

BYLAWS  
OF  
CEDAR RIDGE PROPERTY OWNERS ASSOCIATION, INC.

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## BYLAWS

### ARTICLE 1

#### General Provisions

Section 1.1. Applicability. These Bylaws provide for the governance of Cedar Ridge, a subdivision located in Franklin County, Virginia. It is the overall duty of this corporation to control and monitor all aspects of this subdivision.

Section 1.2. Office. The office of the Cedar Ridge Property Owners Association, Inc., and the Board of Directors shall be located at the Property or at such other place, as may be designated from time to time by the Board of Directors. The initial office shall be at the office of CF&O Development Corp., Route 3, Box 161, Moneta, Virginia 24121.

Section 1.3. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Amended Declaration of Restrictions or as defined herein. The following terms have the following meanings:

- (a) "Development" means the entire tract known and developed at Cedar Ridge.
- (b) "Limited Common Expenses" means expenses separately assessed against more than one but less than all of the property owners generally in accordance with the use of the services.
- (c) "Majority of the Property Owners" means those Property Owners owning Lots representing more than fifty percent of the aggregate and actually voting in person or by proxy at a duly convened meeting at which a quorum is present.
- (d) "Mortgagee" means a Lender holding a first mortgage or first deed of trust ("Mortgage") encumbering a Lot in the development.
- (e) "Officer" means any person holding office pursuant to Article 4 of these Bylaws.
- (f) "Property or The Property" means any property, real or personal, subjected to the processes of the Amended Declaration of Restriction of Cedar Ridge.
- (g) "Association" means the nonprofit corporation known as Cedar Ridge Property Owners Association, Inc.

### ARTICLE 2

## The Association

Section 2.1. Composition. The Association shall consist of all of the Property Owners. For all purposes the Association shall act merely as an agent for the Property Owners as a group. The Association shall have the responsibility of administering the Development, establishing the means and methods of collecting assessments and charges, arranging for the management of the Development and performing all of the other acts that may be required or permitted to be performed by the Association. The foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth in Article 3 of these Bylaws.

Section 2.2. Annual Meetings. The annual meetings of the Association shall be held at least seventy-five days before the beginning of each fiscal year on such date other than a Sunday or legal holiday as may be established by the Board of Directors. At such annual meetings members of the Board of Directors shall be elected by ballot of the Property Owners in accordance with the requirements of Section 3.3 of these Bylaws. During the Declarant Control Period, the Declarant shall be entitled to designate members of the Board of Directors not elected pursuant to Section 2.4. If the special meeting held pursuant to Section 2.4. is held within six month of a scheduled annual meeting, the annual meeting shall not be held until the following year.

Section 2.3. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Property Owners as may be designated by the Board of Directors.

### Section 2.4. Special Meetings.

- (a) The President shall call a special meeting of the Association if so directed by resolution of the Board of Directors or after the termination of the Declarant Control Period, upon a petition signed and presented to the Secretary by Property Owners of not less that twenty-five percent of the membership. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.
- (b) Not later than the termination of the Declarant Control Period, a special meeting of the Association shall be held at which a majority of the members of the Board of Directors shall be elected by the Property Owners, including the Declarant if the Declarant owns one or more Lots. If such election is held prior to the time required by this section, the members of the Board of Directors elected at such election shall not take office until the earlier of the time such election is required to be held or resignation of a director appointed by the Declarant without appointment of a replacement within ten days. The elected members of the Board of Directors shall assume office in the order of the highest number of votes received. Any remaining members of the Board of Directors designated by the Declarant shall continue to serve until their terms expire; provided, however, that no more than two such directors may serve during the first year after the special meeting and

no more than one such director may serve during the second year of the special meeting.

Section 2.5. Notice of Meetings. The Secretary or other officer shall give to each Property Owner a notice of each annual or regularly scheduled meeting of the Property Owners at least twenty-one but not more than thirty days, and of each special meeting of the Property Owners at least seven but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof.

