: (i) in writing, (ii) dated, (iii) signed by the Owner or a Person authorized by the Owner, (iv) valid for eleven months unless a longer time period is provided in the proxy and (v) 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 the Owner. A sample proxy is attached as Exhibit A.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1. Powers and Duties of the Board of Directors. The business and affairs of the Association shall be managed by the Board of Directors elected in accordance with the procedures and for the terms of office set forth in Article 5 of the Articles of Incorporation. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required by the Act or the Association Documents to be exercised and done by the Owners. The Board of Directors shall delegate to one of its members or to a Person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Article 5), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by any other provision of the Association Documents or by any resolution of the Association that may hereafter be adopted, the Board shall perform the following duties and take the following actions on behalf of the Association:

- (1) Provide goods and services in accordance with the Association Documents and provide for Upkeep of the Common Area and, to the extent provided in the Association Documents, of the Lots.
- (2) Designate, hire, dismiss and, where appropriate, compensate the personnel necessary to provide for the Upkeep of the Common Area and the general administration of the Association and, to the extent provided in the Association Documents, of the Lots; and to provide goods and services, as well as purchase equipment, supplies and materials to be used by such personnel in the performance of their duties.
- (3) Collect the Assessments, deposit the proceeds thereof in depositories designated by the Board of Directors and use the proceeds to carry out the Upkeep of the Property and other land (to the extent the Association is so authorized by the Association Documents) and the general administration of the Association.
- (4) Adopt and amend any reasonable Rules and Regulations not inconsistent with the Association Documents.
- (5) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (6) Enforce the provisions of the Association Documents.

(7) Act with respect to all matters arising out of any eminent domain proceeding affecting the Common Area.

(8) Notify the Owners of any litigation against the Association involving a claim in excess of twenty percent of the total Annual Assessment for Common Expenses.

(9) Obtain and carry insurance against casualties and liabilities, as provided in Article 10 of the Declaration, pay the premiums therefor and adjust and settle any claims thereunder.

(10) Pay the cost of goods and services rendered to the Association.

(11) Notify the appropriate Mortgagee of any default by an Owner in paying Assessments for Common Expenses (which remains uncured for sixty days) or for any other default, simultaneously with the notice sent to the defaulting Owner.

(12) Provide an Association Disclosure Packet or Common Expense Statement with respect to a Lot within fourteen days (or as otherwise required by law) after a written request therefor and payment of the appropriate fee in accordance with Section 6.5 of the Declaration.

(13) Prepare an annual budget in accordance with Article 6 of the Declaration.

(14) Adopt an annual budget and make Assessments to defray the Common Expenses of the Association, establish the means and methods of collecting such Assessments and establish the period of the installment payment, if any, of the Annual Assessment for Common Expenses in accordance with Article 6 of the Declaration.

(15) Borrow money on behalf of the Association, when required for any valid purpose; provided, however, that, either a Majority Vote of the Owners obtained at a meeting held for such purpose or written approval by Owners entitled to cast more than fifty percent of the total number of votes shall be required to borrow any sum in excess of twenty percent of the total Annual Assessment for Common Expenses for that fiscal year or, subject to Section 14.4 of the Declaration, mortgage any of the Common Area owned in fee simple by the Association. The Board of Directors, by a vote of two-thirds of the total number of directors, shall have the right and power to assign and pledge all revenues to be received by the Association, including but not limited to Annual and Additional Assessments in order to secure the repayment of any sums borrowed by the Association from time to time.

(16) Sign deeds, leases, plats of resubdivision and applications for construction permits or similar documents for the Common Area owned in fee simple by the Association, as may be necessary or desirable in the normal course of the orderly development of the Property, at the request of the Declarant or on its own determination.

(17) Dedicate, lease or transfer any portion of the Common Area owned in fee simple by the Association or grant, relocate or terminate easements, rights-of-way or licenses over and through all the Common Area pursuant to Section 3.2 of the Declaration and subject to the restrictions set forth in Section 14.4 of the Declaration.

