

BYLAWS OF
NORTH RIDGE HOME OWNERS ASSOCIATION, INC.

Adopted on July 25, 1992

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NORTH RIDGE HOME OWNERS ASSOCIATION, INC.

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ARTICLE I. Members.

Section 1. Membership in the Association. The members of the Association shall be every owner in fee simple of a section of the property described in Exhibit A to the Declaration of Covenants, Conditions, and Restrictions (the Declaration) made by the North Ridge Home Owners Association, Inc., recorded in the Clerk's Office, Circuit Court, County of Bath, Virginia, that has been set aside as a site for a single family unit; provided, however, that any person or entity who holds merely a lien or security interest on an owner's interest in a unit for the performance of an obligation shall not be a member unless and until such person or entity has succeeded to such owner's interest by enforcement of such lien or security interest.

The Board of Directors of the Association may suspend any person from the benefits of membership in the Association during any period of time when such person is in default of any of his obligations under the Declaration, including, without limitation, the failure to pay any assessment or to abide by any of the rules and regulations adopted by the Board of Directors concerning the use of the property, provided that such default has continued for a period of ten (10) days after written notice thereof to such member. Such suspension shall not terminate the obligation of such

member under the Declaration, these Bylaws, and the Articles of Incorporation.

ARTICLE II. Meetings of Members.

Section 1. Annual Meeting. The annual meeting of the members shall be held on the third Saturday in August of each year, commencing in August, 1993. Such annual meetings shall be held to elect members of the Board of Directors, if necessary, and to carry out the purposes set forth in the Articles of Incorporation.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or, in his absence, by the Vice-President, or by any Director, or by members holding not less than fifty percent (50%) of the votes.

Section 3. Notice of Meetings. Written notice stating the place, day and hour of each annual or special meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered by the Secretary to each member not less than thirty (30) days before the date of the annual meeting, or ten (10) days in the case of a special meeting, either personally or by mail, to each member at his address as shown on the records of the Association.

Section 4. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) Call to order.
- (b) Reading of minutes of preceding meeting of members.
- (c) Reports of officers.
- (d) Election of members of the Board of Directors (when

so required).

(e) Other business.

(f) Adjournment.

Section 5. Quorum and Voting. One-third (1/3) of the members of the Association entitled to vote in person or by proxy shall constitute a quorum for the transaction of business at any meeting of the members. Less than a quorum may adjourn the meeting to a fixed time and place, no further notice of any adjourned meeting being required. Except where a greater total is required by the laws of Virginia, the Declaration, the Bylaws, or the Articles of Incorporation, a majority vote of the members is required to adopt decisions or pass resolutions at any meeting of the Association.

Section 6. Conduct of Meeting. The President shall preside at all meetings of the members. If the President is not present at any meeting, the Vice-President shall preside. If neither the President nor the Vice-President is present, a Chairman shall be elected by the members present at the meeting. The Secretary of the Association shall act as secretary at all meetings of the members. If the Secretary is not present, the Chairman shall appoint a secretary to record the minutes of the meeting. The Chairman may appoint one or more inspectors and tellers to determine the qualification of members to vote, the validity of proxies, and the result of ballots.

ARTICLE III. Directors.

Section 1. Powers. The affairs of the Association shall be managed by the Board of Directors.

Section 2. Number, Appointment, Election and Tenure. As provided in the Articles of Incorporation, as amended, the number of Directors constituting the Board shall be seven (7). At the annual meeting in 1993, the members shall elect the full membership of the Board for terms of three (3) years. (*Amendment adopted August 21, 1993*)

Section 3. Removal and Vacancies. Any vacancy occurring in the Board of Directors may be filled on an interim basis at any meeting of the Board of Directors by a majority vote of the remaining Directors, even though less than a quorum or a sole Director remain. Said appointment or appointments shall be in effect until the next meeting of the members of the Association, who shall then elect to the vacancy or vacancies, Directors to serve out the remaining term of those replaced. Election of Directors may be conducted by mail ballot if the Board so determines.

A Director may be removed from the Board by a majority vote of the members of the Association at an annual, regular, or special meeting, and a vacancy or vacancies so created shall be filled as provided above.

Section 4. Meetings and Notices. Annual meetings of the Board of Directors shall be held immediately following the annual meeting of the members. At such meeting, the Board of Directors shall elect officers and transact such other business as may come before the meeting. Regular meetings of the Board of Directors shall be held at such places and times as the Board of Directors, by vote,

may determine from time to time. Special meetings of the Board of Directors may be held at any time or place whenever called by the President, the Vice-President, or the Secretary of the Association. Notice of special meetings, stating the time and place thereof, shall be given by mailing or delivering such notice to each Director at his residence or business address at least five (5) days before the meeting. Meetings may be held without notice if all of the Directors waive notice either before or after the meeting.

Section 5. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business, and the act of a majority of the Directors shall be the act of the Board of Directors.

ARTICLE IV. Officers.