Section 2.6. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Property Owners of a majority of the Percentage Interests who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

Section 2.7. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) roll call (proof of quorum);
- (b) proof of notice of meeting;
- (c) reading of minutes of preceding meeting;
- (d) reports of officers;
- (e) report of Board of Directors;
- (f) reports of committees;
- (g) election or appointment of inspection of election (when so required);
- (h) election of members of the Board of Directors (when so required);
- (i) unfinished business; and
- (j) new business.

Section 2.8. Title to Lots. Title to a lot may be taken in the name of one or more Persons, in any manner permitted by law. The association may acquire, hold and transfer full legal title to one or more Lots in the Development in its own name.

Section 2.9. Voting.

- (a) Voting at all meetings of the Association shall be on the basis of one vote for each Lot owned. Where the ownership of a Lot is in more than one Person, the Person who shall be entitled to cast the vote of such Lot shall be the Person named in a certificate executed by all of the owners of such Lot and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Lot shall be the person owning such Lot who is present. If more than one person owning such Lot is present, then such vote shall be cast only in accordance with their unanimous agreement. Such certificate shall be valid until revoked by a subsequent certificate similarly executed.
- (b) Except where a greater number is required by law, a Majority of the Property Owners is required to adopt decisions at any meeting of the Association. Pursuant to Article VI of the Articles of Incorporation of

this Association, the Declarant, CF&O Development Corp., shall be entitled to three votes for each lot or unit owned by it.

- (c) No Property Owner may vote at any meeting of the Association or be elected to or serve on the Board of Directors if payment of the assessment on his Lot is delinquent more than thirty days and the amount necessary to bring his account current has not been paid at the time of such meeting or election. There shall be no cumulative voting.

Section 2.10. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Property Owner in favor of only another Property Owner, the Secretary of the Association, the Declarant or his Mortgagee. Proxies shall be duly executed in writing, shall be witnessed, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Unit. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred eighty days after the execution thereof.

Section 2.11. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of twenty percent or more of the Property Owners shall constitute a quorum at all meetings of the Association.

Section 2.12. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted by the meeting, as well as a record of all transactions occurring thereat. The President may appoint a person as parliamentarian at any meeting of the Association. The then current edition of the Roberts Rules of Order shall govern the conduct of all meetings of the Association. All votes shall be tallied by tellers appointed by the President or other officer [office] presiding over the meeting.

### ARTICLE 3

#### Board of Directors

Section 3.1. Powers and Duties. 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 by law or by these Bylaws required to be exercised and done by the Association. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Development; provided, however, that such Rules and Regulations shall not be in conflict with any Declaration of these Bylaws or the Declaration of Restrictions, as amended from time to time. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall on behalf of the Association:

- (a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each Property Owner for the Common Expenses.
- (b) Make assessments against Property Owners to defray the costs and expenses of the Development, establish the means and methods of collecting such assessments from the Property Owners and establish the period of the installment payment, if any, of the annual assessment for Common Expenses.
- (c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Development.
- (d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and for providing services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the property of the Association.
- (e) Collect the assessments against the Property Owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.
- (f) Make and amend the Rules and Regulations.
- (g) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Property, and repairs to and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (i) Enforce by legal means the provisions of the Declaration of Restrictions of Cedar Ridge, these Bylaws and the Rules and Regulations, act on behalf of the Property Owners with respect to all matters arising out of any eminent domain proceeding, and notify the Property Owners of any litigation against the Association involving a claim in excess of two percent of the amount of the annual budget.
- (j) Obtain and carry insurance against casualties and liabilities, as provided in Article 6 of these Bylaws or as may be deemed appropriate by the Board of Directors, pay the premiums therefore and adjust and settle any claims there under.