(18) In its sole discretion, designate certain portions of the Common Area owned in fee simple by the Association as Reserved Common Area, pursuant to Section 3.8

of the Declaration, and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(19) In accordance with Section 12.1 of the Declaration, suspend the right of any Owner or other occupant of a Lot, and the right of such Person's household members, guests, employees, tenants, agents and invitees to use the Common Area.

(20) Acquire, hold and dispose of Lots to enforce the collection of Assessments and mortgage the same without the prior approval of the Owners.

(21) Charge reasonable fees for the use of the Common Area, where appropriate, and for services and allow non-owners to use portions of the Common Area on a fee arrangement determined by the Board.

(22) Do anything else not inconsistent with the Act or the Association Documents.

Section 4.2. Meetings of Directors.

(a) Types of Meetings. The first (organizational) meeting of the Board of Directors following an annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be determined by a majority of the directors for the purposes of electing Officers, appointing committee members and establishing the manner of operation of the Board for the ensuing year. 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; provided, however, that after the Declarant Control Period, such meetings shall be held at least quarterly during each fiscal year. Special meetings of the Board of Directors may be called by the President and shall be called by the President or Secretary upon written request of at least two directors. All meetings of the Board of Directors shall be open to Owners as observers, except that the President or presiding officer may call the Board into executive session on sensitive matters such as personnel, litigation strategy or hearings with respect to violations of the Association Documents or as otherwise permitted by law. Any final action taken by the Board of Directors in executive session shall be recorded in the minutes. The Board of Directors may hold their meetings in the Commonwealth of Virginia or outside the state as the Board may from time to time determine.

(b) Notice. Notice of meetings of the Board of Directors shall be given to each director personally or by mail, telegraph, telecopy or telephone, orally or in writing, at least three business days prior to the date named for such meeting. Such notice shall state the place, date and time and, in the case of special meetings, the purpose thereof. Notice of meetings shall also be posted or otherwise published in a manner reasonably expected to notify all members of the Association of the place, date and time of meetings of the Board of Directors. No notice of the organizational meeting of the Board of Directors shall be necessary if such meeting is held immediately following the annual meeting. If all 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.

(c) Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, 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 constitute a waiver of notice of the time, place and purpose of such meeting, unless the director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the

meeting at or prior to the commencement of the meeting or, in the case of a special meeting, at or prior to consideration of the matter subject to objection.

(d) Quorum of the Board of Directors. At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business, and a Majority Vote while a quorum is present shall constitute the decision of the Board of Directors, unless provided otherwise in the Act or the Association Documents. If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may recess or adjourn the meeting from time to time. When the recessed or adjourned meeting is reconvened, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by any means of communication by which all directors or committee members may simultaneously hear each other during the meeting shall be deemed present at the meeting for all purposes.

(e) Conduct of Meetings. The President shall preside over meetings of the Board of Directors and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at the meetings. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Act or the Association Documents.

Section 4.3. Action by Directors 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 a consent in writing setting forth the action taken shall be signed either before or after such action is taken by all of the directors. Any such written consent shall have the same force and effect as a unanimous vote and shall be filed with the minutes of the Board of Directors.

Section 4.4. Number of Directors. During the Declarant Control Period, the Board of Directors shall consist of not fewer than three nor more than five directors. After the Declarant Control Period, the Board shall consist of five directors.

ARTICLE 5

MANAGING AGENT

Section 5.1. Compensation. The Board of Directors may employ for the purpose of administering the Property a managing agent at a compensation to be established by the Board. The managing agent may be affiliated with the Declarant.

Section 5.2. Requirements. The managing agent shall be a bona fide business enterprise or independent contractor, which may be affiliated with the Declarant, which manages multi-structure commercial projects or common interest communities. The managing agent or its principals shall have a minimum of two years' experience in community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of the Property. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the Property and shall employ personnel knowledgeable in the areas of insurance, accounting, contract negotiation, labor relations and property management. Otherwise, the managing agent may be a full-time employee of the Association who shall organize, staff, train and administer the in-house personnel solely to manage the Property.

