

**Bylaws
of
Krim Point Homeowners Association**

The Grove Homeowners Association

BYLAWS
OF
KRIM POINT HOMEOWNERS ASSOCIATION
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BYLAWS
OF
KRIM POINT HOMEOWNERS ASSOCIATION

ARTICLE I

IDENTITY

These are the Bylaws of Krim Point Homeowners Association (the "Neighborhood Association"), which may, at the election of the members, be incorporated under the Laws of the Commonwealth of Virginia. The Neighborhood Association shall be organized for the purpose of operating and managing Krim Point at The Grove, Chesterfield County, Virginia (hereinafter sometimes referred to as either "Krim Point " or the "Neighborhood").

Section A. Provisions of Declaration and Articles of Incorporation to Control. The provisions of these Bylaws are applicable to Krim Point at The Grove, and the terms and provisions hereof are expressly subject to those terms, definitions provisions, conditions and authorizations contained in the Articles of Incorporation of the Neighborhood Association ("Articles"), if any such Articles are filed with the Virginia State Corporation Commission, and the Declaration of Neighborhood Restrictions of Krim Point at The Grove recorded in the Clerk's Office, Circuit Court, County of Chesterfield, Virginia in Deed Book 3619, page 46, and all supplements and amendments thereto (the "Declaration"). The terms and provisions of the Articles, if any, and Declaration shall control wherever the same may be in conflict herewith.

Section B. Defined Terms and Coverage.

(a) Unless otherwise specifically defined in these Bylaws or the Declaration, the applicable terms herein shall be defined as follows:

"Affiliate" shall mean a person or entity related to or affiliated with the Declarant and includes, but is not limited to, a joint venture, partnership or corporation in which the Declarant or any of its members have an interest.

"Declaration" shall mean and refer to the Declaration of Neighborhood Restrictions of Krim Point at The Grove, as the same now exists or may be hereafter amended.

"Declarant" shall mean and refer to The Grove, L.P., a Virginia limited partnership, its successors and assigns.

"Lot" shall mean any residential lot developed by the Declarant in the Neighborhood.

"Member" shall mean and refer to all those Members who are members of the Neighborhood Association as provided in Article IV of the Declaration.

"Mortgage" shall mean and refer to any mortgage, deed of trust or similar instrument encumbering a Lot as security for the performance of any obligation.

"Neighborhood" shall mean Krim Point at The Grove.

"Neighborhood Assessment" shall mean and refer to a Member's share of the Common Expenses from time to time assessed against a Member by the Association.

"Neighborhood Association" shall mean and refer to The Grove Homeowners Association, its successors and assigns.

"Neighborhood Board" shall mean and refer to the Board of Directors of the Association.

"Neighborhood Expenses" shall mean all actual and estimated expenditures incurred by the Neighborhood Association for the benefit of Owners of Lots within the Neighborhood.

"Occupant" shall mean and refer to any person, including, without limitation, any guest, invitee, tenant, lessee or family member of a Member, occupying or otherwise using or visiting a Lot.

"Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding any mortgagee or subsequent holder of a Mortgage, unless and until such mortgagee or holder of a Mortgage has acquired fee simple title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(b) Coverage. All present or future Owners and Occupants, their employees or agents, or any other person who might use the Association or any of the facilities thereof in any manner, are subject to all the terms and provisions of these Bylaws.

Section C. Office. The office of the Neighborhood Association shall be at The Grove Subdivision, Chesterfield

County, Virginia, or such other place as the Board of Directors shall designate from time to time.

ARTICLE II

THE NEIGHBORHOOD ASSOCIATION

Section A. Qualification of Members. The qualification of members of the Neighborhood Association, the manner of their admission to membership and termination of such membership shall be as set forth in the Declaration.

Section B. Powers of the Neighborhood Association. The Neighborhood Association shall have, in addition to those powers listed in the Articles, all of the powers reasonably necessary to implement and effectuate the rules and objectives set forth in the Declaration, these Bylaws and all other documents pertaining to the Neighborhood Association.

Section C. Annual Meetings. The annual meetings of the Neighborhood Association shall be held in the last calendar quarter of each year at such time as shall be determined by the Board. At such annual meetings, the Directors of the Neighborhood Association shall be elected by ballot of the members in accordance with the requirements of Section J of this Article. Meetings of the Neighborhood Association shall be held on the premises of the Neighborhood Association, at the principal office of the Neighborhood Association, or at such other suitable place convenient to the members as may be designated by the Board.