- (k) Pay the cost of all authorized services rendered to the Association.
- (l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property and the administration of the Development, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries therein shall be available for examination by the Property Owners, their attorneys, accountants and authorized agents during general business hours on business days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Property Owners. All books and records shall be kept in accordance with generally accepted accounting principles, and an independent auditor retained by the Board of Directors shall audit the same at least once each year. The cost of such audit shall be a Common Expense.
- (m) Notify a Mortgagee of any default hereunder by the Property Owner of the Lot subject to such Mortgage, if such default continues for a period exceeding thirty days.
- (n) Borrow money on behalf of the Association when required in connection with any instance relating to the operation, care, upkeep and maintenance of the Common Elements; provided, however, that the consent of at least two-thirds in number of all Property Owners, obtained either in writing or at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of the Ten Thousand Dollars (\$10,000.00).
- (o) Acquire, hold and dispose of Lots or land and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Association.
- (p) In its sole discretion, designate from time to time certain Common Elements as Reserved or Limited Common Elements and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.
- (q) Do such other things and acts not inconsistent with law, the Declaration of Restrictions of Cedar Ridge or these Bylaws, which the Board of Directors may be authorized to do by a resolution of the Association.

Section 3.2. Number and Term of Office.

- (a) Designated Members. The initial Board of Directors shall consist of no less than three or more than nine persons, all of whom shall be designated by the Declarant. The term of office of at least two of such persons shall expire at the third annual meeting; the term of office of up to three additional persons shall expire at the second annual meeting; and the term of office of any other persons shall expire at the first annual meeting. The Declarant shall fix the term of each designee. At the special meeting required by subsection 2.4(b), a number of persons designated by the Declarant shall resign if necessary so that a majority of the members of the Board of Directors shall have been elected in accordance with subsection 2.4(b). The persons elected shall serve for the remainder of the terms of office of the resigning members of the Board of Directors who such persons replace, or if no resignation was required, for the terms of office necessary so that the term of office of one-third of the members of the Board of Directors shall expire at each of the first three annual meetings after their election. The persons receiving the greatest vote shall be elected for the longest available terms. At the expiration of the terms of office of all members of the Board of Directors designated by the Declarant or elected at the special meeting held pursuant to subsection 2.4(b), all successor directors shall be elected to serve for a term of three years.
- (b) Elected Members. No later than the first annual meeting of the Association after the end of the Declarant Control Period, the Board of Directors shall be composed of three persons, all of whom shall be Property Owners, Mortgagees (or designees of Mortgagees) or designees of the Declarant. Except for resignation or removal, the members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

### Section 3.3. Election of Directors.

- (a) Elections Committee. At least ninety days prior to the special meeting required by section 2.4(b) of these Bylaws and each annual meeting of the Association, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board of Directors whose term is not then expiring and at least three other Property Owners. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board of Directors.
- (b) Nominations. Persons qualified to be directors may be nominated for election only by a nominating petition submitted by the Chairman of the Elections Committee at least thirty-five days before the meeting at which the election is Property and either signed by the nominee or accompanied by a document signed by the nominee indicating a willingness to serve as a member of the Board of Directors; provided, however, that additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one person has been

nominated by petition. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve. This subsection (b) does not apply to Persons appointed to the Board of Directors by the Declarant.

- (c) Qualifications. No Person other than an appointee of the Declarant shall be eligible for election as a member of the Board of Directors unless he is (alone or together with one or more other Persons) a Property Owner. No Person shall be elected as a member of the Board or shall continue to serve as a member of the Board if he is delinquent in his financial obligations to the Property Owners Association.

Section 3.4. Removal or Resignation of Directors. Except with respect to directors designated by Declarant, at any regular or special meeting duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a Majority of the Property Owners, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Property Owners shall be given at least seven days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Board of Directors may resign at any time and, except for a director designated by the Declarant, shall be deemed to have resigned upon disposition of his Lot, or if not in attendance at three consecutive regular meetings of the Board, unless the minutes reflect consent to such absence.

Section 3.5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Directors until a successor shall be elected at the next annual meeting of the Association. During the Declarant Control Period, the Declarant shall designate the successor to any member previously designated by the Declarant who resigns or is removed.

Section 3.6. Annual Organizational Meeting. The first meeting of the Board of Directors following the annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be fixed by the Association at the meeting at which such board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors is present at the meeting.

Section 3.7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every fiscal quarter during each fiscal year, except the quarter in which the annual organizational meeting occurs. Notice of regular meetings of the Board of

Directors shall be given in writing to each director, by hand delivery, mail or telegraph, at least three days prior to the day named for such meeting.

