

BYLAWS  
OF  
STAR BLUE LAKE ASSOCIATION, INC.

ARTICLE I  
NAME AND LOCATION

The name of the association is STAR BLUE LAKE ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the association shall be located at \_\_\_\_\_, \_\_\_\_\_, Virginia \_\_\_\_\_, but meetings of Members and Directors may be held at such places within or without the Commonwealth of Virginia as may be designated by the Board of Directors upon notice as hereinafter provided.

ARTICLE II  
DEFINITIONS

Section 2.1. "Act" shall mean the Virginia Property Owners' Association Act, Code of Virginia, 1950, Section 55-508 et seq., as amended.

Section 2.2. "'Articles" shall mean and refer to the Articles of Incorporation of the Association filed with the Virginia State Corporation Commission, as the same may be amended from time to time.

Section 2.3. "Association" shall mean and refer to Star Blue Lake Association, Inc., a nonstock, nonprofit corporation organized under the laws of the Commonwealth of Virginia, its successors and assigns.

Section 2.4. "Bylaws" shall mean the Bylaws of the Association, as may be amended.

Section 2.5. "Common Area and/or Common Elements" shall mean and refer to the following real property: (1) ~~Well Lot, being a parcel of land containing \_\_\_\_\_ acres~~ That certain land surveyed and designated as the "New Well Lot, Containing 1.243 Acres, Total" and being more particularly described on Exhibit A, attached hereto; (2) the "Community Lot", being Lot 19, Collinsville Land Corporation, and being more particularly described as Parcel 2 on Exhibit A, attached hereto, which "Community Lot" includes the "boat ramp" located hereon; and (3) the street lights to be maintained by the Association; and, the area of land along State

Secondary Route \_\_\_\_\_, which the Association may undertake to mow and remove litter from same. Each Common Area may be referred to in its distinct individual capacity.

Section 2.6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded in the Office of the Clerk of the Circuit Court of Franklin County, Virginia, in Deed Book \_\_\_\_\_264, at Page \_\_\_\_\_231, including any amendments and supplements thereto.

Section 2.7. "Lot" shall mean and refer to the existing twenty-two (22) lots in the Collinsville Land Corporation Subdivision, specifically, those lots as designated on Exhibit B, attached hereto.

Section 2.8. "Member" shall mean and refer to every person or entity who holds a Class A or Class B membership in the Association, provided each class of membership shall be as herein defined.

Section 2.9. "Mortgagee" shall mean and refer to any person or entity secured by a first mortgage of deed of trust on any Lot and who has notified the Association in writing of this fact.

Section 2.10. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but excluding those persons or entities having such interest merely as security for the performance of an obligation.

Section 2.11. "Person" shall mean a natural person, corporation, trust or other legal entity.

### ARTICLE III MEETINGS OF THE MEMBERS

Section 3.1. Annual Meetings. Meetings of the Members are deemed meetings of the Association. 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 at such time and place as may be fixed from time to time by resolutions of the Board of Directors.



Section 3.2. Special Meetings. Special meetings of the Membership shall be held if sought (i) by resolution of the Board of Directors, (ii) by request of the President of the Association, or (iii) by petition(s) signed by Class A Members representing at least one-fourth (1/4) of all of the votes of the Class A membership; provided, that such resolution, request or petition(s) must (i) specify the place at which the meeting is to be held, (ii) either specify a time at which the meeting is to be held which will permit the Secretary to comply with Section 3.3 hereof, or else specify that the Secretary shall designate the time of the meeting, (iii) specify the purpose(s) for which the meeting is to be held, and (iv) 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 3.3. Notice of Members Meetings.

(a) Written notice stating the place, day and hour of each annual meeting of the ~~Membership/Association~~Membership and, in case of a special meeting, the purpose(s) for which the meeting is called, shall be given to each Member at least fourteen (14) days in advance of an annual meeting and at least seven (7) days in advance of a special meeting, but in no event not more than sixty (60) days before the date of any meeting, either personally or by mail, facsimile or e-mail, or by private courier, by the Secretary or an Assistant Secretary, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail addressed to the Member at the address as it appears on the records of the Association, with postage thereon prepaid. If given in any other manner, such notice shall be deemed effective when received. Notwithstanding the foregoing, notice must be given in accordance with the Act.

