

BY-LAWS OF
THE BREEZWOOD UNIT OWNERS' ASSOCIATION

ARTICLE I Office

Office. The office of the Association and of the Board of Directors shall be located at Wintergreen or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II Definitions

- Section 1. "Association" shall mean the Breezwood Unit Owners' Association, its successors and assigns.
- Section 2. "Properties" shall mean those certain lots and open spaces which are shown on a plat and survey prepared by Steven L. Key, C.L.S., titled "Subdivision Plat of Breezwood Cottages, Phase 1, at Stoney Creek, Wintergreen, Nelson County, Virginia" and recorded in the Clerk's Office of the Circuit Court of Nelson County, Virginia in Plat Cabinet 3 at Slide 607A
- Section 3. "Unit" shall mean a Lot or Home as those terms are defined in the Covenants.
- Section 4. "Member" shall mean every person or entity entitled to membership as provided in the Covenants.
- Section 5. "Owner" or "Unit Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Unit which is part of the Properties, including contract sellers, but excluding those holding title merely as security for the performance of an obligation.
- Section 6. "Covenants" shall mean the "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions The Breezwood Covenants"

ARTICLE III

Membership

Section 1. Every person or entity who is a record owner of a whole or partial interest in any Unit which is subject by the Covenants to assessment by the Association, including with Seller's permission, contract purchasers, shall be a member of the Association. When a Unit is owned of record in the name of two or more individuals, each co-owner shall be a member provided, however, that the vote appertaining to such Unit shall be cast in accordance the covenants. Membership shall be appurtenant to and may not be separated from any unit which is subject to assessment by the Association. Ownership of such Unit shall be the sole qualification for membership.

ARTICLE IV

Obligations of the Owners

Section 1. Expenses, Assessments. Every Owner shall contribute toward the Common Maintenance Expenses described in the Covenants. The Association shall fix a quarterly assessment for each Home in an amount sufficient to provide for its share of the Expenses of the Association, subject to adjustment from time to time as the Association may deem necessary. Each Unit shall pay that portion of such expenses as provided in the Covenants. Such quarterly charge shall be due and payable in advance on the first day of every calendar quarter, shall at the option of the Board of Directors when established at a duly called meeting of said Board, bear interest at the rate permitted by law or at such lesser rate as may be established by the Board of Directors of the Association from due date until paid.

Section 2. Perfection and Foreclosure of Lien. The Association may perfect its lien against any Unit for which assessments are not paid within ninety (90) days from the time such assessments became due. The waiving of the perfection of such lien shall not waive the right of the Association to maintain an action at law to recover a money judgment for unpaid assessments. Any Owner who is delinquent in the payment of his assessments shall be responsible for the costs and reasonable attorney's fees incurred by the Association in the collection of such assessments.

Section 3. Title. Every Unit Owner shall promptly cause to be duly recorded in the Clerk's Office of the Circuit Court of Nelson County, Virginia, the deed or other conveyance to him of his Unit and file a copy thereof or other evidence of his title with the Board of Directors through the Secretary, and the Secretary shall maintain such information in the record of ownership of the Association.

ARTICLE V

Meeting of Members

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of recordation of the Covenants. Each subsequent regular annual meeting of the members shall be held on the Sunday following the fourth Saturday in each November of each year thereafter, or at such other date as the Board shall establish.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4 th) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, United States Mail, at least fourteen (14) days before the annual and regular meetings and seven (7) days before a special meeting, to each member of record entitled to vote there at, addressed to the member's Unit address, or such other address supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour and purposes of the meeting. In lieu of delivering notice as above, the

notice may be hand delivered by such officer, provided he obtains a receipt of acceptance of such notice from the Unit Owner.

Section 4. Quorum. The presence at the beginning of meetings of members entitled to cast, or of written proxies entitled to cast, one-quarter (1/4) of the votes of all the membership, shall constitute a quorum for any action except as otherwise provided in the Covenants or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote there at shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxy. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Unit Owner or by any such persons, that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice as aforesaid. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution, thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy.

ARTICLE VI

Voting Rights

Section 1. The Association shall have one class of voting membership: Every Unit Owner, whether one or more, shall have one vote for each Unit owned. If more than one person owns a Unit, the vote for such Unit shall be cast according to the terms of the covenants.

ARTICLE VII

Board of Directors

Section 1. The management of the affairs, property and business of the Association shall be vested in a Board of Directors consisting of not less than three or more than seven persons, who shall be elected at the annual meeting of the members for a term of one year, and shall hold office until their successors are elected and qualify. In addition to the powers expressly conferred by these By-Laws and the Covenants, the Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, or by the Covenants or by these By-Laws directed or required to be exercised or done by the members.