Section 3.8. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each director, given in writing by hand delivery, mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three directors. In the event that the President shall certify the existence of an emergency, he shall be authorized to call a special emergency meeting without any written notice. A quorum must be present to act at such meeting and all action taken at such time shall be by unanimous vote. Meetings by way of conference telephone calls are authorized.

Section 3.9. 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, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting.

Section 3.10. Quorum of Board of Directors. At all meetings of the Board of Directors a majority or the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business, which might have been transacted at the meeting originally called, may be transacted without further notice. A member of the Board of Directors who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.11. Fidelity Bonds. As required by subsection 6.3(a) hereof, there shall be obtained fidelity bonds in an amount not less than one-half the total annual regular assessments for the year (in such form and such greater amounts as may be required by Mortgagees) for all officers, directors and employees of the Association, handling or responsible for Development funds. The premiums on such bonds shall constitute a Common Expense.

Section 3.12. Compensation. No director shall receive any compensation from the [The] Association for acting as such.

Section 3.13. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these Bylaws.

Section 3.14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.15. Liability of the Board of Directors, Officers, Property Owners and Association.

- (a) No officer, member of the Board of Directors or member of any Committee shall be liable to the Association or any Property Owner for any mistake of judgment, negligence or otherwise, except for his own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the officers and directors from and against all contractual liability to others arising out of contracts made by the officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of law, the Declaration of Restrictions of Cedar Ridge, or these Bylaws, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them in good faith on behalf of the Association. The liability of any Property Owner arising out of any contract made by the officers or Board of Directors, or out of the indemnification of the members of the Board of Directors or officers, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of an Interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by his membership interest, if any. Every agreement made by the officers, the Board of Directors on behalf of the Association shall, if obtainable, provide that the officers or the members of the Board of Directors, as the case may be, are acting only as agents for the Association and shall have no personal liability there under. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director or officer of the Association against expenses (including attorney's fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association.
- (b) The Association shall not be liable for any failure of the Association to obtain or pay for water supply or other services as a Common Expense, or for injury or damage to Person or property caused by the elements or by any Property Owner, or

any other Person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Property Owner, or other person, for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of or failure to make repairs or improvements to the Common Elements or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 3.16. Common or Interested Directors. Each member of the Board of Directors shall exercise his powers and duties in good faith and with a view to the interests of Cedar Ridge. No contract or other transaction between the Association and any of its directors, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subsections exists:

- (a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board of Directors authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- (b) The fact of the common directorate or interest is disclosed or known to at least a Majority of the Property Owners, and the Property Owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- (c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

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

Section 3.17. Board of Directors as Attorney-in-Fact. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the Property Owners of all of the Lots and for each of them, to manage, control and deal with the interests of such Property Owners in the Common Elements of The Development to permit the

Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each Property Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in The Development or the property to adjust and settle all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

## ARTICLE 4

### Officers

Section 4.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer; an assistant secretary and such other officers as in its judgment may be necessary. The President, Vice President, Secretary and Treasurer shall be Property Owners in The Development and members of the Board of Directors. Any other officers may, but need not, be Property Owners or members of the Board of Directors.

Section 4.2. 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 of Directors and shall hold office at the pleasure of the Board of Directors.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board 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 of Directors or at any special meeting of the Board of Directors, called for such purpose.

Section 4.4. 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 management of the business of the Association subject to the control of the Board of Directors; see that all orders and resolutions of the Board of Directors are carried into effect; and appoint committees from among the Property Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5. 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 member of the Board of Directors 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 4.6. 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 of Directors may direct; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the place to which all notices

to Property Owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary.

Section 4.7. Treasurer. The Treasurer shall be responsible for Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; 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 of Directors; and, in general, perform all [a] the duties incident to the office of treasurer.

Section 4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for the aggregate expenditures or obligations in excess of One Thousand Dollars, and all checks drawn upon reserve accounts, shall be executed by any two persons designated [designed] by the Board of Directors. All such instruments for expenditures or obligations of One Thousand Dollars or less, except from reserve any one person designated by the Board of Directors may execute accounts.