Section 5.3. Duties. The managing agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitation, the duties listed in Paragraphs 4.1 (1), (2), (3), (6), (7), (8), (9), (10), (11), (12), (13), (21) and (22).

The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in Paragraphs 4.1 (4), (5), (14), (15), (16), (17), (18), (19), and (20). The managing agent shall perform the obligations, duties and services relating to the management of the Property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of the Act and the Association Documents.

Section 5.4. Standards. The Board of Directors shall impose appropriate standards of performance upon the managing agent. Unless the managing agent is instructed otherwise by the Board of Directors:

(1) the accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to one or more but less than all of the Owners shall be accounted for and reported separately;

(2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Association shall not be commingled with any other entity's accounts;

(4) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finder's fees, service fees or otherwise; any discounts received shall benefit the Association;

(5) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(6) a financial report shall be prepared for the Association at least quarterly, containing: (i) an "income statement" reflecting all income and expense activity for the preceding period on an accrual basis; (ii) an "account activity statement" reflecting all receipt and disbursement activity for the preceding period on a cash basis; (iii) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format; (iv) a "balance sheet" reflecting the financial condition of the Association on an unaudited basis; (v) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and (vi) a "delinquency report" listing all Owners who are delinquent in paying assessments and describing the status of any actions to collect such assessments.

Section 5.5. Limitations. The Board of Directors may employ a managing agent for an initial term not to exceed two years; provided, however, that the terms of any such management agreement may be renewable by mutual agreement of the parties for successive one-year terms. Any contract with the managing agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than ninety days written notice and with cause on no more than thirty days written notice.

ARTICLE 6

OFFICERS

Section 6.1. Designation and Duties of Officers. The principal officers of the Association shall be the President (who shall also serve as Chairman of the Board of Directors), the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also elect an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The President and Vice President shall be Owners (or an officer, partner or employee of an Owner), except for those directors designated or elected by the Declarant, and directors. Any other Officers may, but need not, be Owners, representatives of Owners or directors. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent (if any) inconsistent with the Act or the Association Documents, and shall perform such other duties as may be assigned to such Officer by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the President (or the Board of Directors if the President fails to do so) may appoint another qualified person to act in such Officer's stead on an interim basis.

Section 6.2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any Officer may hold more than one position; provided, however, that the offices of President, Vice President and Secretary shall be held by three different individuals. Except for death, resignation or removal, the Officers shall hold office until their respective successors shall have been elected by the Board.

Section 6.3. Resignation or Removal of Officers. Any Officer may resign by delivering written notice to the Board of Directors. Unless otherwise specified, such resignation shall take effect upon the receipt thereof, and acceptance of such resignation shall not be necessary to make it effective. Upon the affirmative vote of a majority of the total number of directors, any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 6.4. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The person appointed to fill a vacancy shall serve for the remainder of the term of the Officer such person replaces.

Section 6.5. President. The President shall be the chief executive officer of the Association; preside at all meetings of the Association and of the Board of Directors; have general and active direction of the business of the Association subject to the control of the Board; see to the execution of the resolutions of the Association and the Board of Directors; see that all orders and resolutions of the Board are carried into effect; and, in general, perform all the duties incident to the Office of President.

Section 6.6. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other director to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President.

Section 6.7. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board may direct and as may be required by Section 13.1-932 of the Act and Section 55-510 of the

POA Act or otherwise by law; give or cause to be given all notices required to be given by the Association; give each Owner notice of any Assessment against such Owner's Lot as soon as practicable after any such Assessment is made; give each Owner notice and a copy of the Rules and Regulations and any amendment thereof; maintain a register setting forth the place to which all notices to Owners and Mortgagees hereunder shall be delivered; file or cause to be filed the annual reports required by Section 13.1-936 of the Act and Section 55-516.1 of the POA Act or otherwise by law; make it possible for any Owner or Mortgagee to inspect and copy at reasonable times and by appointment the records of the Association; and, in general, perform all the duties incident to the Office of Secretary.

