

# THE CHATEAUX, A CONDOMINIUM Unit Owners' Association



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# **Bylaws of The Chateaux, A Condominium**

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Exhibit B  
to the Declaration

BYLAWS  
OF  
THE CHATEAUX, A CONDOMINIUM

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## BYLAWS

ARTICLE 1General Provisions

Section 1.1. Applicability. These Bylaws provide for the governance of the Condominium pursuant to the requirements of Article 3, Chapter 4.2 of the Condominium Act. The Property, located in the County of Fairfax, Virginia and more particularly described in the Declaration, has been submitted to the provisions of the Condominium Act by recordation simultaneously herewith of the Declaration among the land records of Fairfax County, Virginia.

Section 1.2. Office. The office of the Condominium, the Unit Owners Association, 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.

Section 1.3. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws are attached as Exhibit B, or if not defined therein, the meanings specified for such terms in section 55-79.41 of the Condominium Act. The following terms have the following meanings in the condominium instruments:

(a) "Board of Directors" or "Board" means the executive organ established pursuant to Article 3 of these Bylaws.

(b) "Common Element Interest" means the number assigned to each unit by Exhibit C to the Declaration which establishes each unit's undivided interest in the common elements, common expenses and common profits and votes in the Unit Owners Association.

(c) "Declarant Control Period" means the period prior to the earlier of (i) the date on which units to which seventy-five percent or more of the aggregate Common Element Interests appertain have been conveyed to unit owners other than the Declarant or (ii) five years after the date on which the first condominium unit has been conveyed to a unit owner other than the Declarant (the maximum time period permitted by section 55-79.74(a) of the Condominium Act).

(d) "Limited Common Expenses" means expenses separately assessed against more than one but less than all of the condominium units generally in accordance with the use of the services, as permitted by section 55-79.83(b) of the Condominium Act.

(e) "Majority Vote" means a vote by those unit owners owning condominium units to which more than fifty percent of the aggregate Common Element Interest actually voted in person or by proxy at a duly convened meeting at which a quorum is present. Any specified percentage vote of the unit owners shall mean a vote by the unit owners owning condominium units to which such percentage of Common Element Interests appertain with respect to the total Common Element Interests voting at such a meeting.

(f) "Mortgages" means an institutional lender holding a first mortgage or first deed of trust ("Mortgage") encumbering a condominium unit in the Condominium.

(g) "Officer" means any person holding office pursuant to Article 4 of these Bylaws, but contrary to section 55-79.41(t) of the Condominium Act, shall not mean members of the Board of Directors unless such directors are also officers pursuant to Article 4.

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(h) "Reserved Common Element" means a common element in which the Board of Directors has granted a revocable license for exclusive use by less than all of the unit owners.

(i) "Unit Owners Association" or "Association" means the unincorporated, non-profit association of all the unit owners owning condominium units in the Condominium.

## ARTICLE 2

### Unit Owners Association

Section 2.1. Composition. The Unit Owners Association shall consist of all of the unit owners. The name of the Unit Owners Association shall be the name of the Condominium followed by the words "Unit Owners Association." For all purposes, except as provided in Article 3.15 hereof, the Unit Owners Association shall act merely as an agent for the unit owners as a group. The Unit Owners Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association by the Condominium Act and the Declaration. Except as to those matters which the Condominium Act specifically requires to be performed by the vote of the Association, and except as provided in Article 3.15 hereof, the foregoing responsibilities shall be performed by the Board of Directors or managing agent as more particularly set forth in Article 3 of these Bylaws.

Section 2.2. Annual Meetings. At such time as the Unit Owners Association comes into existence, the Unit Owners Association shall hold at least one annual meeting each year. Following the termination of the Declarant Control Period, the annual meetings of the Association shall be held on the second Wednesday of October, unless such date shall occur on a legal holiday, in which event the meeting shall be held on the next day which is not a legal holiday. At such annual meetings the Board of Directors shall be elected by ballot of the unit owners in accordance with the requirements of Section 3.4 of these Bylaws. The Association comes into being upon the existence of any unit owner other than the Declarant.

Section 2.3. Place of Meetings. Meetings of the Unit Owners Association shall be held at the principal office of the Association or at such other suitable place convenient to the unit 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 Unit Owners 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 unit owners of not less than twenty-five percent of the aggregate Common Element Interests. 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 Unit Owners Association shall be held at which all nine directors shall be elected by the unit owners, including the Declarant if the Declarant owns one or more units. If such election is held prior to the time required by this section, the 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.



**Section 2.5. Notice of Meetings.** The Secretary shall mail to each unit owner a notice of each annual or regularly scheduled meeting of the unit owners at least twenty-one but not more than thirty days, and of each special meeting of the unit owners at least seven but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this section and Section 11.1 of the Bylaws shall be considered service of notice.

**Section 2.6. Quorum and Adjournment of Meetings.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least twenty-five percent of the total votes of the Condominium shall constitute a quorum at all meetings of the Unit Owners Association. If at any meeting of the Unit Owners Association a quorum is not present, unit owners of a majority of the Common Element 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 in which event any business which could have been transacted at the meeting originally called may be transacted without further notice.

**Section 2.7. Order of Business.** The order of business at all meetings of the Unit Owners 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 and Board of Directors;
- (e) report of Management Agent, if any, and if present;
- (f) reports of committees;
- (g) election or appointment of inspectors of election (when so required);
- (h) election of members of the Board of Directors (when so required);
- (i) unfinished business;
- (j) new business; and
- (k) adjournment.

**Section 2.8. Conduct of Meetings.** The President shall preside over all meetings of the Unit Owners Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Unit Owners Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Unit Owners Association when not in conflict with the Condominium Act or the condominium instruments. All votes shall be tallied by tellers appointed by the President or other officer presiding over the meeting.

**Section 2.9. Voting.** (a) Voting at all meetings of the Unit Owners Association shall be on a percentage basis and the percentages of the vote to which each unit owner is entitled shall be the Common Element Interest assigned to his unit in the Declaration. Otherwise, where the ownership of a unit is in more than one person, the person who shall be entitled to cast the vote of such unit shall be the person named in a certificate executed by all of the owners of such unit and filed with the Secretary. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. In the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such unit shall be the person owning such unit who is present. If more than one person owning such unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to section 55-79.77(c) of the Condominium Act. Subject to the requirements of section 55-79.72 of the Condominium Act, wherever

the approval or disapproval of a unit owner is required by the Condominium Act or the condominium instruments, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such unit at any meeting of the Unit Owners Association.

(b) Except where a greater number is required by the Condominium Act or the condominium instruments, a Majority Vote is required to adopt decisions at any meeting of the Unit Owners Association, or by the Unit Owners as provided in Article 3.15 hereof. If the Declarant owns or holds title to one or more units, the Declarant shall have the right at any meeting of the Unit Owners Association to cast the votes to which such unit or units are entitled.

(c) No unit owner may vote at any meeting of the Unit Owners Association or be elected to or serve on the Board of Directors if payment of the assessment on his unit 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 unit owner in favor of only another unit owner, the Declarant or his Mortgagee, or in the case of a non-resident unit owner, the lessee of such unit owner's unit, his attorney or management agent; provided, however, that no person other than the Declarant, the managing agent or an Officer of the Condominium shall cast votes as a proxy for more than one unit not owned by such person. Proxies shall be duly executed in writing, shall be dated, shall be witnessed by a person who shall sign his full name and address, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. The proxy of any person shall be void if undated or if not signed by a person having authority, at the time of execution thereof, to execute deeds on behalf of that person. 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 and eighty days after the execution thereof.