Section 4.9. Compensation of Officers. No officer who is also a director shall receive any compensation from the Association for acting as such officer. Other officers may be compensated as authorized by the Board of Directors.

## ARTICLE 5

### Operation of the Property

#### Section 5.1. Determination of Common Expenses and Assessments Against Property Owners.

- (a) Fiscal Year. The fiscal year of the Association shall be January 1st through December 31st.
- (b) Preparation and Approval of Budget.
  - (1) At least one hundred twenty days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements, and those parts of the Property which it is the responsibility of the Board of Directors to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Declaration of Restrictions, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the



Property and the rendering to the Property Owners of all related services. The budget shall reflect the separate assessment of Limited Common Expenses.

(2) Such budget shall also include such reasonable amounts, as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. At least sixty days before the beginning of each fiscal year, the Board of Directors shall send to each Property Owner a copy of the budget in a reasonable itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Property Owner's assessment for the Common Expenses of the Association, and will state the amount of the monthly assessment for the following year.

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed proportionately against the Property Owners except for Limited Common Expenses which shall be assessed against each Property Owner benefited in proportion to the relative Interest of or benefit to such Lots inter se, and shall be a lien against each Property Owner's Lot. On or before the first day of each fiscal year and the first day of each of the succeeding eleven months in such fiscal year, each Property Owner shall be obligated to pay to the Board of Directors one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all Property Owners, 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. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the Property Owners, or be credited according to each Property Owners Interest to the next monthly installments due from the Property Owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the Property Owners and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six equal monthly installments, as the Board of Directors may determine.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget, which may become necessary during the year shall

be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Property Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Property Owners as the directors shall determine and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on Property Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten days after the sending of such notice of further assessment. All Property Owners so notified shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such Assessment shall be a lien as of the effective date as set forth in the preceding subsection (c).

- (e) Initial Capital Payment. Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing thirty days after such selection and ending on the last day of the fiscal year in which such selection occurs. Assessments shall be levied and become a lien against the Property Owners during such period as provided in subsection (c) of this section.
- (f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Property Owner's obligation to pay his share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Property Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notified of a revised monthly payment in accordance with this Section.
- (g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Property Owners or from any other source may be commingled into a single fund or held for each Property Owner.

Section 5.2. Payment of Common Expenses. Each Property Owner shall pay the Common Expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Section 5.1. No Property Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Expenses by waiver of the use of the use of any of the Common Elements or by abandonment of his Lot in any other manner whatsoever. No property owner shall be personally liable for the payment of any part of the Common Expenses assessed against his Lot subsequent to the date of recordation of a conveyance by him in fee of such Lot.

Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Property Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Property Owner amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled at his expense to a statement setting forth the amount of the unpaid assessments against the selling Property Owner within five business days following a written request therefore to the Board of Directors and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that unless notice of lien for assessment has been recorded each Mortgagee or purchaser at foreclosure who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against such Lot which accrue prior to the time such Mortgagee come into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Lots.

Section 5.3. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Property Owner, which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment, or installment thereof, not paid within five days after due shall accrue a late charge in the amount of Ten Dollars, or such other amount as may be established from time to time by the Board of Directors.

Section 5.4. Statement of Common Expenses. The Board of Directors shall promptly provide any Property Owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Property Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5.5. Maintenance Repair, Replacement and Other Common Expenses.

- (a) By the Board of Directors. The Board of Directors at the expense of the Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Property Owner) of all of the Common Elements (including the Limited Common Elements) as defined herein or in the Declaration of Restrictions, Cedar Ridge, the cost of which shall be charged to all Property Owners as a Common Expense; provided, however, that each Property Owner under the direction of the Board of Directors shall perform maintenance on the Limited Common Elements appurtenant to his Lot and any portion of the remaining Common Elements which the Board of Directors pursuant to the

Rules and Regulations has given him permission to utilize, including without limitation the items enumerated in subsection (b) hereof. The ultimate right to provide routine maintenance and upkeep of Common Areas shall be with the Association.

