

**AMENDED AND RESTATED  
BYLAWS  
FOR  
STONE RIDGE ASSOCIATION, INC.**

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In compliance with the Requirements of Chapter 10 of Title 13-1 of the Code of Virginia, as amended, Bylaws for the above named corporation were adopted by the Board of Directors of the Corporation in or around August 2001. Pursuant to notice given to the Members of the Corporation in accordance with §13.1-842 of the Virginia Non-Stock Corporation Act, Code of Virginia, as amended, and pursuant to Article XII of the Bylaws of the Corporation, the Board of Directors of the Corporation recommended an amendment and restatement of the Bylaws to be consistent with the proposed Articles of Amendment and Restatement of the Articles of Incorporation for the Stone Ridge Association, Inc. and the proposed Amended and Restated Declaration of Covenants, Conditions and Restrictions for Stone Ridge Association, Inc. A meeting on such matters was held on \_\_\_\_\_ at which a quorum of the Members of the Corporation was present in person or by proxy and this Amended and Restated Bylaws for Stone Ridge Association, Inc. was approved by a majority of the Members in accordance with Article XII of the original Bylaws.

## **ARTICLE I INTERPRETATIVE PROVISIONS**

Terms used herein without definition shall have the meanings specified for such terms in Section 13.1-803 of the Virginia Non-Stock Corporation Act (“Non-Stock Corporation Act”) and Section \_\_\_ of the Virginia Property Owners Association Act (“Act”). Definitions, terms and other interpretive provisions set forth in Appendix One of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Stone Ridge (the “Declaration”) and the Articles of Amendment and Articles of Restatement of the Articles of Incorporation for Stone Ridge Association, Inc., (the “Association”) (the “Articles of Incorporation”) are equally applicable to these Bylaws.

## **ARTICLE II MEETINGS OF MEMBERS**

Section 2.1 Annual Meetings. The first annual meeting of the Association shall be held not later than the first anniversary of the incorporation of the Association, at such time and place as may be fixed by a resolution of the Board of Directors. Subsequent annual meetings of the Association shall be held on weekdays (other than legal holidays recognized as such in Virginia) at least thirty (30) days before the beginning of each fiscal year at such time as may be fixed from time to time by resolutions of the Board of Directors.

Section 2.2 Special Meetings. The Association shall hold a special meeting: (1) upon the call of the President; (2) if so directed by resolution of the Board of Directors; (3) upon a petition presented to the Secretary and signed by members entitled to cast at least twenty-five percent of the total number of votes (excluding the Declarant’s votes during the Declarant’s Rights and Obligations Period); or (4) upon request of the Declarant. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred eighty days after the date of the first such signature. Such resolution, petition or request must: (1) specify the time and place at which the meeting is to be held; (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.3 hereof, or else specify that the Secretary shall designate the date of the meeting; (3) specify the purposes for which the

meeting is to be held; and (4) be delivered to the Secretary. No business other than that stated in such resolution, request or petition shall be transacted at such special meeting.

Section 2.3 Notice of Meetings.

(a) Written notice stating the place, day and time of each annual meeting and, in case of a special meeting, the purposes for which the meeting is called, shall be given by the Secretary to each member entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. The giving of notice in the manner provided in this section and Article 11 hereof shall be considered service of notice.

(b) Notwithstanding the provisions of Subsection (a), notice of a meeting to act on an amendment to the Articles of Incorporation or a plan of merger or consolidation or dissolution shall be given in the manner provided above not less than twenty-five nor more than sixty days before the date of the meeting. Any such notice shall be accompanied by a copy of the proposed amendment, plan of merger or consolidation or dissolution. Any such amendment, plan of merger or consolidation or dissolution shall not be effective unless notice of such matter is provided in accordance with this subsection.

Section 2.4 Waiver of Notice of Meetings.

(a) Whenever any notice is required to be given of any meeting of the Association, a waiver thereof in writing signed by a member entitled to such notice, whether given before or after the meeting, shall be equivalent to the giving of such notice to that member and such waiver shall be delivered to the Secretary for inclusion in the minutes or filing with the Association records.

(b) A member who attends a meeting shall be conclusively presumed to have had timely and proper notice of the meeting or to have duly waived notice thereof, unless such member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or at or prior to consideration of the matter subject to objection, in the case of a special meeting.