### 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 Unit Owners Association and may do all such acts and things as are not by the Condominium Act or the condominium instruments required to be exercised and done by the Association or by the Unit Owners as provided in Article 3.15 hereof. 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 Condominium; provided, however, that such rules and regulations shall not be in conflict with the Condominium Act or the condominium instruments. The Board of Directors shall delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Section 3.2 hereof), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

(a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each unit owner for the common expenses.

(b) Make assessments against unit owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the unit owners and establish the period of the installment payment of the annual assessment for common expenses. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his/her proportionate share of the Common Elements shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for such month.

(c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the common elements and provide 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.

(e) Collect the assessments against the unit 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 Unit Owners 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, except as otherwise provided in Article 3.15 hereof, the provisions of the Declaration, these Bylaws and the rules and regulations, act on behalf of the unit owners with respect to all matters arising out of any eminent domain proceeding, and notify the unit owners of any litigation against the Unit Owners Association involving a claim in excess of ten 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, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Unit Owners Association and not billed to unit owners of individual units or otherwise provided for in Sections 5.1 and 5.2 of these Bylaws.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, 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 unit 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 unit owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent auditor retained by the Board of Directors who shall not be a resident of the Condominium or a unit owner. The cost of such audit shall be a common expense.

(m) Notify a Mortgagee of any default hereunder by the unit owner of the unit subject to such Mortgage, in the event such default continues for a period exceeding thirty days.

(n) Borrow money on behalf of the Condominium when required in connection with any one 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 and in Common Element Interest of all unit 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 Ten Thousand Dollars (\$10,000.00). If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (n) is not repaid by the Unit Owners Association, a unit owner who pays to the creditor a percentage of the total amount due equal to his Common Element Interest in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such unit owner's condominium unit, and the Association shall not be entitled to assess his unit for payment of the remaining amount due such creditor.

(o) Acquire, hold and dispose of condominium units and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Unit Owners Association.

(p) In its sole discretion, from time to time to designate certain common elements as Reserved Common Elements and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(q) Furnish the statement required by section 55-79.97 of the Condominium Act, within ten days after the receipt of a written request therefor from any unit owner substantially in the form set forth on Exhibit A to these Bylaws and designated "Certificate for Resale."

(r) Do such other things and acts not inconsistent with the Condominium Act or the condominium instruments which the Board of Directors may be authorized to do by a resolution of the Unit Owners Association.

(s) Negotiate and adjust with any contractor, subcontractor or Declarant any warranty claims on any Common Element made by or on behalf of any Unit Owner or the Unit Owners Association.

**Section 3.2 Managing Agent.** The Board of Directors shall employ for the Condominium a "managing agent" at a compensation to be established by the Board.

(a) **Requirements.** The managing agent shall be a bona fide business enterprise, [unaffiliated with the Declarant], which manages common interest residential communities. Such firm shall have a minimum of two years experience in real estate community management and shall employ persons possessing a high level of

competence in the technical skills necessary to proper management of the Condominium. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the Condominium and shall employ personnel knowledgeable in the areas of condominium insurance, accounting, contract negotiation, labor relations and condominium regulation.

(b) Duties. The managing agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitation, the duties listed in subsections 3.1 (a), (c), (d), (e), (h), (i), (j), (k), (l), (m), (q) and (r). The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subsections 3.1 (b), (f), (g), (n), (o), (p) and (s). The managing agent shall perform the obligations, duties and services relating to the management of the property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

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

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

(2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures following termination of the Declarant Control Period;

(3) cash accounts of the Unit Owners Association shall not be commingled with any other accounts;

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

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

(6) a monthly financial report shall be prepared for the Unit Owners Association containing:

(A) an "income statement" reflecting all income and expense activity for the preceding month on an accrual basis;

(B) an "account activity statement" reflecting all receipt and disbursement activity for the preceding month on a cash basis;

(C) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(D) a "balance sheet" reflecting the financial condition of the Unit Owners Association on an unaudited basis;

(E) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts), and

(f) a "delinquency report" listing all unit owners who are delinquent in paying condominium assessments and describing the status of any actions to collect such assessments.

(d) Limitations. During the Declarant Control Period, the Board of Directors shall employ a managing agent for a term not to exceed two years. The Unit Owners Association and the Board of Directors shall not undertake "self-management" or fail to employ a managing agent without the consent of a Majority Vote and the consent of Mortgagees together holding sixty-six and two-thirds percent of the Mortgagees on the condominium units. Any contract with the managing agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than ninety days written notice, and with cause on no more than thirty days written notice.

### Section 3.3 Number and Term of Office.

(a) Designated Members. During the Declarant Control Period, the initial Board of Directors shall consist of at least one person, who shall be designated by the Declarant. The term of office of all directors designated by the Declarant shall expire at the special meeting required by subsection 2.4(b). At the special meeting required by subsection 2.4(b) five (5) Directors shall be elected. Two (2) Directors shall be elected for a three (3) year term, two (2) Directors shall be elected for a two (2) year term and one (1) Director shall be elected for a one (1) year term. After the initial terms set forth above, Directors shall stand for reelection annually thereafter.

(b) Elected Members. No later than the special meeting required by subsection 2.4(b), the Board of Directors shall be composed of at least five (5) persons, all of whom shall be unit owners or Mortgagees (or designees of Mortgagees). Except for resignation or removal, the Directors shall hold office until their respective successors shall have been elected by the Unit Owners Association.

### Section 3.4 Election of Directors.

(a) Elections Committee. At least ninety days prior to the special meeting required by subsection 2.4(b) of these By-Laws and each annual meeting of the Unit Owners Association, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board and at least three (3) other unit owners. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board.

(b) Nominations. Persons qualified to be Directors may be nominated for election only by the Elections Committee; 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 (1) person has been nominated by the Elections Committee. 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 by the Declarant.

(c) Qualifications. No person shall be eligible for election as a member of the Board of Directors if he is more than thirty days delinquent in his financial obligations to the Unit Owners Association.

Section 3.5. Removal or Resignation of Directors. Except with respect to directors designated by the Declarant, at any regular or special meeting duly called, any one or more of the directors may be removed with or without cause by a Majority Vote and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the unit 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 director may resign at any time and, except for a director designated by the Declarant, shall be deemed to have resigned upon disposition of his unit as provided for officers in section 55-79.78(a) of the Condominium Act, or if not in attendance at three consecutive regular meetings of the Board, unless the minutes reflect consent to such absence.

Section 3.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Unit Owners Association shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board 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 director until a successor shall be elected at the next annual meeting of the Association. If more than one vacancy occurs at the same time, successor directors shall be selected through a special election by the Unit Owners to serve for the unexpired term of their predecessors. During the Declarant Control Period, the Declarant shall designate the successor to any director previously designated by the Declarant who resigns or is removed.

Section 3.7. Organization Meeting. The first meeting of the Board of Directors following the annual meeting of the Unit Owners 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 directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors is present at the meeting.

Section 3.8. 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 four months during each fiscal year after termination of the Declarant Control Period. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telegraph or telephone, at least three business days prior to the day named for such meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three business days notice to each director, given personally or by mail, telegraph or telephone, 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.

Section 3.10. 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. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.11. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of 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 director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.12. Compensation. No director shall receive any compensation from the Condominium 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 recording therein all resolutions adopted by the Board 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 Condominium Act or the condominium instruments.

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 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. It shall not be necessary that such consent be in writing or filed with the minutes, during the Declarant Control Period.

