

BY-LAWS
Of
SARAH'S COVE HOMEOWNERS ASSOCIATION, INC

ARTICLE I

Name and Location. The name of the corporation is SARAH'S COVE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 2057 Sarah's Cove Drive, Hayes, Virginia 23072 , mailing address of PO BOX 131, Bena, Virginia, 23018. Meetings of members and their directors may be held at such places within the State of Virginia, County of Gloucester, City of Hayes or as may be designated by the Board of Directors.

ARTICLE II

Section 1. "Association" shall mean and refer to SARAH'S COVE HOMEOWNERS ASSOCIATION, INC., it successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Easement Area" shall mean all real property conveyed to the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons ore entities, of the fee sample title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Associated Developers, Inc, it's successors and assign if such successors or assigns should acquire one or more undeveloped Lots from the Declarant for the purpose of constructing the initial improvements on such Lot.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restriction applicable to the Properties recorded in the Office of the Clerk of the Circuit Court of the County of Gloucester, Virginia.

Section 8. "Member shall mean and refer to those persons entitled to membership as provided in the Declaration.

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ARTICLE III

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held in the same month of each year thereafter. (January).

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

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days before the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to case, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented by any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERMS OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board composed of not less than three (3) or more than five (5) persons, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting, the members shall elect at least one (1) director for a term of three (3) years, at least one (1) director for a term of two (2) years and at least one (1) director for a term of one (1) year; and at each annual meeting thereafter the members shall elect one or more directors for after of three (3) years so that a rotation of Board members will occur every year.

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Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for their actual expenses incurred in the performance of their duties.

Section 5. Action Taken Without A Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for the election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. As such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

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ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meeting of the Board of Directors shall be held at least annually, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meeting of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice to each directors.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at the duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The board of Directors shall have power to:

- (a) Adopt and publish rules and regulation governing the use of the Common Easement Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.
- (b) Suspend the voting rights and rights of a member during any period in which assessment levied by the Association. Such rights may be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Article so Incorporation or the Declaration;
- (d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors. Or in the event such member fails to promptly pay when due any assessments levied by the Association; and
- (e) Employ managers independent contractors, or such other employees as they deem necessary, and to prescribe their duties.

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Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members., or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;
- (b) Supervise all officers, agents and employees of the Association and to see that their
- (c) As more fully provided in the Declaration, to:
 - i. Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - ii. Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - iii. Foreclose the lien against any property for which assessment are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.
- (d) Issue, or to cause an appropriate officer to issue, upon demand by any person, certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) Procure and maintain adequate liability and hazard insurance on property owned by the Association. The association shall have fire and extended coverage insurance for no less than one hundred percent (100%) of replacement cost of insurable common property.
- (f) Cause all officers or employees having fiscal responsibilities to be bonded. The Association shall obtain fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of the lot owners. The fidelity bond or insurance must name the Sarah's Cove Homeowners Association, Inc as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one an one-half times the insured's estimated annual operation expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.
- (g) The Association shall have a comprehensive policy of public liability insurance covering all of the common property. Such insurance policy shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of a lot owner because of negligent acts of the Association, or other unit owners. Coverage shall be for a least \$1,000,000 per occurrence for personal injury and/or property damage.

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- (h) Cause the Common Easement Area to be maintained where appropriate.
- (i) Provide for compliance with the Virginia Property Owners Association Act, if applicable.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. An officer may be removed from office with our without cause by the Board. Any officer may resign at any time by given written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may e held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4. of this Article.

Section 8. Duties. The duties of the officers are as follows:

- (a) **PRESIDENT.** The president shall preside at all meeting of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

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- (b) VICE PRESIDENT. The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) SECRETARY. The secretary shall record the votes and keep the minutes of all meeting and proceedings of the Association and affix it on all papers requiring said seal; serve notice of meeting of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- (d) TREASURER. The treasurer shall receive and deposit in appropriate bank account all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Review Committee, as provided in the Declaration, and in Nominating Committee, as provided in these By-Laws, In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

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

ARTICLE XI

ASSESSMENTS

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As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight (8%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of their lot.

ARTICLE XII
AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of two-thirds (66.6%) of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIII
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal Year shall begin on the date of Incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am duly elected and acting Secretary of SARAH'S COVE HOMEOWNERS ASSOCIATION, INC." a Virginia corporation; and

THAT the foregoing BY-LAWS constitute the original By-Laws of said Association, as duly adopted at the meeting of the Board of Directors thereof, held on the ____ day of January, 2005.

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IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____day of January 2005.

Acting Secretary