Section D. Special Meetings.

(a) The President of the Neighborhood Association shall call a special meeting of the Neighborhood Association if so directed by resolution of the Board or upon a petition signed and presented to the Secretary by Members of not less than 25% of the Members of either the Class A or Class B membership. The notice of any Special Meeting shall state the time, place and purpose thereof. No business shall be transacted at a Special Meeting except as stated in the notice.

(b) Within thirty days after the earlier of (i) the date when all Lots have certificates of occupancy issued for residences constructed thereon and have been conveyed to parties other than the Declarant or builders holding title solely for the purpose of construction and resale, (ii) December 31, 2003, or (iii) when Declarant, in its sole discretion, determines to withdraw from Class B membership in the Neighborhood Association, a Special Meeting of the Neighborhood Association shall be held at which all the Directors of the Neighborhood Association

designated by the Declarant shall resign, and the Members, including the Declarant, if the Declarant owns one or more Lots in the Property, shall thereupon elect successor Directors of the Neighborhood Association to act in the place and stead of those resigning. The Board shall consist of one class of Directors having not less than three nor more than five members, each elected to a one-year term of office.

Section E. Notice of Meetings. The Secretary shall mail to each Member a notice of each meeting of the Members at least ten but not more than sixty days prior to such meeting, except that notice of a Members' meeting to act on an amendment of the Articles, a plan of merger, a proposed sale of assets or the dissolution of the Neighborhood Association shall be given not less than 25 nor more than 60 days before the meeting. Such notice shall specify the place, day and time of the meeting, and in the case of a Special Meeting, the purpose or purposes for which the meeting is being called. The mailing of a notice of meeting in the manner provided in this Section and in Section A of Article IX of these Bylaws shall be considered proper service of notice.

Section F. Adjournment of Meetings. If at any meeting of the Neighborhood Association a quorum or the required percentage of attendance is not present, Members representing a majority of the total voting interest present at such meeting in person or by proxy may adjourn the meeting to a time when a quorum of the required percentage of attendance is present.

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

- (a) Roll Call and certifying of proxies.
- (b) Proof of Notice of Meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of Board and Officers.
- (e) Reports of committees, if any.
- (f) Election or appointment of inspectors of election (when so required).
- (g) Election of Directors (when so required).
- (h) Unfinished business.
- (i) New Business.

(j) Adjournment.

Section H. Title to Lots. The Neighborhood Association may acquire, hold and transfer full legal title to one or more Lots in its own name.

Section I. Proxies and Multiple Owner Voting. Votes may be cast in person or by proxy. No proxy shall be revocable except by actual notice to the person presiding over the meeting by any one or more of the Lot Owners that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice aforesaid, or if the signatures of any of those executing the same has not been witnessed by a person who shall sign his full name and address. The proxy of any person shall be void if not signed by a person having authority at the time of execution thereof to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy. In the instance where a Lot is owned by more than one person, if one of the co-owners of the Lot is present at a Neighborhood Association meeting, that person shall be entitled to cast the vote for that Lot. If more than one of such persons is present, the vote appertaining to the subject Lot shall be cast only in accordance with their unanimous agreement and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to the subject Lot without protest being made forthwith by any of the other co-owners to the person presiding at the meeting.

Section J. Voting. Voting at all meetings of the Neighborhood Association shall be on a one equal vote per Lot. The Members representing at least fifty percent of the total voting interest voting in person or by proxy at one time at a duly convened meeting at which a quorum is present are required to adopt decisions made at any meeting of the Neighborhood Association. No Member may vote at any meeting of the Neighborhood Association or be elected to serve as an Officer of the Neighborhood Association if said Member is delinquent in the payment of any Assessment.

Section K. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members representing 25% percent of the Class A votes and all of the Class B votes shall constitute a quorum at all meetings of the Neighborhood Association.

Section L. Conduct of Meetings. The President shall preside over all meetings of the Neighborhood Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted and all transactions occurring at the meeting. The then current edition of Robert's

Rules of Order shall govern the conduct of all meetings of the Neighborhood Association when not in conflict with the Declaration or the Articles. All votes shall be tallied by Inspectors appointed by the President or other Officer presiding over the meeting.