Section 1. Officers. The officers of the Association shall consist of a President, a Vice-President, and such other Vice-Presidents as may be elected by the Board of Directors, a Secretary, a Treasurer, and such other officers, including, if desired, an Operations Officer, as may be elected. Each officer shall be elected annually by the Board of Directors promptly after the annual meeting of the Association. The Operations Officer, if any, and the Secretary shall not be required to be Directors. The term of office of all officers shall be one year or until their respective successors are elected. Any two or more offices may be held by the same person, except that the President and the Secretary may not be the same person. Vacancies among all the

offices may be filled by the Board of Directors at any duly called meeting of the Board.

Section 2. Removal. Any officer of the Association, including, without limitation, the Secretary, may be removed at any time by a resolution passed by an affirmative vote of a majority of all the Directors at any duly called meeting of the Board of Directors.

Section 3. Duties. If an Operations Officer is appointed by the Board of Directors, that officer, under the supervision of the President of the Association as its chief executive officer, shall be the principal administrative officer of the Association. The Operations Officer shall be responsible for all activities necessary to implement the policies of the Board of Directors, shall prepare and submit budgets and financial reports to the Board of Directors, and shall have general administrative responsibility for the personnel, records, and property of the Association. The other officers of the Association shall have such duties as generally pertain to their offices, respectively, as well as such powers and duties as from time to time shall be conferred upon such officers by the Board of Directors.

Section 4. Qualifications. All officers of the Association, except the Operations Officer and the Secretary, shall be unit owners, as defined in the Declaration.

ARTICLE V. Committees.

The Board of Directors, by resolution duly adopted, may establish such committees of limited authority in the management of

the affairs of the Association as the Board of Directors may deem necessary or advisable, and the number of members, the terms of office of such members and the authority vested in such committee shall be determined by the Board of Directors and set forth in the resolution establishing such committee.

ARTICLE VI. Compensation.

All directors, officers, and committee members shall serve without compensation, except the Operations Officer, if one be appointed, and the Secretary. The compensation of the Operations Officer and the Secretary shall be fixed by the Board of Directors. The Association shall pay the reasonable expenses incurred by the officers of the Association in the performance of their duties.

ARTICLE VII. Construction.

In the event of a conflict between the Declaration and the Articles of Incorporation or the Bylaws, the Declaration shall control; and in the case of any conflict between the Articles of Incorporation and the Bylaws that the Declaration does not resolve, the Articles of Incorporation shall control.

ARTICLE VIII. Fiscal Matters.

Section 1. Assessments. As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due

date, the assessment shall, unless waived by the Board of Directors, bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment, all as more particularly provided in the Declaration. No owner may waive or otherwise escape liability for the assessments provided for herein.

Section 2. Use of Funds. All funds of the Association shall be held and disbursed strictly in accordance with the purposes set forth in the Articles of Incorporation and as approved by the Board of Directors.

Section 3. Budgets. An annual budget shall be prepared and distributed in accordance with the provisions of the Declaration.

Section 4. Checks, Notes, and Drafts. Checks, notes, drafts, and other orders for the payment of money shall be signed by such persons as the Board of Directors may designate from time to time.

Section 5. Depository or Other Agency. The Board of Directors may designate an appropriate depository or other agency to hold, apply and disburse funds of the Association, subject to regulations adopted from time to time by the Board of Directors.

Section 6. Methods of Payment. Monthly assessments which are of a fixed nature shall not be billed to the members. As a reasonable measure of economy and to insure a steady flow of operating capital, the Board of Directors sets forth the following

acceptable methods of payment:

(a) For those holding an account at the First Virginia Bank-Highlands, a CTA (charge on the account) to be paid in the set amount on the tenth (10th) day of each month to NRHOA Account #1068-8102.

(b) A monthly check to be sent by the member's bank of deposit and drawn to the North Ridge Home Owners Association, Inc., to the above-named First Virginia Bank-Highlands, P.O. Drawer W, Hot Springs, Virginia 24445.

(c) Should a member wish to pay by personal check, it is incumbent upon the member to mail such check to the aforesaid First Virginia Bank-Highlands at the Post Office Drawer designated above so as to insure its arrival at said depository before the tenth (10th) day of each month.

Section 7. Annual Audit. The financial records of the Association shall be audited once each year by a certified public accountant, and a report of such audit shall be submitted to the Board of Directors promptly upon completion of the audit.

Section 8. Expenditures. Except as authorized by the Board of Directors, no money shall be expended and no contract or obligation for the payment of money made in the name of or on behalf of the Association requiring payment in excess of the sum of the cash on hand and the total amount of unappropriated current annual dues.

Section 9. Fiscal Year. The Association's fiscal year shall commence on July 1st and end on June 30th of the immediately succeeding year. (*Amendment adopted June 26, 1993*)

ARTICLE IX. Corporate Seal.

The seal of the Corporation shall be a flat-faced circular die, of which there may be any number of counterparts, with the word "SEAL", the name of the Corporation, and the year of its incorporation engraved thereon.

ARTICLE X. Amendments to Bylaws.

Except as otherwise provided in this Section, the power to amend these Bylaws shall be vested in the Board of Directors. Amendments may be adopted at any meeting of the Board of Directors at which a quorum is present by an affirmative vote of a majority of those present.

ARTICLE XI. Preservation of Non-Profit Status.

The Association shall operate as a cooperative so that it shall qualify to file income tax returns under the appropriate section of the Internal Revenue Code.