Section 3.15. Board of Directors as Attorney-in-Fact. The Board of Directors shall have the irrevocable but limited and restricted power as attorney-in-fact on behalf of all Unit Owners and their successors in title after the expiration of any period of Declarant control reserved pursuant to Section 55-79.74(a) of the Condominium Act to compromise or settle claims relating to the common elements; this power as attorney-in-fact is, however, limited to the settlement or compromise of such claims. Pursuant to the provisions of Section 55-79.80(b1) of the Condominium Act, both the Board of Directors and the Unit Owners Association are hereby prohibited from acting as attorney-in-fact for the Unit Owners in the assertion through litigation or otherwise, or defense of any claims or actions relating to the common elements which must be asserted and/or defended by the Unit Owners individually. The Board of Directors may, however, grant and accept easements and licenses pursuant to Section 55-79.80(b) of the Condominium Act; and may as an express exception to the above prohibition act as attorney-in-fact for all Unit Owners in the assertion or defense of actions for the collection of condominium assessments or to enforce compliance with the condominium rules and regulations.

Section 3.16. Legal Action. The Board of Directors shall have the exclusive right to initiate any form of legal action, subject however to the provisions of this Section 3.16 of the Bylaws.





"Legal Action" as used herein shall mean any form of action, including, but not limited to, demands for performance of Declarant obligations hereunder, under the Condominium Instruments, or contained in the Condominium Act or contained in any other statute, regulation or ordinance (State or Federal) or at common law; and shall include the assertion, through litigation, arbitration, or otherwise, or the defense of any claims or actions related to the common elements.

The authority to commence Legal Action shall require the affirmative vote of seventy-five percent of all of the Unit Owners, at a properly noticed special meeting held for such purpose, if the Association shall incur or be obligated as a result of such resolution to incur attorney's fees, expert fees or other cost associated with such Legal Action totalling in excess of \$50,000 or if the amount recoverable by an attorney for the Association pursuant to a contingency fee agreement shall exceed \$50,000. In no event shall the Board of Directors incur obligations in excess of \$75,000 with respect to such Legal Action without the prior written consent of all unit owners. If such Legal Action is not concluded within one (1) year of the date of such resolution, the continued prosecution of such Legal Action beyond such period must be reaffirmed annually at a special meeting held for such purpose by the same percentage vote of the Association as was required to adopt the original resolution. If the continued prosecution of such Legal Action is not reaffirmed, the Legal Action shall be discontinued and the Board of Directors shall have no further authority to act as the attorney-in-fact for the Association in the further prosecution or defense of such Legal Actions but may, with the affirmative vote of fifty percent of the Unit Owners Association, act as its attorney-in-fact with respect to any settlement or compromise of such Legal action; provided the same is completed within six (6) months thereafter.

If the Association, by resolution approved in accordance with this section, authorizes the Board of Directors to initiate such Legal Action, then the decisions relating to the conduct of the Legal Action shall be made by the Board of Directors only at a duly noticed meeting of the Board of Directors for such purposes. Any action regarding the conduct of the Legal Action shall be approved by a percentage vote of seventy-five percent or more of the Directors. Decisions regarding the conduct of any legal action are non-delegable.

As an express exception to the above provisions, the Board of Directors may initiate actions for the collection of condominium assessments or to enforce compliance with the condominium's rules and regulations without prior approval by the Unit Owners Association.

Section 3.17 Non-Jury Trial. All disputes, claims, or causes of action asserted against the Declarant, its officers, directors, employees or agents or any member of the Board of Directors arising out of or resulting from the construction, renovation, sale or operation of the Condominium by the Declarant, its officers, directors, employees or agents or any member of the Board of Directors, shall be decided by a trial without jury. The Unit Purchase Agreement shall in accord with the terms of these Bylaws contain a provision that all causes of action arising out of or relating to the construction, renovation, operation or sale of the Common Elements, or the individual units or any part of the Condominium shall be determined by trial without jury. All Unit Owners pursuant to these Bylaws hereby waive irrevocably trial by jury with respect to all such claims. All Unit Owners further agree that in any suit brought for breach of warranties for a Unit and/or Common

Elements or any action arising out of or resulting from the construction, renovation, operation or sale of the Common elements, the individual Units, or any part of the Condominium, if such Unit Owners do not recover the full amount sued for, then in such case the Unit Owners shall be responsible for payment of all attorneys fees incurred by the Declarant, its officers, directors, employees or agents or any member of the Board of Directors in defending any such action and/or prosecuting any counterclaim. Such attorneys fees shall be reimbursed as they are incurred. If for any reason the preceding provisions regarding attorneys fees are found to be unenforceable by a court of competent jurisdiction, then unless also found unenforceable, such provisions shall be so interpreted and applied to require the payment of attorneys fees if the amount recovered by such party against the Declarant, its officers, directors, employees or agents or any member of the Board of Directors does not exceed the amount offered by the Declarant, its officers, directors, employees or agents or any member of the Board of Directors in settlement of any such suit or claim, and shall further require to the extent permitted by law that such attorneys fees be paid immediately to the Declarant, its officers, directors, employees or agents or any such member of the Board of Directors as they are incurred and shall be repaid by the Declarant, its officers, directors, employees or agents or any such member of the Board of Directors only upon a final adjudication resulting in a recovery in such suit or claim against the Declarant, its officers, directors, employees or agents or any member of the Board of Directors for the full amount sued for, or for a sum greater than the amount offered in settlement by the Declarant, its Officers, Directors, employees or agents or such member of the Board of Directors, whichever shall be deemed enforceable.

The provisions of this Section shall be deemed to apply to the Board of Directors and/or Association if for any reason a court of competent jurisdiction shall find that the provisions limiting, restricting and prohibiting the institution of actions by the Board of Directors and/or Association as attorney-in-fact for the Unit Owners as provided in Section 3.15 hereof is for any reason unenforceable in which case the Board of Directors or Unit Owners Association as the case may be shall be deemed to have agreed to waive jury trial as if such suit had been brought by the Unit Owners individually.

Section 3.18. Liability of the Board of Directors, Officers, Unit Owners and Unit Owners Association. (a) The officers, directors, members of the Covenants Committee and, during the period of Declarant control, the Declarant shall not be liable to the Unit Owners Association or any unit owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners Association shall indemnify and hold harmless each of the officers and directors and the Declarant from and against all contractual liability to others arising out of contracts made by the officers or the Board of Directors or the Declarant on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers, directors and the Declarant shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners Association. The liability of any unit owner arising out of any contract made by the Officers or Board of Directors or the Declarant, or out of the indemnification of the officers, directors, or the Declarant, or for damages as a result of injuries arising in connection with the common elements solely by virtue of his ownership of a Common Element Interest therein or for liabilities incurred by the Unit

Owners Association, shall be limited to the total liability multiplied by his Common Element Interest. Every agreement made by the Officers, the Board of Directors or the managing agent on behalf of the Unit Owners Association shall, if obtainable, provide that the Officers, the directors or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Common Element Interest. The Unit Owners Association shall indemnify and hold harmless each of the members of the Board of Directors, each of the Officers of the Association, and each of the members of the Covenants Committee and the Declarant from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments. The Unit Owners 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 an officer or director of the Association or a member of the Covenants Committee or an individual responsible for the appointment of an officer or director of the Association or appointment of a member of the Covenants Committee against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding whether or not such person is an officer or director or member of the Covenants Committee or person responsible for their appointment at the time such expenses are incurred unless there is a specific finding that such person acted willfully and in bad faith. All attorney's fees and cost shall be reimbursed immediately as they are incurred and shall be repaid to the Association only upon a finding that such person acted willfully and in bad faith.

(b) The Unit Owners Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a common expense, or for injury or damage to person or property caused by an act of God or by the unit owner of any condominium unit, 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 Unit Owners Association shall not be liable to any unit owner 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 repairs or improvements to the common elements or from any action taken by the Unit Owners Association to comply with any law, ordinance or with the order or directive of any governmental authority.

Section 3.19. Common or Interested Directors. Each director shall exercise his powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Unit Owners 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 exist:

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(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 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 unit owners, and the unit 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 Unit Owners 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 at the meeting to authorize any contract or transaction with like force and effect as if such director of the Unit Owners Association were not an officer or director of such other corporation, firm or association or not so interested.