(b) If a meeting is adjourned to a different date, time, or place, notice need not be given if the new date, time, or place is announced at the meeting before adjournment.

(c) Notwithstanding the provisions of subsection (a), notice of a meeting to act on an amendment to the Articles of Incorporation, on a plan of merger, a proposed sale of assets pursuant to § 13.1-900 Va. Code, as amended, or the dissolution of the Association shall be given in the manner provided above not less than twenty-five (25) nor more than sixty (60) days before the date of the meeting. Any such notice shall be accompanied by a copy of the proposed amendment, plan of merger, sale of assets or

listing of reasons for dissolution.

Section 3.4. Waiver of Notice; Attendance at Meetings.

(a) Whenever any notice is required to be given of any meeting of the Members, a waiver thereof in writing signed by a Member entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice to that person. Such waiver shall be delivered to the Secretary of the corporation for inclusion in the minutes or filing with the corporate records.

(b) A member 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 member 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.

Section 3.5. Action by Members Without Meeting. Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of said Members.

Section 3.6. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association if Members entitled to cast more than one-third (1/3) of the votes of the membership are present, in person or by proxy, at the beginning of such meeting. If a quorum is present, the affirmative vote of the majority of the votes represented at the meeting and entitled to vote on the subject matter shall be the act of the Association unless the vote of a greater number is required by law or by the Articles of Incorporation, and except that in elections of Directors those receiving the greatest number of votes shall be deemed elected, even though not receiving a majority.

Section 3.7. Absence of Quorum. In the absence of a quorum at any meeting, the Members present in person or by proxy and entitled to vote there at, or, if no Members entitled to vote are present in person or by proxy, any officer authorized to preside at, or act as Secretary of, such meeting, may adjourn the meeting from time to time, for periods not exceeding twenty (20) days at



any one time, until a quorum shall be present. No notice of the time and place of the adjourned meeting need be given other than by announcement thereof at the time of adjournment. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called if a quorum had been present.

Section 3.8. Voting Rights. The Association shall have two classes of membership, but only one class shall have voting rights:

CLASS A: Class A Members shall be all Lot Owners who have registered with the Association to be a Member. When more than one person holds an interest in any Lot, all persons must sign to be a Member. Once a Member of this Association, the vote for such Lot shall be exercised as the Lot Owners among themselves determine, but in no event shall any more than one (1) vote be cast with respect to any Lot. Voting rights of Class A Members may be suspended if a Class A Member fails to pay dues, levies or assessments and the Board of Directors, by resolution, suspends such Member's rights to vote during the time such Member is delinquent in any said payment.

CLASS B: The Class B Members shall be those Lot Owners who have not registered with the Association to be a Member. Until registration, Class B Membership shall not have a voting right in the Association. The Class B Membership rights and interests in the Common Areas shall be as determined by majority vote of the Membership or Board of Directors. Class B Members are not entitled to the notice of any meeting except the annual meeting and their participation at any meeting and at the annual meeting is as an observer, not a participant. Regardless, Class B Members must pay such dues, levies and assessments (special or otherwise) as may be imposed.

Section 3.9 Manner of Voting. Voting by Members shall be by voice vote unless any member present at the meeting, in person or by proxy, demands a vote by written ballots indicating the name of the owner voting, the number of votes appertaining to such member, and the name of the proxy of such ballot if cast by a proxy.

At the election of the Board of Directors, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these By-Laws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Proxies must be filed with the Secretary before the appointed time of each meeting. No such proxy shall be revocable except by actual notice by the Lot Owner to the person presiding over the meeting that it has been revoked. Any proxy shall be void if it is not dated, if it purports to be revocable other than by the methods set forth in this section, if the signatures of those executing the proxy have not been witnessed by a person who shall sign his full name and address, or if such proxy has not been signed by a person having authority, at the time of the execution of the proxy, to execute deeds on behalf of the Lot Owner. Any proxy shall terminate automatically upon the adjournment of the meeting held on or after the date of that proxy. If the proxy is uninstructed, the President of the Association may vote the proxies as he or she deems appropriate.

Section 3.10. Order of Business. The order of business at all annual meetings of the Association shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Report of officers;
- (e) Report of committees;
- (f) Election of directors;
- (g) Unfinished business; and
- (h) New business.