Section 2.5 Quorum. A quorum shall be deemed to be present throughout any meeting of the Association if the Declarant and members entitled to cast at least ten percent (10%) of the total number of votes are present or, if Declarant is not present, at least twenty-five percent (25%) of the total number of votes are present, in person or by proxy, at the beginning of such meeting. Once a member is present at a meeting, such member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new Record Date (as defined in Section 2.8) is set for that adjourned meeting.

If at any meeting of the Association a quorum is not present, a majority of the members who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours after the time the original meeting was called at such date and place as such members may agree, whereupon the Secretary shall announce the date, time and place at the meeting and make other reasonable efforts to notify all members of such date, time and place.

Section 2.6 Order of Business. Unless otherwise specified in the notice of the meeting, the order of business at all meetings of the Association shall be as follows: (1) roll call (proof of quorum); (2) proof of notice of meeting; (3) reading of minutes of preceding meeting; (4) reports of officers; (5) report of Board of Directors; (6) reports of committees; (7) appointment of inspectors of election (when so required); (8) election of directors (when so required); (9) unfinished business; and (10) new business; provided, however, that balloting for election of directors may commence at any time at the direction of the presiding officer.

Section 2.7 Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The President may appoint a parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Act or the Association Documents.

Section 2.8 Record Date to Determine Members; List of Members. The date for determining which Persons are members and therefore entitled to vote ("Record Date") shall be the close of business on the day before the effective date of the notice to the members of the meeting, unless the Board of Directors shall determine otherwise. The Board shall not fix a Record Date more than seventy (70) days before the date of the meeting or other action requiring a determination of the members, nor shall the Board set a Record Date retroactively. At least ten (10) days before each meeting, the Secretary shall make a complete list of members, with the address of each, available for review by the members before and during the meeting. The list shall be current as of the Record Date.

### **ARTICLE III MEMBERSHIP AND VOTING**

Section 3.1 Members and Voting Rights. The voting rights of the members of the Association shall be as set forth in Article VI of the Articles of Incorporation and in Section 4.3 of the Declaration, or as elsewhere provided.

Section 3.2 Additional Provisions Governing Voting.

(a) **Association Votes.** If the Association is an Owner, the Association shall cast its votes with the majority with respect to any Lot it owns and, in any event, such votes shall be counted for the purpose of establishing a quorum.

(b) **Multiple-Person Owners.** Since a member may be more than one Person, if only one of such Persons is present at a meeting of the Association, that Person shall be entitled to cast the member's votes. If more than one of such Persons is present, the vote appertaining to that member shall be cast only in accordance with the determination of such Persons as provided in Article VI of the Articles of Incorporation and Section 4.3 of the Declaration, and such determination shall be conclusively presumed if any of them purports to cast the vote appertaining to that member without protest being made forthwith to the person presiding over the meeting by any of the other Persons constituting such member.

(c) Voting Certificate. If a member is not a natural person, the vote by such member may be cast by any natural person authorized by such member. Such natural person must be named in a certificate signed by an authorized officer, partner or trustee of such Person and filed with the Secretary; provided, however, that any vote cast by such natural person on behalf of such member shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote was cast. Such certificate shall be valid until revoked by a subsequent certificate similarly executed and filed. Wherever the approval or disapproval of a member is required by the Governing Documents, such approval or disapproval may be made by any Person who would be entitled to cast the vote of such member at any meeting of the Association.

(d) Delinquency. The Board of Directors of the Association may suspend the voting rights of any Member in the event such Member shall fail to pay any Assessment within thirty (30) days after the due date as provided in Article 6, Section 6.1 and Article 16, Section 16.2 of the Declaration and such suspension shall continue during the period when such Member shall remain delinquent in the payment of any Assessment. However, upon payment of such Assessment, the voting rights of such Member shall automatically be restored.

### Section 3.3 Manner of Voting.

(a) At a Meeting. Voting by Members at a meeting shall be by voice vote (except for the election of directors which shall be by written ballot) unless the presiding officer determines otherwise or any Member present at the meeting, in person or by proxy, requests, and a Majority of the Members consent to, a vote by written ballot indicating the name of the Member voting, the number of votes appertaining to such Member, and the name of the proxy of such ballot if cast by a proxy. There shall be no cumulative voting.