#### Section 3.20. Covenants Committee.

(a) PURPOSE. The Board of Directors shall establish a Covenants Committee in order to assure that the Condominium shall always be maintained in a manner: (1) providing for visual harmony and soundness of repair; (2) avoiding activities deleterious to the aesthetic or property values of the Condominium; (3) furthering the comfort of the unit owners, their guests and tenants; and (4) promoting the general welfare and safety of the Condominium community.

During the Declarant Control Period, the initial Covenants Committee shall consist of at least one person, who shall be designated by the Declarant. Upon termination of the Declarant Control Period, the Covenants Committee shall consist of at least three persons, all of whom shall be unit owners.

(b) POWERS. The Covenants Committee shall regulate the external design, appearance, use and maintenance of the common elements. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses or consultations required in connection with improvements or charges proposed by a unit owner. The Covenants Committee shall have the power to impose reasonable fines (pursuant to subsection 9.1(g) hereof) upon, and issue a cease and desist request to, a unit owner, his guests, invitees or lessees whose actions are inconsistent with the provisions of the Condominium Act, the condominium instruments, the Rules and Regulations or resolutions of the Board of Directors (upon petition of any unit owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the condominium instruments, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a unit owner or the Board of Directors. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision.

(c) AUTHORITY. The Covenants Committee shall have such additional duties, power and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties,

powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board of Directors.

#### ARTICLE 4

##### Officers

**Section 4.1. Designation.** The principal Officers of the Unit Owners 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 and Vice President shall be residents of the Condominium (except for those appointed by the Declarant) and members of the Board of Directors. Any other Officers may be, but need not be, unit owners or members of the Board of Directors.

**Section 4.2. Election of Officers.** The Officers of the Unit Owners 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.

**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 or at any special meeting of the Board called for such purpose.

**Section 4.4. President.** The President shall be the chief executive officer of the Unit Owners 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; see that all orders and resolutions of the Board are carried into effect; and appoint committees from among the unit 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 director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President.

**Section 4.6. Secretary.** The Secretary shall keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; have charge of such books and papers as the Board 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 unit 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 (together with the managing agent) be responsible for Unit Owners 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, the Association or

the managing agent, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of treasurer.

**Section 4.8. Execution of Documents.** All agreements, contracts, deeds, leases, checks and other instruments of the Unit Owners Association for expenditures or obligations in excess of two thousand dollars, and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors. All such instruments for expenditures or obligations of two thousand dollars or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors. During the Declarant Control Period, all such documents may be executed by the President or by the Declarant on behalf of the Association without decision or designation by the Board of Directors.

**Section 4.9. Compensation of Officers.** No Officer who is also a director shall receive any compensation from the Unit Owners Association for acting as such Officer.

## ARTICLE 5

### Operation of the Property

**Section 5.1. Determination of Common Expenses and Assessments Against Unit Owners.**

(a) **Fiscal Year.** The fiscal year of the Unit Owners Association shall be April 1 through March 31, unless otherwise determined by the Board of Directors.

(b) **Preparation and Approval of Budget.**

(1) At least thirty (30) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Unit Owners 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 units as to which it is the responsibility of the Association 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 Condominium Act, the condominium instruments 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 unit 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 fifteen days before the beginning of each fiscal year, the Board of Directors shall send to each unit owner a copy of the budget in a reasonably 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 unit owner's assessment for the common expenses of the Condominium.

(c) **Assessment and Payment of Common Expenses.** Subject to the provisions of subsection 9.1(a) hereof, 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 against each unit owner in proportion to his respective Common Element Interest, except for Limited Common Expenses which shall be assessed against each unit owner benefited in proportion to the relative Common Element Interest of such units inter se, and shall be a lien against each unit owner's unit as provided in Section 9.2 of these Bylaws. 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 unit owner shall be obligated to pay to the Board of Directors or the managing agent (as determined by the Board), one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all unit owners, and to each Mortgagee requesting the same, an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. 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 unit owners, or be credited according to each unit owner's Common Element Interest to monthly installments due in the next succeeding fiscal year.

(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 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 owners according to their respective Common Element Interests, and which may be payable in a lump sum or in installments as the Board may determine. The Board of Directors shall serve notice of any such further assessment on unit owners by a statement in writing giving the amount and reasons therefor, 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 delivery of such notice of further assessment. All unit 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 subsection (c).

(e) Initial Capital Payment. (i) 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 election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the unit owners during such period as provided in subsection (c).

(ii) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to twice the estimated monthly assessment for common expenses for such purchaser's unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Unit Owners Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Board of Directors may determine.



(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 unit owner's obligation to pay his allocable 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 unit owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice of the monthly payment which is due more than ten days after such new annual or adjusted budget shall have been delivered.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the unit owners or from any other source may be commingled into a single fund or held for each unit owner in accordance with his Common Element Interest.

Section 5.2. Payment of Common Expenses. Each unit owner shall pay the common expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Section 5.1 hereof. No unit owner may be exempted from liability for the assessment of common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his unit. No unit owner shall be liable for the payment of any part of the common expenses assessed against his unit subsequent to the date of recordation of a conveyance by him in fee of such unit. 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 unit shall be jointly and severally liable with the selling unit 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 unit owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling unit owner within five business days following a written request therefor to the Board of Directors or managing agent and such purchaser shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that each Mortgagee who comes into possession of a condominium unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure or any purchaser at a foreclosure sale, shall take the condominium unit free of any claims for unpaid assessments or charges against such unit which accrue prior to the time such Mortgagee comes 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 condominium units including the mortgaged condominium unit.

Section 5.3. Collection of Assessments. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any assessments for common expenses due from any unit owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment, or installment thereof, not paid within ten 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 unit 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 unit 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 Unit Owners Association.** The Unit Owners Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of not less than eighty percent of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a unit owner) of all of the common elements (including the limited common elements) as defined herein or in the Declaration, whether located inside or outside of the units, the cost of which shall be charged to all unit owners as a common expense; provided, however, that each unit owner shall perform normal maintenance on the limited common elements appurtenant to his unit 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).

(b) **By the Unit Owner.**

(1) Each unit owner shall keep his unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his unit. In addition, each unit owner shall be responsible for all damage to any other units or to the common elements resulting from his failure or negligence to make any of the repairs required by this Section. Each unit owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other unit owners. Each unit owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Unit Owners Association is responsible.

(2) The unit owner of any unit to which a limited common element balcony or terrace is appurtenant shall perform the normal maintenance for such limited common element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water and shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All structural repair or replacement shall be made by the Unit Owners Association as a common expense, as provided in subsection (a).

(3) Any unit owner permitted by the Board of Directors to use a specific portion of the common elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(c) **Chart of Maintenance Responsibilities.** Notwithstanding the general provisions for maintenance set forth in subsections (a) and (b), specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Chart of Maintenance Responsibilities attached as Exhibit B hereto.