ARTICLE IV  
DIRECTORS AND OFFICERS

Section 4.1. Number and Selection of Directors. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be managed by a Board of Directors. The Board shall consist of at least three (3) Directors but no more than seven (7) selected in accordance with the Articles and these By-Laws. A Director must be a Class A member.



Section 4.2. Vacancies in Board of Directors. Except as provided in Section 4.3 hereof and in the Articles of Incorporation, any vacancy occurring in the Board of Directors by reasons of death, resignation, increase in the number of Directors or otherwise, may be filled by the vote of a majority of the remaining Director(s) even if the remaining Director(s) comprise less than a quorum of the Board.

Section 4.3. Removal of Directors. At a meeting of the Members called expressly for that purpose, any Director(s) may be removed, with or without cause, by a majority vote, and a successor shall thereupon be elected by such majority to fill the vacancy or vacancies thereby created.

Section 4.4. Resignation of Director or Officers. Any Director or Officer may resign at any time by giving written notice to the Board of Directors or to the President or the Secretary. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective. A Director or Officer shall be deemed to have resigned at such time as the Director or Officer ceases to be a Class A Member.

Section 4.5. Meetings of Directors. The Board of Directors shall meet regularly without notice at such intervals, times and places as may be fixed from time to time by resolutions of the Board. Special meetings of the Board shall be held when called by the President or by a majority of the Directors with at least three (3) days notice to the remainder of the Board, or not less than twenty-four (24) hours after notice has been received by the remainder of the Board, whichever period is shorter. However, notice of a special meeting may be waived by any Director in writing or by attending the 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.

The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means or communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 4.6. Quorum of Directors. A majority of the Board of

Directors constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 4.7. Actions of the Board Not Requiring Approval.  
Subject to any limitations provided by law, the Articles of Incorporation, or Section 4.8 hereof, the Board of Directors shall have power, by and pursuant to its resolutions and without the approval of any Member or Mortgagee, to:

(1) exercise all rights, powers and authority conferred on the Association or on the Board by Section 13.1-825, et seq., of the Code of Virginia or other law, by the Articles of Incorporation, or by other provisions of these Bylaws;

(2) do or cause to be done all acts and things which the Association may do;

(3) employ and dismiss managing agents, independent contractors, employees and such other persons as the Board may determine, and to fix their respective duties and rates of compensation;

(4) adopt and amend rules and regulations and design guidelines governing the use and enjoyment of the Common Areas;

(5) set, increase and/or decrease levies, fees and billings and set special assessments or levies to maintain the water system and/or the Community Lot and/or the street lights and/or mowing in any Common Area as is deemed necessary; and

(6) set dues, levies and billings for the upkeep and maintenance of all Common Areas.

Section 4.8. Actions of the Board Requiring Approval.

(1) If approved in each case by a majority of the Class A Membership votes cast at an annual or special meeting of the Association at which a quorum is present, the Board of Directors shall have power, by or pursuant to its resolutions, to:

(a) borrow money on behalf of the Association; and

(b) set, increase and/or decrease levies, fees and billings and set special assessments or levies to maintain the



water system and/or the Community Lot and/or the street lights and/or mowing in any Common Area as is deemed necessary.

(2) If approved in each case by two-thirds (2/3) of the Class A Membership votes cast at an annual or special meeting of the Association at which a quorum is present, the Board of Directors shall have power, by or pursuant to its resolutions, to:

(a) levy ~~a~~ special assessments pursuant to Section 6 of Article V of the Declaration. NEED TO CHECK THIS!!!!!!

(b)

(3) Extraordinary Actions of the Association. The provisions of this section shall not be construed to reduce the vote that must be obtained from Members where a greater vote is required by the Act or these By-Laws.

(4) Nonmaterial Amendments. Any amendment to the Association Documents shall not be considered material if made only for the purpose of correcting technical errors or for clarification.