Section 2. The Board of Directors shall have the right to delegate to a Managing Agent all of its powers relating to the maintenance of the Common Elements and to the collection of all assessments for the Association. Such Managing Agent shall have no power to establish rules and regulations for the Association.

- Section 3. Directors may not receive any compensation other than reimbursement of expenses made on behalf of the Association.
- Section 4. The regular meeting of the Board of Directors without notice other than these By-Laws, shall be held immediately after the adjournment of each annual meeting of the Association and at the same place.
- Section 5. Special meetings of the Board of Directors, to be held at a place to be designated by the President or Vice-President, may be called by the President, or in his absence, by the Vice-President, or by any two members of the Board of Directors.
- Section 6. Notice of the time and place of all special meetings of the Board of Directors shall be mailed to each Director by the Secretary or Assistant Secretary at least ten (10) days before the time fixed for the meeting, unless the fixing of such notice is waived by prior resolution of the Board of Directors or pursuant to Section 10. of this Article. All notices of special meetings shall state the purposes thereof, except as this requirement may be waived as hereinafter provided.
- Section 7. A quorum for the transaction of business at any regular or special meeting of the Board of Directors shall consist of a majority of the members of said Board, but the Directors present at any Directors' meeting, though less than a quorum, may adjourn the meeting from time to time, without notice other than at the time of adjournment, until the requisite quorum shall be present.
- Section 8. Any vacancy on the Board of Directors, except where caused by removal of a Director, may be filled by vote of the remaining Directors at any regular or special meeting of the Board of Directors. A Director elected to fill a vacancy shall serve for the expired portion of the term of the Director whose place he filled and until his successor shall be duly elected and qualify, unless sooner displaced.
- Section 9. At each annual members' meeting, the Board of Directors shall submit a statement of the business done during the preceding year, together with a report on the general financial condition of the Association and on the condition of its tangible property.
- Section 10. Any or all of the requirements of this Article of By-Laws as to time, place, or notice of any meeting of the Board of Directors may be waived by the Directors, if each member of said Board shall agree in writing to such waiver.
- Section 11. In any case where the Association enters into any contract, transacts any business with any Director or Directors, or with any corporation or association of which one or more of its Directors is a stockholder, director, officer, trustee or partner, such contract or transaction shall not be invalidated or in any wise affected by the fact that such Director or Directors have or may have any interest, if disclosure is made to the Board of Directors by the Directors having such interest, and if the Board of Directors by majority vote of the disinterested Directors authorizes, affirms, ratifies, or approves such contract or transaction; such Director may not vote on any such action in which he has said interest as stated above.

ARTICLE VIII

Nomination and Election of Directors

Section 1. Nomination. Nomination for election of the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or nonmembers.

Section 2. Election. 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 the Covenants. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE IX

Officers

Section 1. The Board of Directors shall elect the officers of the Association, such election to be held at the annual meeting of the Board of Directors following each annual member's meeting. An officer may be removed at any time by a majority vote of the full Board of Directors at any regular or special meeting of the Directors, but any officer whose removal is contemplated shall be granted a reasonable time in which to answer, at a hearing before the full Board of Directors, such charges as may be brought against him.

Section 2. The officers of the Association shall be a President, a Vice-President, a Secretary, an Assistant Secretary, if elected, and a Treasurer, but any two officers except that of President and Secretary may be held by the same individual. The officers shall be elected for a term of one year and shall hold office until their successors are duly elected and qualified. Officers elected to fill vacancies for the unexpired portion of the terms of their predecessors and hold office until their successors are duly elected and qualify. No one shall be eligible for the office of President who is not a Director of the Association, and any President who ceases to be a Director shall cease to hold the office of President.

Section 3. The President shall be the chief executive of the Association; he shall preside at all Directors' and members' meetings; shall have general supervision over the affairs of the Association, shall sign all membership certificates; and shall perform all such duties as are incident to his office or as the Board of Directors may prescribe.

Section 4. In the case of the absence or disability of the President, his duties shall be performed by the Vice-President, or by such other officer as the Board of Directors may designate. The other duties of the Vice-President shall be such as the Board of Directors may from time to time prescribe.

Section 5. The Secretary shall issue the notices of meetings of the members and of the Board of Directors, and shall attend and keep the minutes of the same; he shall be in charge of all Association records except those to be kept by the Treasurer; attest with his signature all membership certificates and all written contracts of the Association as to which attestation is necessary, and shall perform all such other duties as are incident to his office, or as the Board of Directors may prescribe.