(d) **Manacr of Repair and Replacement.** All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 5.6. Additions, Alterations or Improvements by the Board of Directors. Whenever in the judgment of the Board of Directors the common elements shall require additions, alterations or improvements costing in excess of Ten Thousand Dollars (\$10,000.00) during any period of twelve consecutive months, the making of such additions, alterations or improvements shall be approved by a Majority Vote, and the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all unit owners benefited for the cost thereof as a common expense (or Limited Common Expense). Any additions, alterations or improvements costing Ten Thousand Dollars (\$10,000.00) or less during any period of twelve consecutive months may be made by the Board of Directors without approval of the unit owners and the cost thereof shall constitute a common expense or limited common expense, depending on the nature of the additions, alterations or improvements. The Ten Thousand Dollar (\$10,000.00) limitation shall be increased annually by the percentage equal to the percentage increase in the annual budget of the Condominium. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the unit owners requesting the same, such requesting unit owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 5.7. Additions, Alterations or Improvements by the Unit Owners. No unit owner shall make any structural addition, alteration or improvement in or to his unit without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. No unit owner shall paint or alter the exterior of his unit, including the doors and windows, nor shall any unit owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. The Board of Directors shall be obligated to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such unit owner's unit within forty-five (45) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors or the Covenants Committee to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any unit requires execution by the Unit Owners Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by an authorized Officer only, without however incurring any liability on the part of the Board of Directors, the Association or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the approval of any Mortgagee of such affected units, the Board of Directors and any unit owner affected, any unit may be subdivided or may be altered so as to relocate the boundaries between such unit and any adjoining units. The Secretary shall record any necessary amendment to the Declaration to effect such action as provided in Sections 55-79.69 or 55-79.70 of the Condominium Act. The provisions of this section shall not apply to units owned by the Declarant until deeds of conveyance of such units shall have been recorded. The Declarant shall have the right to make such alterations or subdivisions without the consent of the Board of Directors, and an authorized Officer shall execute any such application required.

Section 5.8 Restrictions on Use of Units and Common Element Rules and Regulations.

(a) Restrictions. Each unit and the common elements shall be occupied and used as follows:

(1) Except for the areas of the Condominium designated for commercial and recreational use and except as provided in the Declaration, no unit shall be used for other than housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary non-residential uses from time to time. Nothing in these Bylaws shall be construed to prohibit the Declarant from using any unit owned by the Declarant for promotional, marketing or display purposes or from using any appropriate portion of the common elements for settlement of sales of condominium unit and for customer service purposes.

(2) Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance for the Property or any part thereof applicable for residential use without the prior written consent of the Board of Directors. No waterbeds shall be permitted in any unit. No unit owner shall permit anything to be done or kept in his unit or in the common elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulations or administrative ruling. No waste will be committed on the common elements.

(3) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the unit owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be common expense.

(4) No unit owner shall obstruct any of the common elements nor shall any unit owner place or cause or permit anything to be placed on or in any of the common elements without the approval of the Board. Nothing shall be altered or constructed in or removed from the common elements except with the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The common elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units. The stairwells and building entrances shall be used for no purpose other than for normal transit.

(6) No unit shall be rented for an initial period of less than six (6) months. No portion of any unit (other than the entire unit) shall be leased for any period. No unit owners shall lease a unit other than on a written form of lease: (i) requiring the lessee to comply with the condominium instruments and Rules and Regulations; (ii) providing that failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder, after forty-five (45) days prior written notice to the unit owner, in the event of a default by the lessee in the

performance of the lease. The Board of Directors may suggest or require a standard form lease for use by unit owners. Each unit owner of a condominium unit shall, promptly following the execution of any lease of a condominium unit, forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this paragraph shall not apply to the Declarant, or to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles, boats and other large vehicles may be parked on the Property only if expressly permitted by the Rules and Regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the common elements. Vehicle repairs other than ordinary light maintenance are not permitted on the Property.

(8) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any unit or upon the common elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds) not to exceed one per unit without the approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten days written notice from the Board of Directors. Such pets shall not be permitted upon the common elements unless accompanied by an adult and unless carried or leashed. Any unit owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Unit Owners Association, each unit owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Unit Owners Association resulting from the presence of such pets.

(9) Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any unit or common element without the prior written approval of the Board of Directors. The foregoing provisions of this paragraph shall not apply to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(10) Sufficient carpeting or rugs shall be maintained on a minimum of eighty percent of the floor surfaces (except kitchens, closets and bathrooms) in units located over other units, to adequately reduce transmission of sound between units.

(b) Changes to Rules and Regulations. Each unit and the common elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each unit owner. Changes

to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each unit owner upon request.

Section 5.9 Right of Access. By acceptance of his deed of conveyance, each unit owner thereby grants a right of access to his unit, as provided by Section 55-79(a) of the Condominium Act and Subsection 4.2(b) of the Declaration, to the Board of Directors or the managing agent, or any other person authorized by the Board or the managing agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in his unit or in a common element to which access is obtained through his unit, and threatening another unit or the common elements, performing installations, alterations or repairs to the mechanical or electrical systems or the common elements in his unit or elsewhere in the Property or to correct any condition which violates any Mortgage; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the unit owner. In case of an emergency, such right of entry shall be immediate, whether or not the unit owner is present. To the extent that damage is inflicted on the common elements or any unit through which access is taken, the unit owner causing the same, or the Association if it caused the same, shall be liable for the prompt repair thereof.

Section 5.10. Utility Charges. The cost of utilities serving the Condominium not individually metered to a unit shall be common expenses allocated pursuant to Section 5.1 hereof.

Section 5.11. Parking Spaces. All parking spaces shall be used by the unit owners for self-service parking purposes on a "first come, first served" basis, except those parking spaces as have been assigned to Unit Owners for their exclusive use and as the Board of Directors may otherwise determine; provided, however, that no unit owner shall park on the common element parking spaces more than one vehicle (owned or leased by such unit owner, a member of his family, an employee or a tenant leasing his unit) without the prior written consent of the Board of Directors unless such Unit Owner has acquired the exclusive right to use more than one parking space as set forth in the Declarations. The cost of maintenance and repair of all parking areas shall be a common expense. During the time that units are being sold by the Declarant, no more than forty-five parking spaces may be restricted to the Declarant's use for sales purposes.

## ARTICLE 6

### Insurance

Section 6.1. Authority to Purchase; Notice. (a) Except as otherwise provided in Section 6.5 hereof, all insurance policies relating to the Property shall be purchased by the Board of Directors. The Board of Directors, the managing agent 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 cost. The Board of Directors shall promptly furnish to each unit owner written notice of the procurement of, subsequent changes in, or termination of, insurance coverages obtained on behalf of the Unit Owners Association, in compliance with Section 55-79.81(b) of the Condominium Act.

(b) Each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Unit Owners Association, the Board of Directors, the managing agent or the unit owners, and their respective agents, employees, guests and, in the case of the unit owners, the members of their households;

(2) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any unit owner (including his invitees, agents and employees) or of any member, officer or employee of the Board of Directors or the managing agent without a prior demand in writing that the Board or the managing agent cure the defect and neither shall have so cured such defect within sixty days after such demand;

(3) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty days prior written notice to the Board of Directors and the managing agent and, in the case of physical damage insurance, to all Mortgagees.

(c) The Declarant, so long as Declarant shall own any unit, shall be protected by all such policies as a unit owner. The coverage provided to the Declarant under insurance policies obtained in compliance with this Article 6 shall not be deemed to protect or to be for the benefit of any general contractor engaged by the Declarant nor shall such coverage be deemed to protect the Declarant against liability for (or waive any rights with respect to) warranty claims.

(d) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia. Physical damage policies shall be in form and substance and with carriers acceptable to Mortgagees holding a majority of the Mortgages (based upon one vote for each Mortgage owned).

(e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a common expense; provided, however, that the Association may, pursuant to subsection 5.5(a) of these Bylaws, assess any deductible amount necessitated by the negligence, misuse or neglect of a unit owner against such unit owner.

**Section 6.2. Physical Damage Insurance.** (a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, sprinkler leakage (if applicable), debris removal, cost of demolition and water damage endorsements, insuring the entire Property (including all of the units and the bathroom and kitchen fixtures initially installed therein by the Declarant and the replacements thereto installed by the Declarant but not including furniture, wallcoverings, furnishings or other personal property supplied or installed by unit owners), together with all air-conditioning and heating equipment and other service machinery contained therein and covering the interests of the Unit Owners Association, the Board of Directors and all unit owners and their Mortgagees, as their interests may appear, (subject, however, to the loss payment and adjustment provisions in favor of the insurance trustee contained in Sections 6.6 and 6.7 hereof), in an amount equal to one hundred percent of the then current replacement cost of the Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage).