ARTICLE III

BOARD OF DIRECTORS

Section A. Number and Qualification. The affairs of the Neighborhood Association shall be governed by the Board. The Board shall be composed of three to five persons, who shall be appointed by the Declarant so long as the Declarant is a Class B Member and thereafter Directors shall be elected by the members of the Neighborhood Association. During the times when it has the right to designate who the Directors will be, the Declarant shall have the right in its sole discretion to replace any Director or Directors and to designate their successors.

Section B. Powers and Duties. The Board shall have all of the power and duties necessary for the administration of the affairs of the Neighborhood Association and may do all such acts and things not prohibited by the Declaration or the Articles. The Board shall have the power from time to time to adopt any rules and regulations ("Rules and Regulations") deemed necessary for the benefit and enjoyment of the Property; provided, however, that such Rules and Regulations shall not be in conflict with the Declaration or the Articles. The Neighborhood Board 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 O of this Article), which may arise between meetings of the Board of Directors as the Board of Directors deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Neighborhood Association that may hereafter be adopted, the Board of Directors, shall, on behalf of the Neighborhood Association:

(a) Prepare an annual budget, in which there shall be established the assessments of each Member for the Neighborhood Expenses; provided, however, the maximum annual assessment shall be limited as set forth in the Declaration.

(b) Make assessments against Members to defray the costs and expenses of the Neighborhood Association and to establish the means and methods of collecting such assessments from the Owners. The annual assessment against each Member for his proportionate share of the Neighborhood Expenses shall be payable on an annual basis when billed by the Board of Directors or the Managing Agent.

(c) Provide for the maintenance of the yard and landscaping of improved Lots in the Neighborhood, which may include regular grass cutting, fertilizing, reseeding and shrubbery trimming.

(d) Designate, hire and dismiss the professional management necessary to provide services for the Neighborhood Association and, where appropriate, provide for the compensation of such personnel and for the purpose 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 owned by the Neighborhood Association.

(e) Collect the Neighborhood Assessments against the Members, deposit the proceeds thereof in bank depositories designated by the Board and use the proceeds to carry out the administration and purposes of the Neighborhood Association.

(f) Contract for the collection of garbage at each Improved Lot in the Neighborhood.

(g) Keep books with detailed accounts in chronological order of receipts and expenditures affecting the Neighborhood and the administration of the Neighborhood Association. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Members, or their duly authorized agents or attorneys during general business hours on working days at the times and in the manner set and announced by the Neighborhood Board for the general knowledge of the Members. All books and records shall be kept in accordance with good and accepted accounting practices.

(h) Do such other things and acts not inconsistent with the Declaration or the Articles which the Neighborhood Board may be authorized to do by its own resolution.

Section C. Organizational Meeting. Within 30 days after the election of Directors in accordance with Article II, Section D(b) of these Bylaws, a meeting of the Neighborhood Board shall be held to elect officers of the Neighborhood Association.

Section D. Regular Meetings. Regular meetings of the Neighborhood Board shall be held at such time and place as shall be determined from time to time by a majority of the members of the Neighborhood Board, but such meetings shall be held at least once every three months during each fiscal year. Notice of regular meetings of the Neighborhood Board shall be given to each member of the Neighborhood Board by mail or telegraph or actual delivery at least five business days prior to the day named for such meeting.

Section E. Special Meetings. Special meetings of the Neighborhood Board may be called by the President on three business days notice to each member, given by mail or telegraph, or actual delivery, which shall state the time, place and purpose of the meeting. Special meetings of the Neighborhood Board shall be called by the President in like manner and on like notice on the written request of at least two members of the Neighborhood Board.

Section F. Waiver of Notice. Any member may at any time, in writing, waive notice of any meeting of the Neighborhood Board and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Neighborhood Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Neighborhood Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting, unless such member attends for the specific purpose of challenging such notice. If all members are present at any meeting of the Neighborhood Board, no notice shall be required and any business may be transacted at such meeting.

Section G. Quorum of Neighborhood Board. At all meetings of the Neighborhood Board a majority of the Neighborhood Board shall constitute a quorum for the transaction of business, and the votes of a majority of the Neighborhood Board present at a meeting at which a quorum is present shall constitute the decision of the Neighborhood Board. If at any meeting of the Neighborhood Board there shall be less than a quorum present, the meeting may be adjourned to a new 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.