Section 4.9. Duties of the Board. It shall be the duty of the Board of Directors, on behalf of the Association to:

(1) cause to be kept a complete record of the proceedings and resolutions of the Board;

(2) adopt the budget of the Association for the forthcoming fiscal year for presentation at the annual meeting of the Association, such budget to contain an adequate reserve fund for the upkeep of any elements on the Common Areas that must be replaced on a periodic basis;

(3) levy and cause to be collected dues, levies and assessments against the Lots in accordance with the Articles of Incorporation and these By-Laws;

(4) keep and maintain proper books and records as required by Virginia law, the Articles of Incorporation and these By-Laws;

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

(6) obtain, if deemed necessary, fidelity bond coverage against dishonest acts on the part of Directors, Officers, trustees, managers, employees or agents responsible for handling funds collected and held for the benefit of the Association, as it may deem appropriate;

(7) maintain adequate liability insurance on the Common Areas in such amounts as the Board may from time to time determine by resolution;

(8) maintain and mow the grass and maintain and provide or replace, as needed, landscaping on any real property owned by the Association;

(9) maintain, upkeep and if approved by vote of the Class A Membership, improve the "street lights" located within the subdivision known as Collinsville Land Corporation;

(10) maintain all Common Areas owned by the Association;

(11) maintain and operate the water distribution system (i.e., the wells, well lot, lines, tank(s) and distribution system for the water system) serving the subdivision and Community known as Collinsville Land Corporation;

(12) maintain and upkeep and if voted upon by a majority of the Class A Members, improve the ramp located on Lot 19, Collinsville Land Corporation;

(13) have the authority to perform any lawful act found and deemed necessary to effect the duties, obligations and responsibilities determined for the benefit of the Association and/or Community;

(14) utilize professional or other qualified individual and/or corporation, if desired, and/or hire such individuals and companies as needed to perform and/or otherwise satisfy these obligations; and

(15) otherwise perform or cause to be performed the functions and obligations of the Board and the Association as provided for in the Declaration, Articles of Incorporation and these Bylaws.

Section 4.10. Appointment and Term of Officers. The Officers



of the Association shall include a President and Secretary, who shall be members of the Board of Directors, a Treasurer, the members of any committees appointed by the Board, and such other Officers having such titles and duties as the Board may from time to time determine by resolution. All Officers shall be appointed by the Board for a period of one (1) year to serve at the pleasure of the Board. The offices of President and Secretary shall be held by different persons, but those persons or any other persons may hold any number of other offices. At its option, the Board of Directors may create the position of Vice President. Any Officer or Director must be a Class A Member. Committee members are not required to be Class A members.

Section. 4.11. Residency of Officers. No Officer of the Association need reside on any lot owned by the Officer.

Section 4.12. Committees. The Board of Directors may create and abolish from time to time such committees 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 of Directors from time to time. The Board of Directors shall appoint the chairman of each committee, and may either appoint the other members thereof or leave such appointment to the committee chairman.

Section 4.13. Duties of Officers.

(a) President. It shall be the duty of the President to preside at the meetings of the Association and the Board of Directors; see to the execution of the resolutions of the Association and the Board and to report to each on any failure of any of its resolutions to be executed; and to appoint a Secretary *pro tem* at any meeting at which the Secretary is absent; and, subject to resolutions of the Board of Directors, to manage and control the affairs of the Association as its chief executive officer.

(b) Vice President. It shall be the duty of the Vice President, if any, to act in the place and stead of the President in the event of his absence or failure or inability to act, and such other duties as required of the Vice President by the Board.

(c) Secretary. It shall be the duty of the Secretary to keep the minutes and record the resolutions at all meetings of the Association and of the Board of Directors; to give all notices

required by these Bylaws to be given to Members and Directors; to give to each Member(s)/Owner(s) notice of each assessment against his Lot(s) as soon as practicable after the assessment is made; to give notice and a copy of the rules and regulations and design guidelines and any amendment thereof to each Member as soon as practicable after the adoption thereof; to make it possible for any Member to inspect and copy, at reasonable times and by appointment, the records of the Association (other than records in the custody of the Treasurer) and of the Board; to give notice to each Member of any dedication, conveyance and transfer by the Association of any property or of any easement or other estate or interest therein; and to give on behalf of the Board of Directors any notice contemplated by these Bylaws or the Articles of Incorporation.

(d) Treasurer. It shall be the duty of the Treasurer to receive and deposit in appropriate insured accounts with financial institutions all income of the Association; to disburse the funds of the Association only in accordance with resolutions of the Board of Directors; and to keep orderly books showing the income and expenditures of the Association and to make it possible for any Member to inspect and copy the same at reasonable times and by appointment.