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(b) Such policy shall also provide:

(1) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so;

(2) The following endorsements (or equivalent):  
 (i) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or unit owner or their agents when such act or neglect is not within the control of the insured, or the unit owners collectively; nor by any failure of the insured, or the unit owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the unit owners collectively, have no control); (ii) "contingent liability from operation of building laws or codes"; (iii) "increased cost of construction" or "condominium replacement cost"; and (iv) "agreed amount" or elimination of co-insurance clause; and

(3) That any "no other insurance" clause expressly exclude individual unit owners' policies from its operation so that the physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual unit owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual unit owners or their Mortgagees, unless otherwise required by law.

(c) A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same, at least thirty days prior to expiration of the then current policy. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board may determine, of the then current replacement cost of the Property (exclusive of the Land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this section. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy arising from damage to the common elements in excess of one percent of the then current replacement cost of the Property. The Mortgagee of a unit shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such unit.

**Section 6.3. 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 may from time to time determine, insuring each director, the managing agent, each unit owner and the Declarant against any liability to the public or to the unit owners (and their invitees, agents and employees) arising out of, or incident to the ownership or use of the common elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Unit Owners Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Unit Owners



Association; and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a unit owner because of negligent acts of the Unit Owners Association or of another unit owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than one million dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than three million dollars.

**Section 6.4. 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 Unit Owners Association and all others who handle, or are responsible for handling, funds of the Association, including the managing agent. Such fidelity bonds shall:
  - (i) name the Unit Owners Association as an obligee; (ii) be written in an amount not less than one-fourth the total annual condominium assessments for the year or the amount required by the Mortgagees, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greatest; 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) if required by any governmental or quasigovernmental agency, including without limitation the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, flood insurance in accordance with the then applicable regulations of such agency;
- (c) workmen's compensation insurance if and to the extent necessary to meet the requirements of the law;
- (d) broad form machinery and pressure vessel explosion insurance (if applicable) in an amount not less than five hundred thousand dollars per accident per location; and
- (e) directors and Officers liability insurance in an amount not less than one million dollars; and
- (f) such other insurance as the Board of Directors may determine or as may be requested from time to time by a Majority Vote.

**Section 6.5. Separate Insurance.** Each unit owner shall have the right, at his own expense, to obtain insurance for his own unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his unit under coverage normally called "improvements and betterments coverage"; provided, however, that no unit owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all unit owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a unit owner. All such policies shall contain waivers of subrogation. No unit owner shall obtain separate insurance policies on the Condominium except as provided in this section.

**Section 6.6. Insurance Trustee.** (a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners Association, the unit owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board as "insurance trustee" to be applied pursuant to the terms of Article 7.

(b) The sole duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

## Article 7

### Repair and Reconstruction After Fire or Other Casualty

**Section 7.1. When Repair and Reconstruction are Required.** Except as otherwise provided in Section 7.4, in the event of damage to or destruction of all or any part of the buildings as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including any damaged units, and the floor coverings, kitchen or bathroom fixtures and appliances initially installed therein by the Declarant, and replacements thereof installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the unit owners in the units). Notwithstanding the foregoing, each unit owner shall have the right to supervise the redecorating of his own unit.

### Section 7.2. Procedure for Reconstruction and Repair.

(a) **Cost Estimates.** Immediately after a fire or other casualty causing damage to any portion of the building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion (including any damaged units and any floor coverings and kitchen and bathroom fixtures and appliances initially installed by Declarant and the replacements thereof installed by the Declarant, but not including any other furniture, furnishings, fixtures or equipment installed by the unit owner in the unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the insurance trustee determines to be necessary.

(b) **Assessments.** If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a common expense and a special assessment therefor shall be levied.

(c) **Plans and Specifications.** Any such reconstruction or repair shall be substantially in accordance with the original construction of the Property, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible.

**Section 7.3. Disbursements of Construction Funds.**

(a) **Construction Fund and Disbursement.** The proceeds of insurance collected on account of casualty, and the sums received by the insurance trustee from collections of assessments against unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(1) If the estimated cost of reconstruction and repair is less than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors; provided, however, that upon request of twenty percent of the Mortgagees (based upon one vote for each Mortgage owned), such fund shall be disbursed pursuant to paragraph (2).

(2) If the estimated cost of reconstruction and repair is Fifty Thousand Dollars (\$50,000.00) or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the insurance trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialman, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) **Surplus.** The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all unit owners in proportion to their Common Element Interests and shall be distributed in accordance with the priority of interests at law or in equity in each unit.

(c) **Common Elements.** When the damage is to both common elements and units, the insurance proceeds shall be applied first to the cost of repairing those portions of the common elements which enclose and service the units, then to the cost of repairing the other common elements and thereafter to the cost of repairing the units.

(d) **Certificate.** The insurance trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary, certifying: (i) whether the damaged Property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund whether surplus funds to be distributed are less than the assessments paid by the unit owners; and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the insurance trustee promptly after request.

Section 7.4. When Reconstruction is Not Required. In the event the Board of Directors elects not to repair insubstantial damage to the common elements, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed among all unit owners in proportion to their respective Common Element Interests. If the Condominium shall be terminated pursuant to section 55-79.72 of the Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the insurance trustee among all unit owners in proportion to their respective Common Element Interests, after first paying out of the share of each unit owner, to the extent sufficient therefor, the amount of any unpaid liens on his unit in the order of priority of such liens.

## ARTICLE 8

### Mortgages

Section 8.1. Notice to Board of Directors. A unit owner who mortgages his unit shall notify the Board of Directors of the name and address of his Mortgagee and shall file a conformed copy of the note and Mortgage with the Board.

Section 8.2. Notice of Default, Casualty or Condemnation. The Board of Directors when giving notice to any unit owner of a default in paying an assessment for common expenses or any other default, may simultaneously send a copy of such notice to the Mortgagee of such unit. Each Mortgagee shall be promptly notified of any casualty when required by Section 6.2(c) hereof, of all actions taken under Article 7 and of any taking in condemnation or by eminent domain and actions of the Unit Owners Association with respect thereto. For purposes of this section only, when notice is to be given to a Mortgagee, the Board of Directors shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying Mortgages if the Board has notice of such participation.

Section 8.3. Notice of Amendment of Condominium Instruments. The Board of Directors shall give notice to all Mortgagees seven days prior to the date on which the unit owners, in accordance with the provisions of these Bylaws, materially amend the condominium instruments.

Section 8.4. Notice of Change in Managing Agent. The Board of Directors shall give notice to all Mortgagees thirty days prior to changing the managing agent.

Section 8.5. Mortgagees' Approvals. Unless at least sixty-six and two-thirds percent of the Mortgagees (based upon one vote.. for each Mortgage owned) and at least sixty-six and two-thirds percent of the unit owners (other than the Declarant) have given their prior written approval, the Unit Owners Association shall not: (a) change any unit's Common Element Interest except as provided in section 55-79.44 of the Condominium Act; (b) partition, subdivide, abandon, encumber, sell or transfer the common elements of the Condominium (except for the granting of utility easements, etc. pursuant to section 55-79.80(b) of the Condominium

Act); (c) by act or omission withdraw the submission of the Property to the Condominium Act, except as provided by section 55-79.72 of the Condominium Act, (d) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; or (e) use hazard insurance proceeds for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in Section 7.4 hereof.