## ARTICLE 6

### Insurance

#### Section 6.1.1. Authority to Purchase; Notice.

- (a) All insurance policies relating to the Association and its property shall be purchased by the Board of Directors. The Board of Directors and the Declarant shall not be liable for failure to obtain any coverages required by this Article 6 or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at demonstrably unreasonable costs,
- (b) Each such policy shall provide that:
- (1) When possible, the insurer waives any right to claim by way of subrogation against the Declarant (the Association, the Board of Directors, the Property Owners, and their respective agents, employees, guests and, in the case of the Property Owners, the members of their households);
  - (2) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any Property Owner (including his invitees, agents and employees) or of any member, officer or employee of the Board of Directors unless prior demand has been made in writing that the Board of Directors cure the defect and neither shall have so cured such defect within thirty days after such demand;
  - (3) Such policy may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty days' prior written notice to the Board of Directors.
- (c) The Declarant, so long as Declarant shall own any Lot, shall be protected by all such policies as a Property Owner.
- (d) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia.

- (e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a Common Expense.

Section 6.2. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage and errors and omissions coverage for directors) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, each Property Owner and the Declarant against any liability to the public or to the Property Owners (and their invitees, agents and employees) arising out of, or incident to the ownership and/or use of the Common Elements or Areas. Such insurance shall be issued on a comprehensive liability basis. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Hundred Thousand Dollars covering all claims for bodily injury or for property damage arising out of one occurrence.

Section 6.3. Other Insurance. The Board of Directors shall obtain and maintain:

- (a) adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association. Such fidelity bonds shall: (i) name the Association as an obligee; (ii) be written in an amount not less than one-half the total annual assessments for the year; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;
- (b) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law;
- (c) such other insurance as the Board of Directors may determine or as may be requested from time to time by a Majority of the Property Owners.

## ARTICLE 7

### Amendments to Bylaws

Section 7.1. Amendments. Until the conclusion of the Declarant Control Period, these Bylaws may not be modified or amended as provided herein; provided, however, that until the expiration of the Declarant (Developer) Control Period, Sections 2.2, 2.9, 3.2, and 7.1. may not be amended in any respect without the prior written consent of the Declarant. All amendments to the Bylaws shall be prepared and recorded by the Secretary. After the Declarant Control Period, amendments shall be by two-thirds vote of the members (Property Owners) or as shall be provided by amendment hereto.

## ARTICLE 8

Miscellaneous

Section 8.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly give when delivered personally or mailed by United States mail, postage prepaid, or if notification is of a default or lien, mailed by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to a Property Owner, at the address which the Property Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Property Owner, or (ii) if to the Association or the Board of Directors, at the principal office of the Association or at such other address as shall be designated by notice in writing to the Property Owners pursuant to this Section. If a Lot is owned by more than one Person, each such Person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 8.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 8.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be seemed to include the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed on behalf of the Association by its principal officer this 29th day of March, 1988.

CEDAR RIDGE PROPERTY OWNERS ASSOCIATION, INC.

By: Original signed by Roy N. Oliver  
President

.....  
*Note: This document was digitized (typed in "MS Works" word processor format) from the original graphics document by a hired typist (found on the Internet) in June of 2001. It was proof read by David Weiler (Director and President), Patricia Van Dyk (Director and Secretary/Treasurer), and Mary Weiler on July 13 - 17, 2001, and except as noted below, is believed to be a faithful rendering of the original, copies of which are in the association's files and in the files of the Clerk of the Court of Franklin County.*

*A few obvious minor errors were corrected at that time. These are shown in [brackets]. Other legalese that did not seem to make sense was not changed, as the true intended wording could not be ascertained or reasonably guessed at. These instances are not marked.*

*Later, this "doc." form was created to enable reading by Microsoft WORD and WORDPAD.*

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*This document shall be the official copy of the  
no date stamp appears, the rendering is not official.*

*Bylaws as of the date of the date stamp below. If*

*David Weiler  
7/13/2001*

*Official date stamp: Tuesday, July 17, 2001.*