Section 6.8. Treasurer. The Treasurer shall be responsible for Association funds and securities; keep or cause to be kept full and accurate financial records and books of account showing all receipts and disbursements; prepare or cause to be prepared all required financial data, including the Statement of Common Expenses required by Section 6.6 of the Declaration; deposit all monies and other valuable effects in the name of the Board of Directors or the Association in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the Office of Treasurer.

Section 6.9. Managing Agent. The managing agent may perform the duties of the Secretary or Treasurer at the direction of the Board of Directors or such Officers.

ARTICLE 7

COMMITTEES

Section 7.1. Required Committees.

(a) Covenants Committee. The Board of Directors shall establish a Covenants Committee as provided in Article 9 of the Declaration.

(b) Elections Committee. The Board of Directors shall establish an Elections Committee as provided in Article 5 of the Articles of Incorporation.

Section 7.2. Other Committees. The Board of Directors may create and abolish from time to time such other committees consisting of two or more persons as the Board may deem appropriate to aid in the administration of the affairs of the Association. Such committees shall have the powers and duties fixed by resolution of the Board from time to time.

Section 7.3. Appointment and Removal. The Board shall appoint the chair of each committee and may either appoint the other committee members or leave such appointment to the committee chair. The Board of Directors may remove a committee member with or without cause on three days written notice; provided, however, that the Board of Directors may not appoint or remove any member of the Initial Construction Committee, such right being reserved to the Declarant.

Section 7.4. Committee Meetings. The procedures for committee meetings shall be the same as set forth for meetings of the Board of Directors in Section 4.2, and the chair shall serve as the presiding officer of the committee.

Section 7.5. Action by Committee Without a Meeting. Any action required or permitted to be taken at a committee meeting may be taken without a meeting if consent in writing, setting forth the action taken, shall be signed either before or after such action by all of the committee members. Any such written consent shall have the same force and effect as a unanimous vote and shall be filed with the minutes of the committee.

ARTICLE 8

FIDUCIARY DUTIES

Section 8.1. Signature Requirements. Unless otherwise provided in the resolution of the Board of Directors: (1) all agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of one percent of the total annual assessment for Common Expenses for that fiscal year and all checks drawn upon reserve accounts shall be signed by any two persons designated by the Board of Directors; and (2) all such instruments for expenditures or obligations of one percent or less of the total annual assessment for Common Expenses for that fiscal year, except from reserve accounts, may be signed by any one person designated by the Board of Directors. Notwithstanding the foregoing, instruments creating or paying obligations for less than Five Thousand Dollars, except for withdrawals from reserve accounts, may be signed by only one person. The managing agent, if so designated by the Board of Directors, or any Officer of the Association may sign a Statement of Common Expenses or an Association Disclosure Packet on behalf of the Association.

Section 8.2. Conflicts of Interest. Each director or Officer shall exercise such director's or Officer's powers and duties in good faith and in the best interests of the Association. Any common or interested director or Officer may be counted in determining the presence of a quorum at any meeting of the Board of Directors, a committee or the Owners which authorizes, approves or ratifies any contract or transaction. The voidability of a transaction involving a director or Officer with a conflict of interest shall be determined in accordance with Section 13.1-871 of the Act.

Section 8.3. Liability and Indemnification.

(a) No Personal Liability. The directors, Officers and members of any committee shall not be liable to the Association or any Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. Directors and Officers shall have no personal liability with respect to any contract made by them on behalf of the Association. No Owner shall be liable for the contract or tort liability of the Association by reason of ownership or membership therein. Every agreement made by the Board of Directors, the Officers or the managing agent on behalf of the Association shall, if obtainable, provide that the directors, the Officers or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder.

(b) Indemnification. The Association shall indemnify the directors, Officers and members of any committee to the extent that it is contemplated a nonstock corporation may indemnify its directors, officers, members and employees pursuant to Sections 13.1-875 through 13.1-883 of the Act; provided, however, that before the Association uses association funds for indemnification, all insurance proceeds must be obtained and applied toward such indemnification. The foregoing right of indemnification shall not be exclusive of any other rights to which a person may be entitled by law, agreement, vote of the Owners or otherwise.