(b) By Referendum. In the sole discretion of the Board of Directors, election of directors requiring a vote of the Members may be submitted to a referendum of the members on a ballot, by mail or at polling places. Ballots shall be returned to the Secretary by the date specified on the ballot. The Board of Directors shall determine the method of voting, the form of all ballots, the deadline for return of ballots and the number and location of polling places, if any.

(c) Advisory Referendum. The Board of Directors may include on any ballot questions on which it seeks an advisory vote. Members may suggest questions for an advisory vote which shall be evaluated by the Board for consistency with the exercise of its duties and responsibilities and with the Association Documents. In any advisory vote, each such question on a ballot shall indicate that the vote is for advisory purposes only.

Section 3.4 Proxies. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy how to vote) or uninstructed (leaving how to vote to the proxy's discretion). Only instructed proxies may be granted by any Member to the managing agent of the Association. No Person other than the Declarant, a Mortgagee, the managing agent or an Officer shall cast votes as a proxy for more than five (5) Lots not owned by such Person. Proxies shall be in writing, shall be dated, shall be signed by the member or a Person authorized by the member (or in cases where the member is more than one Person by or on behalf of all such persons), shall be valid for eleven (11) months unless a longer time period is provided in the

proxy and shall be filed with the Secretary. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from the member.

### Section 3.5 Election Procedures.

(a) Elections Committee. At least thirty (30) days prior to each meeting of the Association at which directors are elected by Members, other than the Class D Member, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board whose term is not then expiring and at least two (2) other persons who are not members of the Board. Notwithstanding the foregoing, at the discretion of the Board of Directors, the requirement of an Elections Committee need not be implemented for the first election following the Declarant's Rights and Obligations Period. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board providing for election of directors by ballot of the members at annual meetings and, where appropriate, special meetings, subject to those requirements outlined in Article IV of these Bylaws.

(b) Nominations. Except where directors are appointed by the Class D Member, as provided herein and in the Articles of Incorporation, Persons qualified to be directors may be nominated only by submitting an application to the chairman of the Elections Committee at least (25) twenty-five days before the meeting at which the election is to be held. Such application shall be signed by at least three other Owners and either signed by the nominee or accompanied by a document signed by the nominee indicating a willingness to serve as a director; provided, however, that 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) candidate has submitted an application. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve.

## **ARTICLE IV BOARD OF DIRECTORS**

Section 4.1 Election , Term of Office and Composition. The business and affairs of the Association shall be managed by the Board of Directors appointed by Declarant or elected in accordance with the procedures set forth in Article VII of the Articles of Incorporation and Article III and this Article IV of these Bylaws.

(a) Declarant Appointment. As provided in Article VII of the Articles of Incorporation and Section A-104(b) of Appendix Two of the Declaration, the Declarant shall appoint the initial members of the Board of Directors and shall have the right to appoint a majority of the Board of Directors during the Declarant Rights and Obligations Period or until Declarant transfers control if such transfer occurs prior to the expiration of the Declarant Rights and Obligations Period, subject to the rights of the Owners to elect certain members of the Board of Directors as provided in Article VII of the Articles of Incorporation.

(b) Election by Members. Pursuant to Article VII of the Articles of Incorporation, the members shall have the right to elect certain members of the Board of Directors at certain annual meetings during the Declarant Rights and Obligations Period. At the first annual meeting of the Association following the end of the Declarant Rights and Obligations Period or at any special



meeting called by the Class D Member to transfer control of the Board of Directors to the Class A, B and C Members, the Class A, B and C Members shall elect all members of the Board of Directors. Nominations shall first be held as provided in Section 3.5 of these Bylaws. As the Association is a mixed-use Community whereby Residential, Non-Residential and Multi-Family Rental Lots all co-exist, notwithstanding certain different interests, it is necessary for the Board of Directors to be composed of members representing the different interests in the Community. As a result, notwithstanding the size of the Board of Directors at least one (1) member of the Owner-controlled Board of Directors shall be a Non-Residential Lot Owner, at least one (1) member of the Owner-controlled Board of Directors shall be a Multi-Family Rental Lot Owner and at least one (1) member of the Owner-controlled Board of Directors shall be a Residential Lot Owner. If the number of directors is increased, pursuant to Article VII(b) of the Articles of Incorporation, the requirement of at least one (1) representative of each Class of membership in the Association shall remain applicable, recognizing that there will be substantially more Class A members than any other Class of membership in the Association.