Section H. Compensation. No Director shall receive compensation for any service he may render to the Neighborhood Association. However, a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section I. Conduct of Meetings. The President who shall be a Director shall preside over all meetings of the Neighborhood Board and the Secretary who may be but does not have to be a Director shall keep a minute book of the Neighborhood Board recording therein all resolutions adopted by the Neighborhood 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 Neighborhood Board when not in conflict with the Declaration or the Articles.

Section J. Action Without Meeting. Any action by the Neighborhood Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Neighborhood Board 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 Neighborhood Board.

Section K. Vacancies. Vacancies in the Neighborhood Board may be filled by the remaining Directors selecting someone to serve until the next Annual Meeting. In the event of three or more vacancies on the Neighborhood Board, a special meeting of the Association shall be called by the President and the vacancies filled by an election for such purpose except that should any vacancy in the Neighborhood Board be created in any Directorship previously filled by any person designated and selected by the Declarant, such vacancy shall be filled by the Declarant designating and selecting, by written instrument delivered to any Officer of the Association, the successor Director to fill the vacated Directorship for the unexpired term thereof.

Section L. Liability of the Neighborhood Board, Officers, Members and Association. The Officers and members of the Neighborhood Board of the Neighborhood Association shall not be liable to the Neighborhood Association for any mistake of judgment caused by negligence or otherwise, except for their own individual willful misconduct or bad faith. The Neighborhood Association shall indemnify to the fullest extent permitted by law and as set forth in the Articles all Directors, Officers, employees, agents and other persons who may by law be indemnified.

Section M. Common or Interested Members. Each Officer of the Neighborhood Association shall exercise his powers and duties in good faith and with a view to the best interests of the Neighborhood Association. No contract or other transaction between the Neighborhood Association and any of its Members, or between the Neighborhood Association and any corporation, firm or association (including the Declarant) in which any of the Members of the Neighborhood Association are members or officers or are pecuniarily or otherwise interested, is either void or voidable because any such member is present at the meeting of the Neighborhood Board 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 subparagraphs exists:

(a) The fact of the common membership or interest is disclosed or known to the majority of the Board or noted in the minutes, and the Neighborhood 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 membership or interest is disclosed or known to at least a majority of the Members, and the Members 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 Neighborhood Association at the time it is authorized, ratified, approved or executed.

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

Section N. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Neighborhood Association for expenditures or obligations in excess of One Thousand Dollars shall be executed by any two persons designated by the Neighborhood Board. All such instruments for expenditures or obligations of One Thousand Dollars or less may be executed by any one person designated by the Board.

Section O. Managing Agent. The Neighborhood Board may employ for the Property a professional managing agent (the "Managing Agent"), at a compensation to be established by it. Any contract shall provide that the contract may be terminated with cause on not more than thirty (30) days' written notice and without cause or not more than ninety (90) days' written notice; and the contract must be terminable without payment of a termination fee.

(a) Requirements. The Managing Agent shall employ persons possessing a high level of competence in the technical skills necessary for proper management of the Neighborhood. The Managing Agent must be able to advise the Neighborhood Board regarding the administrative operations of the Neighborhood and may with the consent of the Neighborhood Board employ personnel expert in the areas of insurance, accounting and Neighborhood regulations.

(b) Duties. The Managing Agent shall perform such duties and services as the Neighborhood Board shall authorize. The Neighborhood Board may delegate to the Managing Agent all of the powers granted to the Neighborhood Board by these Bylaws

other than the powers set forth in paragraph (b) of Section B of this Article III and other than its power to make and amend any Rules and Regulations issued by the Neighborhood Board. The Managing Agent shall perform the obligations, duties and services relating to management of the Neighborhood Association, relating to the rights of Mortgagees and relating to the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(c) Standards. The Neighborhood Board shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Neighborhood Board:

(i) Cash accounts of the Neighborhood Association shall not be commingled with any other accounts except with the express permission of the Neighborhood Board;

(ii) No remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Neighborhood Association whether in the form of commissions, finders fees, service fees or otherwise;

(iii) Any discounts received shall benefit the Neighborhood Association; and

(iv) Any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Neighborhood Association shall be disclosed promptly to the Board.

Section P. Removal. Any one or more of the members of the Neighborhood Board may be removed, either with or without cause, at any time by an affirmative vote of the majority of Members at any special meeting called for such purpose, or at any annual meeting; provided, however, that only the Declarant shall have the right to remove a Director appointed by it.