Section 6. The Treasurer shall have the custody of all monies and securities of the Association and shall keep regular books of account. He shall disburse the funds of the Association in payment of the just demands against the Association or as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Board of Directors from time to time as may be required of him, an account of all his transactions as Treasurer and of the financial conditions of the Association. He shall perform all duties incident to his office or which are properly required of him by the Board of Directors.

Section 7. In the case of the absence or inability to act of any officer of the Association, the Board of Directors may, from time to time, delegate the powers or duties of such officer to any other officer, or any Director or other person whom it may select.

Section 8. Any vacancy in any office arising from any cause may be filled by the Directors at any regular or special meeting.

Section 9. The Board of Directors may appoint such other officer or officers as it shall deem necessary or expedient, who shall hold his or their office for such terms, and who shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

ARTICLE X

Meetings

Section 1. The order of business at all regular meetings of the Board of Directors and of members shall follow as nearly as practicable the following outline:

- (a) Calling meeting to order and determination of a quorum,
- (b) Reading and adoption of the minutes of the previous meeting(s),
- (c) Reports of officers,
- (d) Reports of special committees,
- (e) Election of Directors (or officers),
- (f) Unfinished business,
- (g) New business; and
- (h) Adjournment.

ARTICLE XI

Finances

Section 1. Fiscal Year. The fiscal year of the Association shall consist of the twelve (12) month period commencing on January 1 of each year and terminating on December 31 of the same year.

Section 2. Preparation and Approval of Budget. Each year on or before December 1, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount which it considers necessary to pay the cost of utility services, maintenance, management, operation, repair and replacement of those elements for which the Association shall be responsible and those parts of the Units as to which it is the responsibility of the Board of Directors to maintain, repair, replace, and the cost of wages, fees, materials, insurance premiums, services, supplies, reserves and other expenses that constitute Expenses of the Association under the Covenants, these By-Laws or a Resolution of the Board of Directors or the Unit Owner's Association, and which will be required during the ensuing fiscal year of the administration, operation, maintenance and repair of the elements for which the Association shall be responsible and the rendering to the Unit Owners of all related services. Such budget may also include such reasonable amounts as the Board of Directors considers necessary to provide working funds for the Association, a general operating reserve, or reserves for contingencies and replacements. The Board of Directors shall send to each Unit Owner a copy of the Budget, in a reasonably itemized form, at least ten (10) days prior to the beginning of the fiscal year to which the Budget applies. The said Budget shall constitute the basis for determining each Home Owner's contribution for the expenses of the Association.

Section 3. Reserves. The Board of Directors may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the Budget which may become necessary during the year shall be charged first against reserves. If the reserves are inadequate for any reason, including nonpayment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment which shall be assessed against the Unit Owner's according to their respective Annual Assessments 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 all Unit Owners by a statement in writing giving the amount and reason therefor and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment.

Section 4. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his assessments as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to

pay the quarterly assessment at the then existing quarterly rate established for the previous fiscal period until the new annual or adjusted budget shall have been mailed or delivered.

Section 5. Deposit of Funds. The funds of the Association shall be deposited in such banks, trust companies, or other depositories as the Board of Directors may designate. Checks drawn to pay indebtedness of the Association may be signed by such person or persons as the Board of Directors may choose by resolution.

Section 6. Authorized Signature. The President or the Secretary are hereby authorized to make and issue notes, bonds, debentures, obligations, and evidences of indebtedness of all kinds only pursuant to resolutions duly adopted by the Board of Directors.

ARTICLE XII

Books and Records

Section 1. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Covenants and these By-Laws shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIII

Indemnification

Section 1. The Association shall have the power to indemnify any officer, director, employee or agent of the Association who was or is threatened, made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, (other than an action by the Association), by reason that he is or was an officer, director, employee or agent of the Association against expenses, (including attorney's fees), judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding provided:

- (a) such officer, director, employee or agent acted in good faith and in the manner he reasonably believed to be in or not opposed to the best interest of the Association; and
- (b) such officer, director, employee or agent shall not have been guilty of gross negligence or misconduct in his position directly relating to the claim set forth in such action, suit or proceeding.

ARTICLE XIV

Amendments

Section 1. These By-Laws may be amended by the majority vote of all the Unit Owners given in person or by proxy, at a properly called meeting of the Association.

Section 2. In the case of any conflict between the Covenants and these By-Laws, the Covenants shall control.