(e) All Officers. It shall be the duty of each Officer (including the foregoing officers), to perform such duties as are normally associated with said office under Virginia law, and each Officer shall perform such other duties as are assigned to said office by law or resolution of the Association or of the Board of Directors.

Section 4.14. Committees. The Board of Directors may create and abolish from time to time such committees 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. The Board shall appoint the chairman of each committee, and may either appoint the other members thereof or leave such appointment to the chairman thereof.

Section 4.15. Actions by Directors or Committee Without Meeting. Any action required or permitted to be taken at a meeting of the Directors or of a committee 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 by all of the Directors, or all of the members of the committee, as the case may be. Such



consent shall have the same force and effect as a unanimous vote.

Section 4.16. Conflict of Interest.

(a) No contract or other transaction between the Association and one or more of its Directors or Officers, or in which one or more of its Directors or Officers are interested, and no contract or other transaction between the Association and any other corporation, partnership, joint venture, trust or other entity in which one or more of its Directors or Officers are interested, shall be either void or voidable because of such relationship or interest or because such Director(s) are present at the meeting of the Board of Directors which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, provided that the material facts as to his or their relationship or interest are disclosed or known: (i) to the Board of Directors which authorizes, approves or ratifies the contract or transaction by a vote sufficient for the purpose without counting the votes of such interested Director(s), or (ii) to the Owners entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent.

(b) No contract or other transaction described in subsection (a) of this section shall be void or voidable despite failure to comply with parts (i) or (ii) of subsection (a), provided that such contract or transaction was fair and reasonable to the Association in view of all the facts known to any Director or Officer at the time such contract or transaction was entered into on behalf of the Association.

Section 4.17. Indemnification of Directors, Officers, Employees and Agents: Insurance.

(a) 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, whether civil, criminal, administrative, arbitratve or investigative (other than an action by or in the right of the Association) by reason of the fact that he/she is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other entity, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if

he/she acted in good faith and in the manner he/she reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

(b) The Association shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the act that he/she is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other entity against expenses (including attorney's fees) actually and reasonably incurred by him/her in connection with defense or settlement of such action or suit (if he/she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Association) and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to be indemnified for such expense which such court shall deem proper.

(c) To the extent that a Director, Officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (a) or (b), or in defense of any claim, issue or matter therein, he/she shall be indemnified by the Association against expenses (including attorney's fees) actually and reasonably incurred by him/her in connection therewith.

(d) Any indemnification under subsections (a) and (b) (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee or agent is proper in the circumstances because he/she has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made (1) by the Board of Directors who were not parties to such action, suit or proceeding, or (2) if such a



quorum is not obtainable, or, even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the Owners.

(e) Expenses (including attorney's fees) incurred in defending an action, suit or proceeding, whether civil, criminal, administrative, arbitratve or investigative, may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in subsection (d) upon receipt of an undertaking by or on behalf of the Director, Officer, employee or agent to repay such amount unless it shall ultimately be determined that he/she is entitled to be indemnified by the Association as authorized in this section.

(f) The Association shall have the power to make any other or further indemnity, including from criminal proceedings, of any person referred to in this section to the fullest extent that may be authorized by law and pursuant to a resolution adopted, before or after the event, by the Owners, except an indemnity against said person's gross negligence or willful misconduct. Each such indemnity may continue as to a person who has ceased to have the capacity referred to in this section and may inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, company, trust or other entity against any liability asserted against him/her and incurred by him/her in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him/her against such liability under the provisions of this section.

Section 4.18. Compensation of Directors and Officers. No salary or other compensation shall be paid to any Director or Officer of the Association for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by such Director or Officer of other services to the Association.

ARTICLE V  
DUES AND LIENS ON PROPERTY

## COVENANTS FOR MAINTENANCE ASSESSMENTS

### Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS.

(1) Every member, Class A and Class B, hereby covenants, and each Owner of any Lot by acceptance of a deed or other transfer document therefor, whether or not it shall be so expressed in such deed or other transfer document, is deemed to covenant and agree to pay to the Association:

(a) Dues, levies and assessments or charges; and

(b) Special assessments for capital—improvements, capital or otherwise, and for operating, repair and replacement of the common Areas and/or Common Elements, and to establish or supplement any reserve fundsfund account, such assessments to be fixed, established and collected as hereinafter provided.