ARTICLE IV

OFFICERS

Section A. Number of Officers. The Officers of the Neighborhood Association shall be a President, who shall be a Director, a Vice-President, a Treasurer and a Secretary, all of whom shall be elected annually by the Neighborhood Board and who may be peremptorily removed, with or without cause, by a vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be Vice-President, Secretary or an Assistant Secretary. The Neighborhood

Board shall, from time to time, elect such other Officers and designate their powers and duties as the Neighborhood Board shall find to be required to manage the affairs of the Neighborhood Association.

Section B. President. The President shall be the chief executive officer of the Neighborhood Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Neighborhood Association.

Section C. Vice-President. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

Section D. Secretary. The Secretary shall keep the minutes of all proceedings of the Directors and the Members. He shall attend to the giving and serving of all notices to the Members and Directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President.

Section E. Treasurer. The Treasurer shall have custody of all of the property of the Neighborhood Association, including funds, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the Members; he shall keep the books of the Neighborhood Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

Section F. Compensation. The compensation, if any, of all Officers and employees of the Neighborhood Association shall be fixed by the Directors. This provision shall not preclude the Neighborhood Board from employing a Director as an employee of the Neighborhood Association.

Section G. Vacancies. Vacancies in any office of the Association shall be filled by a vote of the majority of the Neighborhood Board of Directors at a special meeting held for such purpose promptly after the occurrence of such vacancy. Each person so elected shall be an Officer of the Neighborhood

Association for the remainder of the term of the Officer being replaced and until a successor shall be elected at the next Annual Meeting of the Neighborhood Board.

ARTICLE V

NEIGHBORHOOD ASSESSMENTS

Section A. Payment of Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Neighborhood Association annual and special assessments, together with interest thereon and costs of collection thereof (including reasonable attorneys' fees), all of which shall be secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days after the due date, the Neighborhood Board shall have the right to establish reasonable late charges, as set forth in the Declaration and the Neighborhood Association may bring an action at law against the Member personally obligated to pay the same or may foreclose the lien against the Lot. No Member may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Lot.

Section B. Further Provisions Concerning Payment of Neighborhood Expenses.

(a) Liability to Association upon Resale. Each Member shall pay the Neighborhood Expenses assessed by the Neighborhood Board pursuant to the provisions of Section A of this Article V. No Member may exempt himself from liability for his contribution toward Neighborhood Expenses by waiver of the use or enjoyment of any part of the Neighborhood or by abandonment of his Lot. No Member shall be liable for the payment of any part of the Neighborhood Expenses assessed against his Lot subsequent to the date of recordation of a conveyance by him in fee of such Lot. Prior to or at the time of any such conveyance all liens, unpaid charges and assessments shall be paid in full and discharged.

(b) Rights to Neighborhood Association Assets upon Resale. When an Owner ceases to be a Member of the Neighborhood Association by reason of his divestment of ownership of a Lot(s), by whatever means, the Neighborhood Association shall not be required to account to that Member for any share of the fund or assets of the Neighborhood Association since all monies which any Member has paid to the Neighborhood Association shall be an asset of the Neighborhood Association to be used in the operation and management of the Neighborhood Association.

Section C. Collection of Assessments. Any Assessment provided for herein, or a portion thereof, which is unpaid within

thirty (30) days after the due date thereof, as established by the Neighborhood Board, shall become delinquent and shall continue as a charge and continuing lien on the land against which such Assessment was made and all improvements thereon. Any assessment, or installment thereof, not paid within thirty (30) days after the due date therefor shall accrue late charges as established by the Neighborhood Board and the Neighborhood Board shall have those remedies set forth in the Declaration. No Owner may waive or otherwise avoid liability for the Assessments provided herein by abandonment of his Lot.

Section D. Statement of Neighborhood Expenses; Disclosure Packet. If required by the Virginia Property Owner's Association Act (the "Act"), the Board shall promptly provide any Member, contract purchaser, or mortgagee of any Lot so requesting the same a disclosure packet in the form required by the Act, which shall include a written statement of all unpaid assessments for Neighborhood Expenses due from such Member. The Neighborhood Board may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by law. Such statement may be signed by any officer or the Managing Agent of the Association.