(c) Powers and Duties of the Board of Directors. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required by the Act or the Governing Documents to be exercised and done by the Members or the board of directors as of the Sub-Association. 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 5.3 hereof), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by any other provision of the Governing Documents or by any resolution of the Association that may hereafter be adopted, the Board may perform the following duties and take the following actions on behalf of the Association:

(1) Provide goods and services to the members in accordance with the Association Documents, and repair, replace and maintain all Community Property and Community Areas and to the extent provided in the Declaration, the individual Lots are the Sub-Association's Common Property.

(2) Designate, hire, dismiss and, where appropriate, compensate the personnel necessary to provide for the repair, replacement and maintenance of the Community Property and Community Areas and to the extent provided in the Declaration, of the Lots and Sub-Association Common Property.

(3) Levy and collect the Assessments, deposit the proceeds thereof in depositories designated by the Board of Directors and use the proceeds to carry out the upkeep of the Property to the extent the Association is so authorized by the Governing Documents.

(4) Adopt and amend Community Codes in accordance with Article 10 of the Declaration and reasonable Rules and Regulations not inconsistent with the Governing Documents.

(5) Open bank accounts on behalf of the Association and designate the signatories thereon.

- (6) Enforce the provisions of the Governing Documents.
- (7) Act with respect to all matters arising out of any eminent domain proceeding affecting the Community Property owned in fee simple by the Association and any other real estate in which the Association has an ownership interest.
- (8) Obtain and carry insurance against casualties and liabilities, applications to Associations of this nature, as provided in the Community Codes, typically pay the premiums therefor and adjust and settle any claims thereunder.
- (9) Pay the cost of all authorized goods and services rendered to the Association and not billed to Owners of individual Lots, Sub-Associations or otherwise provided for in the Declaration.
- (10) Acquire, hold and dispose of Lots and mortgage the same without the prior approval of the Members if such expenditures and hypothecations are included in the budget.
- (11) Charge reasonable fees for the use of the Community Property owned in fee simple by the Association and for services.
- (12) Levy special assessments, including fines and penalties against any Owner and suspend the right of the Owner or other occupant of a Lot, and the right of such Owner's guests, employees, customers, tenants, agents, invitees, permittees and licensees to use the Community Property owned in fee simple by the Association as provided in the Declaration and the Community Codes..
- (13) Prepare and adopt an annual budget and make assessments against the Owners to defray the Common Expenses of the Association, establish the means and methods of collecting such Assessments from the Owners and establish the period of the installment payment, if any, of the annual Assessment for Common Expenses.
- (14) Prepare and adopt Local Area budgets and make Local Area Assessments against affected Owners to defray Local Area Expense as provided in the Declaration and establish the means and methods of collecting, including establishing the period of installment payments, if any, applicable to the same.
- (15) Borrow money on behalf of the Owners' Association when required for any valid purpose; provided, however, that (except during the Declarant's Rights and Obligations Period), either a Majority of Members vote in favor at a meeting held for such purpose or written approval by Members entitled to cast fifty-one percent (51%) or more of the total number of votes shall be required to borrow any sum in excess of fifteen (15) percent of the total annual Assessment for Common Expenses for that fiscal year and, subject to the Declaration, mortgage any of the Community Property owned in fee simple by the Association.
- (16) Execute deeds, easements and other instruments affecting title, plats and applications for construction permits, for the Community Property owned in fee simple

by the Association, as may be necessary or desirable in the normal course of the orderly development of the Property, at the request of the Declarant.

(17) Dedicate or transfer any portion of the Community Property owned in fee simple by the Association or grant easements, rights-of-way or licenses over and through the Community Property pursuant to and subject to the restrictions of the Declaration.

(18) Prepare, sign and issue an Association disclosure packet or statement of Common Expenses with respect to a specific Lot in accordance with the requirements of the Act upon written request therefor and payment of the appropriate fee from an Owner, a contract purchaser or a Mortgagee.