**Section 8.6. Other Rights of Mortgagees.** All Mortgagees or their representatives shall have the right to attend and to speak at meetings of the Unit Owners Association. All such Mortgagees shall have the right to examine the books and records of the Condominium, to receive the annual report filed by Declarant pursuant to section 55-79.93 of the Condominium Act and to require the submission of annual financial reports and other budgetary information.

## ARTICLE 9

### Compliance and Default

**Section 9.1. Relief.** Each unit owner shall be governed by, and shall comply with, all of the terms of the condominium instruments and the Condominium Act as any of the same may be amended from time to time. In addition to the remedies provided in section 55-79.53 of the Condominium Act, a default by a unit owner shall entitle the Unit Owners Association, acting through its Board of Directors or through the managing agent, to the following relief, in addition to that set forth in Article 11, section 11.4 of these bylaws.

(a) **Additional Liability.** Each unit owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights or subrogation.

(b) **Costs and Attorney's Fees.** In any proceedings arising out of any alleged default by a unit owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

(c) **No Waiver of Rights.** The failure of the Unit Owners Association, the Board of Directors or a unit owner to enforce any right, provision, covenant or condition which may be granted by the condominium instruments or the Condominium Act shall not constitute a waiver of the right of the Association, the Board or the unit owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Unit Owners Association, the Board of Directors or any unit owner pursuant to any term, provision, covenant or condition of the condominium instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the condominium instruments or the Condominium Act or at law or in equity.

(d) Interest. In the event of a default by any unit owner in paying any sum assessed against his condominium unit other than for common expenses which continues for a period in excess of fifteen days, interest at a rate not to exceed the lower of the maximum permissible interest rate which may be charged by a Mortgagee under a Mortgage at such time or eighteen percent per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(e) Abating and Violation Enjoining by Unit Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors, the breach of any provision of the condominium instruments or the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(f) Legal Proceedings. Failure to comply with any of the terms of the condominium instruments and the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners Association or the Board of Directors, except as provided in Section 3.15 hereof, the managing agent or, if appropriate, by any aggrieved unit owner and shall not constitute an election of remedies.

(g) Fines. The Board of Directors and the Covenants Committee may levy reasonable fines against unit owners for violations of the Rules and Regulations, the condominium instruments or the Condominium Act consistent with the provisions of section 55-79.80(b2). No fine may be levied for more than one percent of such unit owner's annual assessment for any one violation; but each day a violation continues, after notice is given to the unit owner, is a separate violation. If imposed, the imposition of the fine shall be suspended until the hearing is held. Fines are special assessments and shall be collectible as such.

#### Section 9.2. Lien for Assessments.

(a) Lien. The total annual assessment of each unit owner for common expenses or any special assessment, or any other sum duly levied (including without limitation fines, interest, late charges, etc.), made pursuant to these Bylaws, is hereby declared to be a lien levied against the condominium unit of such unit owner as provided in Section 55-79.84 of the Condominium Act, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Condominium and, as to special assessments and other sums duly levied, on the first day of the next month which begins more than seven days after delivery to the unit owner of notice of such special assessment or levy. The Board of Directors or the managing agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien.

(b) Acceleration. In any case where an assessment against a unit owner is payable in installments, upon a default by such unit owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire balance of the annual assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting unit owner and his Mortgagee by the Board of Directors or the managing agent.

(c) Enforcement. The lien for assessments may be enforced and foreclosed in the manner provided by the laws of the Commonwealth of Virginia by power of sale or action in the name of the Board of Directors, or the managing agent, acting on behalf of the Unit Owners Association. During the pendency of such suit the unit owner shall be required to pay a reasonable rental for the unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the Commonwealth of Virginia.

(d) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section 9.3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the condominium instruments or the Condominium Act, all of the unit owners may be required by the Declarant or the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by recording a declaration of trust in the land records where the condominium instruments are recorded granting unto one or more trustees appropriate powers to the end that, upon default in the performance of such bond such declaration of trust may be foreclosed by such trustees acting at the direction of the Board of Directors. In the event any such bonds have been executed and such declaration of trust is recorded, then any subsequent purchaser of a unit shall take title subject thereto and shall assume the obligations provided for therein.

Section 9.4. Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such unit pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the unit at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE 10Amendments to Bylaws

Section 10.1. Amendments. These Bylaws may not be modified or amended except as provided in Section 55-79.72 of the Condominium Act; provided, however, that until the expiration of the Declarant Control Period, Sections 2.2, 2.9, 3.3, and 10.1 may not be amended without the prior written consent of the Declarant; and provided further, that Sections 3.15, 3.16 and/or 3.17 of these Bylaws may be modified or amended only upon the written consent of Eighty-Five Percent (85%) of Unit Owners. All amendments to the Bylaws shall be prepared and recorded by the Secretary.

Section 10.2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagee.

ARTICLE 11Miscellaneous

Section 11.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid (pursuant to Section 55-79.75 of the Condominium Act), or if notification is of a default or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to a unit owner, at the address which the unit owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the unit of such unit owner, or (ii) if to the Unit Owners Association, the Board of Directors or to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the unit owners pursuant to this section. If a unit 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 11.2. Captions. The captions herein are inserted only as a matter of conveyance and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 11.3. 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 deemed to include the plural, and vice versa, whenever the context so requires.

Section 11.4. Assessment of Charges for Violations of Rules. The unit owners' association shall have the power, to the extent the condominium instruments or rules duly adopted pursuant thereto expressly so provide, to assess charges against any unit owner for any violation of the condominium instruments or of the rules or regulations promulgated pursuant thereto for which such unit owner or his family members, tenants, guests or other invitees are responsible. Before any such charges may be assessed, the unit owner shall be given an opportunity to be heard and to be represented by counsel before the executive organ or such other tribunal as the condominium instruments



specify. Notice of such hearing shall, at least fourteen days in advance thereof, be hand delivered or mailed by registered or certified United States mail, return receipt requested, to such unit owner at the address or addresses required for notices of meetings pursuant to Section 55-79.75. The amount of any charges so assessed shall not exceed fifty dollars for a single offense or ten dollars per diem for any offense of a continuing nature, and shall be treated as an assessment against such unit owner's condominium unit for the purpose of Section 55-79.84

Section 11.5. Construction. These condominium instruments are intended to comply with all of the applicable provisions of the Condominium Act and shall be so interpreted and applied.


IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed by its ASSISTANT VICE-PRESIDENT on behalf of the Unit Owners Association, this 28<sup>th</sup> day of FEBRUARY, 1990.

CHATEAUX LIMITED PARTNERSHIP  
a Virginia Limited Partnership

By NVDEVELOPMENT II, L.P.  
a Virginia Limited Partnership

By NVHOMES II, L.P.  
a Virginia Limited Partnership  
its General Partner


By NVCOMPANIES, INC.  
a Virginia Corporation  
its General Partner

by   
NAME: J. DAVID SITTLER  
TITLE: ASSISTANT VICE PRESIDENT

COMMONWEALTH OF VIRGINIA  
COUNTY OF FAIRFAX, to-wit:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that J. DAVID SITTLER as ASSISTANT VICE PRES of CHATEAUX LIMITED PARTNERSHIP, a Virginia limited partnership, whose name is signed to the foregoing Bylaws, has acknowledged the same before me in my jurisdiction aforesaid on behalf of the partnership.

GIVEN under my hand and notarial seal this 28<sup>th</sup> day of FEBRUARY, 1990.