ARTICLE VI

RIGHTS OF FIRST MORTGAGEES

Anything contained in the Declaration or these Bylaws to the contrary notwithstanding and so long as there remains outstanding any Mortgage on any Lot or participating interest in such a Mortgage which was purchased by the Federal Home Loan Mortgage Corporation (FHLMC) or FNMA, the Declarant and the Neighborhood Association, for itself and each Lot Owner, hereby agree that the properties shall be bound by the following covenants, conditions and restrictions.

Section A. Notice of Default, Casualty or Condemnation. Upon request, a first Mortgagee of any Lot shall be entitled to timely written notice of:

(a) any condemnation or casualty loss that affects either a material portion of the Lot securing its Mortgage;

(b) any sixty (60) day delinquency in the payment of Neighborhood Assessments or charges owed by the Owner of the Lot on which it holds the Mortgage;

(c) a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Neighborhood Association;

(d) any proposed action that requires the consent of a specified percentage of eligible Mortgage holders.

Section B. No Right of First Refusal. Any first Mortgagee who comes into possession of a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal."

Section C. Foreclosure. Any first Mortgagee who comes into possession of a Lot pursuant to the remedies provided in the Mortgage, foreclosure of a Mortgage, or deed (or assignment) in lieu of foreclosure, shall take the property free of any claims for unpaid Neighborhood Assessments or charges resulting from reallocation of such Neighborhood Assessments or charges to all Lots including the mortgaged Lot.

Section D. Mortgagee's Approvals. Without the written approval of seventy-five percent (75%) of the first Mortgagees (based upon one vote for each Mortgage) of each Lot, the Neighborhood Association shall not be entitled to:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Neighborhood Association; provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the real estate shall not be deemed a transfer within the meaning of this clause;

(b) change the method of determining the obligations, Neighborhood Assessments, dues or other charges which may be levied against each Lot and the Owners;

(c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design;

(d) fail to maintain fire insurance with extended coverage on any insurable permanent structures or improvements erected on any common area owned by the Neighborhood Association in an amount not less than one hundred percent (100%) of the current replacement cost;

(e) apply the proceeds from such fire and hazard insurance for other than the repair, replacement or reconstruction of improvements and structures located on any common area owned by the Neighborhood Association.

Section E. Examination of Books and Records. Upon request first Mortgagees shall have the right to examine the books and records of the Association.

Section F. Payment of Taxes and Insurance. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any common property and may pay overdue premiums on the fire and hazard insurance policies for such property, or secure new insurance coverage on the lapse of such a policy, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Neighborhood Association.

ARTICLE VII

COMPLIANCE AND DEFAULT

Section A. Relief. Each Member shall be governed by, and shall comply with, all of the terms of the Declaration, the Articles, these Bylaws and any Rules and Regulations set forth by the Neighborhood Board. Default by a Member shall entitle the Neighborhood Association, acting through the Neighborhood Board or through the Managing Agent, to the relief as set forth in the following paragraphs:

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

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Member, the Neighborhood Association shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court. If any unsuccessful action is brought against the Declarant, for any reason whatsoever, the party so filing same must pay costs and attorneys fees incurred by the Declarant.

(c) No Waiver of Rights. The failure of the Declarant, the Neighborhood Association, the Neighborhood Board or of a Member to enforce any right, provisions, covenant or condition which may be granted by the Declaration or Bylaws shall

not constitute a waiver of the right of the Declarant, the Neighborhood Association, the Neighborhood Board or the Member to enforce such right, provisions, covenant or condition in the future. All rights, remedies and privileges granted to the Neighborhood Association, the Neighborhood Board or any Member pursuant to any term, provision, covenant or condition of the Declaration or Bylaws 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 aforesaid documents or at law or in equity.

(d) Abating and Enjoining Violations by Members. The violations of any of the Rules and Regulations adopted by the Neighborhood Board, the breach of any Bylaws contained herein or the breach of any provision of the Declaration, Bylaws, the Articles shall give the Neighborhood Board or its Managing Agent the right, in addition to any other rights set forth in these Bylaws to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach.

(e) Legal Proceedings. Failure to comply with any of the terms of the Declaration, the Articles, these Bylaws 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 nonpayment of all assessments, any other relief provided for in these Bylaws or any combination thereof including reasonable attorneys fees, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Neighborhood Association, the Neighborhood Board, the Managing Agent and, if appropriate, any aggrieved Member and shall not constitute an election of remedies.

Section B. Lien for Assessments.