(c) Directors and Officers Liability Insurance. The Association shall have the power, pursuant to Article 10 of the Declaration, to purchase and maintain insurance on behalf of any person who is or was a director, Officer or member of a committee against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of this section. Further, the availability of

the Association's indemnity shall not relieve any insurer of any liability under an insurance policy held by the Association.

Section 8.4. Compensation of Directors and Officers. The Association may pay a recording secretary. Otherwise, no salary or other compensation shall be paid by the Association to any director or Officer of the Association for serving or acting as such, unless such compensation is approved by a Majority Vote of the Owners. The foregoing shall not preclude the payment of salary or other compensation for the performance by such director or Officer of other services to the Association nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or Officer.

ARTICLE 9

BOOKS AND RECORDS

Section 9.1. Maintenance. The Association shall keep books and records as required by Section 13.1-932 of the Act and Section 55-510 of the POA Act or otherwise by law. The Association shall keep records of: (i) its governing documents (i.e., Association Documents, Rules and Regulations and Design Guidelines); (ii) its actions (Board resolutions, meeting minutes, etc.); and (iii) its financial condition (receipts and expenditures affecting the finances, operation and administration of the Association, budget, financial statements, etc.). All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least annually by an accountant retained by the Board of Directors who shall not be an Owner, an occupant of a Lot or an employee of an Owner or occupant of a Lot. Upon the request of any Mortgagee, any Secondary Mortgage Market Agency or upon a Majority Vote of the Owners (or the written request of Owners entitled to cast more than fifty percent of the total number of votes) or as otherwise determined by the Board of Directors, the books and records shall be audited. The cost of such audit shall be a Common Expense. The audit shall be available within one-hundred twenty days after the end of the fiscal year.

Section 9.2. Availability. The books and records of the Association shall be available for examination by the Owners, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days at the times and in the manner established by the Board of Directors for the general knowledge of the Owners in accordance with Section 13.1-933 of the Act and Section 55-510 of the POA Act or as otherwise required by law; provided, however, that the Association is not required to maintain or make available records over three years old unless otherwise required by law. The list of Owners required by Section 2.8 shall be available for inspection for a period of ten days prior to the meeting and at the meeting. Pursuant to Section 13.3 of the Declaration, all Mortgagees or their authorized representatives shall have the right to examine the books and records of the Association on the same terms and conditions as the Owners. The Board of Directors may fix from time to time a reasonable charge to cover the direct and indirect costs of providing any copies.

Section 9.3. Accounting Report. Within one hundred twenty days after the end of each fiscal year, the Board of Directors shall make available to all Owners and to each Mortgagee requesting the same, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves.

Section 9.4. Fiscal Year. The first fiscal year of the Association shall begin on the date of the conveyance of the first Lot to an Owner other than the Declarant or a Builder and end on the last day of December, unless otherwise determined by the Board of Directors. Each

subsequent fiscal year shall commence on January 1 and end on December 31, unless otherwise determined by the Board of Directors.

Section 9.5. Association Filings. The Association shall also file and maintain the annual reports required to be filed with the Virginia State Corporation Commission by Section 13.1-936 of the Act and with the Virginia Real Estate Board by Section 55-516.1 of the POA Act or otherwise required by law.

ARTICLE 10

NOTICES

Except as specifically provided otherwise in the Act or the Association Documents, all notices, demands, bills, statements or other communications under the Association Documents shall be in writing and shall be deemed to have been duly given if hand delivered personally to an Owner or the Owner's address of record or delivered by telegraph, teletype or other form of wire or wireless communication, electronic transmission or by private carrier or sent United States mail, postage prepaid pursuant to Section 3.1-810 of the Act, or if notification is of a default, hearing or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid: (1) if to an Owner, at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of a Lot owned by such Owner; (2) if to the Association, the Board of Directors or to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the Owners pursuant to this section; or (3) if to a Mortgagee, at the address indicated by the Mortgagee in a written notice to the Association. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the address shown in the Association records. Notice of meetings may be included as part of the Association's newsletter, if the newsletter is ordinarily delivered to every Lot, or published in a newspaper of general circulation as permitted by Section 13.1-810 B of the Act. If a Lot is owned by more than one Person, notice to one of the Persons comprising the Owner is sufficient notice to the Owner.