Owners shall pay all dues, levies, charges and assessments levied by the Association.

The annual and special assessments, dues, levies and charges, as the case may be, together with interest, costs and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who is the Owner of such Lot at the time the assessment falls due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title (other than as a lien on the Lot) unless expressly assumed by them. There shall be a \$25.00 late charge on any assessment not paid within ten (10) days of the due date. If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the judgment rate, or fifteen percent (15%) whichever is greater, and reasonable attorney fees. The Association may bring legal action against the Owner personally obligated to pay the same or may enforce by foreclosure the lien against the Lot. In the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action. No Owner of a Lot may waive, or otherwise escape liability for the assessments provided



for herein by non-use of the Common Areas or the abandonment of ~~his/her/its~~the Lot.

(2) The lien of the assessments provided for herein shall be subordinate to the lien of any first deed of trust or mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to a foreclosure of a first lien deed of trust or mortgage, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments which thereafter become due or from the lien thereof.

Section 2. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used for the purposes stated in Article IV, Section 9, and for expenses for the payment of taxes and insurance.

Section 3. CHARGES, LEVIES AND ASSESSMENTS.

(a) Charges for water supply and the upkeep and maintenance of the Well Lot, the Well(s) and distribution system shall be fixed by the Board of Directors at the annual meeting or by a special meeting called for such purpose.

(b) Charges for the upkeep and maintenance of the "Community Lot and Boat Ramp" shall be fixed by the Board of Directors at the annual meeting or by a special meeting called for such purpose.

(c) Charges for mowing shall be fixed by the Board of Directors at the annual meeting or by a special meeting called for such purposes.

(d) Charges for the street lights shall be fixed by the Board of Directors at the annual meeting or by a special meeting called for such purposes.

(e) The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment for any year, provided that it shall be an affirmative obligation of the Association and its Board of Directors to fix such assessments at an amount sufficient to insure the purposes stated in this Article, Section 2, and to provide reserves for such purposes.

Section 4. CHANGE IN ANNUAL ASSESSMENTS. The Board of

Directors of the Association may, without a vote of the Members of the Association, prospectively increase the annual assessments (fixed by Section 3(a) hereof) by an amount which is no greater than twenty percent (20%) above the annual assessments for the previous year. For purposes of this Section, the initial annual assessment shall be \_\_\_\_\_ (\$\_\_\_\_\_) Dollars per Lot. The Association may prospectively increase the maximum of the assessment (above the amount permitted pursuant to the preceding sentence) provided that any such change shall have the ~~assent~~consent of two-thirds (2/3) of votes of each ~~c~~Class of A Members who are voting in person or by proxy, at the annual meeting or any special meeting duly called for this purpose.

Section 5. DETERMINATION OF ANNUAL ASSESSMENTS.

(a) Fiscal Year. The fiscal year of the Association shall consist of the twelve-month period commencing on January 1 of each year and terminating on December 31 of that year.

(b) Preparation and Approval of Budget. Each year, on or before December 1, the Board of Directors shall adopt a budget containing an estimate of the total amount which it considers necessary to pay the cost of upkeep, maintenance, management, operation, repair and replacement of the duties aforesaid, the costs associated with mowing, snow removal and landscape maintenance associated with Lots, and the cost of wages, materials, insurance premiums, services, supplies and other expenses and the rendering to the Lot Owners of all related services. 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. The Board of Directors shall send to each Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the common expenses payable by each Owner, on or before December 15 preceding the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Owner's assessment as hereinbefore provided.

(c) ReservesEstablishment of Reserve Fund. ~~The Board of DirectorsAssociation shall build upestablish and maintain an adequate reserve funds for working capital and contingencies, to be collected as part of the annual assessment as hereinbefore providedor major repairs and replacements of improvements on the Common Area by periodic allocation to such reserve fund of an amount to be designated from time to time by the Board. Assessments, fees or charges received from Members in excess of related expenses for that fiscal year shall be allocated to the~~



reserve fund at the end of the fiscal year.

(d) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget or adjusted budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his assessment as herein provided whenever the same shall be determined; and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the assessment at the existing rate established for the previous fiscal period in the manner such payment was previously due until notified otherwise.