(a) The total annual assessment of each Member for Common Expenses or any special assessment made pursuant to these Bylaws is hereby declared to be a lien filed against the Lot of such Member, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Neighborhood Association, and, as to special assessments, on the first day of the next month which begins more than ten days after delivery to the Member of notice of such special assessment. The Neighborhood Board 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 desirable.

(b) If any Owner fails to pay any installment within thirty (30) days of its due date, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Neighborhood Board 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 Member and his Mortgagee of this Lot by the Neighborhood Board or the Managing Agent.

(c) The lien for assessments may be enforced and foreclosed in the manner provided by the laws of the Commonwealth of Virginia by action in the name of the Neighborhood Board or the Managing Agent, acting on behalf of the Neighborhood Association.

(d) A suit to recover a money judgment for unpaid contributions 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 C. Subordination and Mortgagee Protection.

Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-laws upon any Lot (and any penalties, interest on assessments, late charges, attorneys fees, or the like) shall be subordinate to, and shall in no way affect the rights of a first Mortgagee so long as such Mortgage was 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 Lot pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the Lot at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE VIII

AMENDMENT TO BYLAWS

Section A. Method of Amending.

(a) Amendment. These Bylaws may be amended by a vote of the members at a duly called meeting of the Neighborhood Association at which a quorum is present and for which notice was given in accordance with the provisions of the Virginia Nonstock Corporation Law in effect at the time such notice was given. Such notice shall state the proposed amendments to these Bylaws to be presented to the members for approval and shall contain the

text of the amendments to be presented or a summary thereof. Any such amendment shall be deemed approved if two-thirds (2/3) of the votes cast by each class of Members voting in person or by proxy at such meeting are in favor of the proposed amendment. No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

(b) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder and under these Bylaws in favor of the Declarant shall be made without the written consent of the Declarant being first had and obtained.

Section B. Termination.

(a) Termination of the Neighborhood Association may be effected only by an affirmative vote of eighty percent (80%) of the Members and only after a termination agreement has been executed by such Members and recorded in the Clerk's Office, Circuit Court, Chesterfield County, Virginia. In addition to the foregoing, termination shall not be allowed unless seventy-five (75%) of the holders of all Mortgages that are liens on the Lots consent in the aforesaid termination agreement.

(b) The members of the Board acting collectively as agent for all Members, shall continue to have such powers as are granted in this Article VIII notwithstanding the fact that the Neighborhood Association itself may be dissolved upon termination.

ARTICLE IX

MISCELLANEOUS

Section A. Notices. All notices, demands, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally (a) if to a Member, at the address which Member shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Member; or (b) if to the Association, the Board 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 Members pursuant to this Section. If a Lot is owned by more than one person, each person who so designates an address in writing to the Secretary shall be entitled to receive all notice hereunder.

Section B. Captions. The captions used herein are inserted only as a matter of convenience and for reference, and in no way

define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section C. Gender, Singular/Plural. 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 required.

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THE GROVE

Neighborhood Addendum - Krim Point

House style:	Colonial or Transitional
Exposed Foundations:	Brick on grade; stoops and steps to be brick with an exposed aggregate floor
Driveway and side walk materials:	Aggregate Concrete
Minimum required roofing material:	25 year dimensional shingle - CertainTeed Weathered Wood
Siding Material:	Revere Fair Oaks straight lap vinyl siding. Siding color to be Sandstone; trim to be Almond. Shutters and doors may be <i>Midnight Green</i> or <i>Deep Forest Brown</i> by <u>Duron</u> .
<i>Trim Paint Colors</i>	
Minimum landscape allowance:	Sod & irrigation required in the front yard (up to 2,00 s.f.) Builder to provide Krim Point Landscaping Package
Required post lamp style:	Lamp Style - Progressive, #P-5425-10 Post style - Progressive, #P-5392-32
Mailbox required:	Standard Grove mailbox
Garage Required:	All garages to be front entry.

NOTE:

1. Plans for each home must be submitted for approval with emphasis on site layout, and exterior elevation. Clearing is limited to 25' at the front and rear, with adequate areas on sides to permit proper grading for drainage. A stakeout review is not required.
2. Gas is to be used for heat and hot water. If dual fuel systems are used, the Builder may be responsible for additional payment to the gas company.
3. Each builder is bound by the requirements of the Grove Design Standards, in addition to the above requirements for this neighborhood.