ARTICLE 11

AMENDMENTS

These Bylaws may only be amended by a Majority Vote of the Owners if a copy of the proposed amendment or a summary thereof has been inserted in the notice of meeting or all of the Owners are present in person or by proxy. No amendment to these Bylaws may diminish or impair the rights of the Declarant under the Bylaws without the prior written consent of the Declarant. No amendment to these Bylaws may diminish or impair the rights of the Mortgagees under the Bylaws.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of EAST STRATFORD PHASE C & D HOMEOWNERS ASSOCIATION, a Virginia nonstock corporation; and

THAT the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted by the Board of Directors pursuant to the Organizational Minutes dated _____, 20_____.

IN WITNESS WHEREOF, I have hereunto subscribed my name on _____, 20_____.

SECRETARY

EAST STRATFORD PHASE C & D HOMEOWNERS ASSOCIATION

INSTRUCTIONS FOR PROXIES

1. USE THE PROXY ONLY IF YOU DO NOT WISH TO VOTE IN PERSON.
2. PROXY SHOULD BE SIGNED BY ALL OWNERS OF RECORD OF THE LOT OR LOTS, BUT SIGNATURE BY ONE OWNER IS SUFFICIENT.
3. THE PROXY MAY BE REVOKED ONLY BY ACTUAL NOTICE TO THE PRESIDENT OF THE ASSOCIATION (OR OTHER PERSON PRESIDING OVER THE MEETING IF NOT THE PRESIDENT).
4. Print your name, address and Lot number(s).
5. Print the name of the person you wish to designate as your proxy.
6. If you wish to have someone else vote on your behalf (Uninstructed Proxy): Check appropriate box. If you grant an uninstructed proxy, the proxy holder may decide how to cast your vote on any issues raised at the meeting.
7. If you wish to indicate your vote (Instructed Proxy): Check the appropriate box and fill in the names of the candidates for the Board of Directors for whom you wish to vote or your vote for or against each question to be decided.
8. Give the proxy form to the person you have designated as your proxy.
9. A copy of the Proxy must be filed with the Secretary at the meeting. If possible, please mail or deliver a copy of the proxy in advance to EAST STRATFORD PHASE C & D HOMEOWNERS ASSOCIATION, c/o _____
Secretary, _____

EAST STRATFORD PHASE C & D HOMEOWNERS ASSOCIATION

PROXY FORM

Address _____ Lot No(s). _____ No. of Votes _____

(I) (WE) _____ AND _____
(Print) (Print)

under the provisions of Section 3.4 of the Bylaws, the undersigned hereby grant(s) (MY) (OUR) proxy to _____ * for the sole purpose of casting (my)(our) votes at the meeting on _____, 20____ or any subsequent meeting called due to a failure to obtain a quorum at the first attempt to hold the meeting.

*IF NO OTHER NAME IS FILLED IN, THE PROXY SHALL BE AUTOMATICALLY GRANTED TO THE PRESIDENT OF THE ASSOCIATION.

Check the appropriate box:

The person named in this proxy may cast the votes appurtenant to the Lot(s) referenced above for any _____ candidates for the Board of Directors he or she chooses.

The person named in this proxy must cast the votes appurtenant to the Lot(s) referenced above for the following candidates for the Board of Directors:

The person named in this proxy must cast my votes

[Check one box]

For Against As he/she sees fit

[question to be decided]

The person named this proxy may /may not cast the votes appurtenant to the Lot (s) referenced above on any other matter that may arise at the meeting as he or she sees fit.

NOTE: A COPY OF THE PROXY MUST BE FILED WITH THE SECRETARY AT THE MEETING