  
NOTARY PUBLIC

My Commission Expires:  
AUG. 10, 1990

**CERTIFICATE FOR RESALE**

**EXHIBIT A**

**TO**

**BYLAWS**

THE CHATEAUX, A CONDOMINIUM  
CERTIFICATE FOR RESALE

TO: \_\_\_\_\_  
FROM: The Chateaux, A Condominium Unit Owners Association  
RE: Condominium Unit No. \_\_\_\_\_, The Chateaux, A  
Condominium, County of Fairfax, Virginia

Pursuant to section 55-79.97 of the Condominium Act, as amended, we hereby certify that as of the date hereof, except as herein stated:

A. The status of assessments with respect to the condominium unit is as follows:

Current assessment due \_\_\_\_\_ \$ \_\_\_\_\_  
Assessment in arrears \_\_\_\_\_ \$ \_\_\_\_\_  
  
TOTAL DUE \$ \_\_\_\_\_

B. The Condominium Instruments do not create any rights of first refusal or other restraints on free alienability of any of the condominium units.

C. The following, if any, is a list of all capital expenditures anticipated by the Unit Owners Association within the current or succeeding two fiscal years:

[Fill in if applicable.]

D. As of the date of this certificate, there is an outstanding balance in the reserve for replacement fund (reserve account) of approximately \$ \_\_\_\_\_. Of that balance, the following amounts, if any, have been designated by the Board of Directors for the following specific projects:

[Fill in if applicable.]

E. Attached to this certificate is a copy of the statement of financial condition (balance sheet) of the Unit Owners Association for the year ended \_\_\_\_\_, 19\_\_\_\_, the most recent fiscal year for which such statement is available.

F. There are no unsatisfied judgments against the Unit Owners Association nor any pending suits in which the Unit Owners Association is a party except as follows:

- [Fill in if applicable.]

G. The Unit Owners Association holds hazard, property damage and liability insurance policies covering the common elements and

the units as required by the Bylaws. It is suggested that each unit owner obtain insurance covering property damage to betterments and improvements installed in the unit and personal property contained therein (not covered by the Unit Owners Association policy) as well as insurance covering personal liability. You are urged to consult with your insurance agent.

H. Improvements or alterations, if any, made to the condominium unit or the limited common elements assigned thereto are not in violation of the Condominium Instruments except as follows:

[Fill in if applicable.]

I. There is no leasehold estate affecting the Condominium.

J. A copy of the current Bylaws and Rules and Regulations of the Unit Owners Association and the amendments thereto are attached hereto.

The information contained in this Certificate for Resale, issued pursuant to section 55-79.97 of the Condominium Act, as amended, based on the best knowledge and belief of the Unit Owners Association, is current as of the date hereof.

The name and address of the President of the Unit Owners Association is: \_\_\_\_\_

The Unit Owners Association may charge a fee for the preparation of this Certificate for Resale as allowed by law.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

THE CHATEAUX, A CONDOMINIUM  
UNIT OWNERS ASSOCIATION

By: \_\_\_\_\_

I hereby acknowledge that I received this Certificate for Resale on \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
Unit Owner

I hereby acknowledge that I received and read the information contained in this Certificate for Resale on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Purchaser

**CHART OF MAINTENANCE RESPONSIBILITIES**

**EXHIBIT B**

**TO**

**BYLAWS**

BK7545 1481

**THE CHATEAUX, A CONDOMINIUM  
Chart of Maintenance Responsibilities**

<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>Items</b>	<b>Common Elements Under Association Responsibility</b>	<b>Limited Common Elements Under Association Responsibility</b>	<b>Unit Components Under Association Responsibility</b>	<b>Certain Other Components Under Unit Owner's Responsibility Without Respect to Ownership of the Component</b>
Plumbing & related systems & components thereof.	All maintenance, repair & replacement of portions of plumbing serving more than one unit. Water damage to common elements or units other than the one which is the primary source of the problem through negligence of the occupants of such unit.	If any, same as in Column II, except that plumbing stoppages occurring on the unit side of the waste stack shall be cleared by the Association at the unit owner's expense.	Only to the extent that a malfunction originates outside the unit in which the malfunction occurs or may occur.	All portions within a unit including fixtures & appliances attached thereto. Water damage to a unit, when the primary source of such problem is through the negligence of the occupants of that unit.
Electrical & related systems & components thereof excluding appliances, fixtures & lights serving only one unit.	All, in all regards	All components on the common element side of the unit service panel (including the main panel circuit breaker), in all regards, except as provided in Column V.	--	All components on the unit side of the unit service panel (including the individual circuit breakers), in all regards, for items serving only one unit, except as provided in Column III. All, in all regards, for bathroom and kitchen exhaust fans.

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I Items	II Common Elements Under Association Responsibility	III Limited Common Elements Under Association Responsibility	IV Unit Components Under Association Responsibility	V Certain Other Components Under Unit Owner's Responsibility Without Respect to Ownership of the Component
Heating & cooling systems & components thereof.	All, in all regards,	If any, same as in Column II.	--	
Parking spaces.	All in all regards.	All in all regards.	--	--
Storage Cubicles.	All, in all regards except routine cleaning.	--	--	Routine cleaning.
Windows.	All which do not serve a unit, in all regards.	All, in all regards except routine cleaning and glass replacement.	All, in all regards except routine cleaning and glass replacement.	Routine cleaning and glass replacement.
Doors, main entry to units.	--	--	All surfaces exposed to corridor including door panel, buck trim & sill.	Interior of door panel interior trim. Hardware set including lock and deadbolt assembly and hinges/closure.
Doors, entry into building.	All in all regards.	--	--	--

I	II	III	IV	V
<u>Items</u>	<u>Common Elements Under Association Responsibility</u>	<u>Limited Common Elements Under Association Responsibility</u>	<u>Unit Components Under Association Responsibility</u>	<u>Certain Other Components Under Unit Owner's Responsibility Without Respect to Ownership of the Component</u>
Screens.	All which do not serve a unit, in all regards.	--	--	All which serve the unit in all respects. Replacements to be of same color, grade & style.

8K7545 1489



EX 7545 1490

NOTES

CHART OF MAINTENANCE RESPONSIBILITIES:

This chart and the titles and headings used herein are not intended to describe or encompass all maintenance functions nor to delineate all respective responsibilities between the unit owners, severally, and the Association. The placement of responsibility under any specific column does not always accurately reflect the precise character and nature of ownership. The appropriate sections of the Declaration determine ownership. In many cases maintenance responsibility is allocated to the Unit Owners Association to ensure central maintenance responsibility, uniformity and quality of repair, and to protect community health and safety. Where such maintenance is required due to the negligent or wrongful act or omission of a unit owner (or his family, tenants, employees, agents, visitors, guests or pets), the Association will perform the necessary maintenance at the sole expense of the unit owner.

Column I: Items. Items appearing in this column are illustrative and not exhaustive.

Column II: Common Elements Under Association Responsibility. Responsibility for determining and providing for the maintenance, repair and replacement requirements of the common elements and determining the costs thereof shall be primarily the responsibility of the Board of Directors and such designees to which it may delegate certain such responsibilities.

Column III: Limited Common Elements Under Association Responsibility. Responsibility for determining the maintenance, repair and replacement requirements of the limited common elements shall be a shared responsibility between the Board of Directors and the unit owner of a unit to which a specific limited common element is exclusively appurtenant; provided, however, that the Board shall have the final responsibility for determining the need for and accomplishing such maintenance, repair and replacement activities.

Column IV: Unit Components Under Association Responsibility. The items in this column are legally and by definition a part of a unit but are attached or directly connected to or associated with the common elements and common expense items in such a way that a clear distinction between unit owner and Association responsibility cannot be made. Moreover, such items frequently involve matters of concern relative to the general health, safety and welfare of all of the occupants of the building. Thus, certain costs which appear to benefit a single unit owner but which affect other unit owners are declared a common expense, especially when the correct functioning of an activity or element is integral to or supportive of the legally defined common elements and common expenses.

Column V: Certain Other Components Under Unit Owner's Responsibility Without Respect to Ownership of the Component. The items in this column are not intended to be exclusive and all encompassing and do not affect responsibilities expressly provided for otherwise.