(e) Accounts. Except as otherwise provided, all sums collected by the Board of Directors with respect to assessments against the Owners may be commingled into a single fund.

Section 6. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS AND OPERATING RESERVES. In addition to the annual assessments authorized by Section 3 of this Article V, the Association may levy in any assessment year a special assessment (which must be fixed at one uniform rate for each Lot) applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including the necessary fixtures and personal Property related thereto, and for operating the Common Areas, and fulfilling the other obligations of the Association set out in Article IV, Section 59, for which purposes a reserve fund does not exist or is not adequate; provided, that any such assessment shall have the ~~assent~~consent of two-thirds (2/3) of the ~~Class A Member votes who are~~membership voting in person or by proxy at a meeting duly called for this purpose ~~and the consent of the Class B Member, if any.~~

Section 7. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The annual assessments as to any Lot shall commence on the conveyance of such Lot from the Developer to an Owner and shall be due and payable thereafter on the first day of each calendar month thereafter unless the assessments are required by the Board of Directors to be paid quarterly, in which event they shall be due and payable thereafter on the first day of January, April, July, and October. The due date of any special assessment under Section 6 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. DUTIES OF THE BOARD OF DIRECTORS. In the event of any change in the annual assessment as set forth herein, the Board

of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Lot for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall, upon demand at any time, furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid or the amount of any unpaid assessment. A reasonable charge may be made by the Association for the issuance of such certificate. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. NO ALIENATION OF LOTS. No Owner shall be permitted to convey, mortgage, hypothecate, sell, lease, give or devise his Lot unless and until he (or his personal representative) shall have paid in full to the Association all unpaid assessment against his Lot, except as otherwise specifically provided herein. The Association shall promptly furnish to any Lot Owner (or his devisee or personal representative) requesting the same in writing pursuant to this Section, a recordable statement certifying whether or not such Lot Owner is then obligated for any outstanding assessments previously levied against such Lot and the amount, if any, then outstanding. In the event that the Lot is subject to outstanding expenses previously levied against such Lot, the statement shall certify any waiver of, or failure or refusal to exercise, the right of the Association to prevent the disposition of such Lot, in all cases where the Association allows such disposition. Failure or refusal to promptly furnish such a statement in such circumstances shall make the above-mentioned prohibition inapplicable to any such disposition of the Lot. Any such statement shall be binding on the Association and every Lot Owner.

## ARTICLE VI MISCELLANEOUS

Section 5.1. Books and Records. The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any Class A Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Class A Member at the registered office or the principal office of the Association in this state, where copies may be purchased at reasonable cost.



Section 5.2. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year, except that the first fiscal year shall begin on the date of incorporation; provided that said dates fixing the fiscal year may be adjusted at the discretion of the Board.

Section 5.3. Signatures. Checks, notes, drafts and other orders for the payment of money shall be signed by such persons as the Board of Directors from time to time may authorize.

Section 5.4. Method of Amendment. These Bylaws may be amended at any meeting of the Association by a two-thirds (2/3) vote of the Class A Members, provided that the proposed amendment has been inserted in the notice of meeting ~~and~~ that ~~three-fourthstwo-thirds~~ (3/4~~2~~/3) of the Class A Members are present in person or by proxy. ~~These Bylaws may also be amended at any meeting of the Board of Directors provided that the proposed amendment has been inserted in the notice of the meeting and provided at least four-fifths (4/5) of the total number of Directors shall be present at such meeting with three-fifths (3/5) voting for the amendment proposed.~~

~~Section 5.5. Establishment of Reserve Fund. The Association shall establish and maintain reserve funds for working capital or major repairs and replacements of improvements on the Common Area by periodic allocation to such reserve fund of an amount to be designated from time to time by the Board. Assessments, fees or charges received from Members in excess of related expenses for that fiscal year shall be allocated to the reserve fund at the end of the fiscal year.~~

Section 5.65. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control.

Section 5.76. Gender, etc. Whenever in the Bylaws the context so requires, the singular number shall mean the plural and the converse, and the use of any single gender shall be deemed to include both genders.

ADOPTED \_\_\_\_\_, 2007

\_\_\_\_\_  
Secretary

Initial Director

---

Initial Director

---

Initial Director