(19) Do anything else authorized by the Act or pursuant to applicable Law not inconsistent with the Act or the Governing Documents.

(20) The Board of Directors shall exercise its powers and duties as outlined herein using commercially reasonable business judgment, taking into account, among other things, the provisions of Article 17 of the Declaration and the mixed-use nature of the Community. No actions shall be taken by the Board of Directors that are detrimental to the Non-Residential or Residential uses of the Property. No actions may be taken by the Board of Directors that materially affect the Non-Residential Lots, or the Assessments charged to Non-Residential Lots, unless at least one (1) Class B director votes with the majority on such decision. Similarly, no actions may be taken by the Board of Directors that materially affect the Residential Lots or the Assessments charged to Residential Lots, unless at least one (1) Class A director votes with the majority on such decision and no actions may be taken by the Board of Directors that materially affect the Multi-Family Rental Lots or the Assessments charged to Multi-Family Rental Lots, unless at least one (1) Class C director votes with the majority on such decision.

## **ARTICLE V MANAGING AGENT**

Section 5.1 Compensation. The Board of Directors may employ for the purpose of administering the Property a managing agent at a compensation to be established by the Board.

Section 5.2 Requirements. The managing agent shall be a bona fide business enterprise, unaffiliated with the Declarant, which has experience managing projects similar to the Association. Such firm or its principals shall have a minimum of two years experience in real estate community management and shall employ persons possessing a level of competence in the technical skills necessary to proper management of the Property. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the property and shall employ personnel knowledgeable in the areas of insurance, accounting, contract negotiation, labor relations and property management. Alternatively, or in addition, the managing agent may be a full-time employee of the Association who shall organize, staff, train, supervise and administer the in-house personnel with regard to the management of the Property. The managing agent may also be, but is not required to be, the managing agent of one or more duly constituted Sub-Associations. In the event the managing agent is also the managing agent

of one or more duly constituted Sub-Associations, the contracting for such management services may be accomplished jointly between and among the Association and such Sub-Association(s) or the contracting for such management services may be accomplished between and among the Association and such Sub-Association independent as the Board of Directors and the board(s) of directors of the Sub-Association shall determine.

Section 5.3 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 Section 4.1, clauses (1), (2) and (3), except for the power to levy, (6), (7), (8), (9), (13) and (14), except for the power to adopt an annual budget, and (19). 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 Section 4.1, clauses (4), (5), (10), (11), (15), (16), and (17). 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 the Act and the Governing Documents.

Section 5.4 Limitations. 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 (90) days written notice and with cause on no more than thirty (30) days written notice.

## **ARTICLE VI OFFICERS**

Section 6.1 Designation and Duties of Officers. The principal officers of the Association shall be the President (who shall also serve as Chairman of the Board of Directors), the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also elect an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President and Vice President shall be members of the Board of Directors. Any officers may, but need not, be Owners, representatives of Owners or directors. Each officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent (if any) inconsistent with the Act or the Governing Documents, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. If any officer is unable for any reason to perform the duties of the office, the President (or the Board of Directors if the President fails to do so) may appoint another qualified person to act in such officer's stead on an interim basis.

Section 6.2 Election of Officers. After the Declarant's Rights and Obligations Period, the officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any officer may hold more than one position; provided, however, that the offices of President, Vice President and Secretary shall be held by at least two (2) different individuals. Except for death, resignation or removal, the officers shall hold office until their respective successors shall have been elected by the Board.

Section 6.3 Resignation or Removal of Officers. Any officer may resign by delivering written notice to the Board of Directors. Unless otherwise specified, such resignation shall take

effect upon the receipt thereof, and acceptance of such resignation shall not be necessary to make it effective. Upon the affirmative vote of a majority of the total 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 6.4 Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The person appointed to fill a vacancy shall serve for the remainder of the term of the officer such person replaces.

Section 6.5 President. The President shall be the chief executive officer of the Association; preside at all meetings of the Association and of the Board of Directors; have general and active direction of the business of the Association subject to the control of the Board; see to the execution of the resolutions of the Association and the Board of Directors; see that all orders and resolutions of the Board are carried into effect; and, in general, perform all the duties incident to the office of President.

Section 6.6 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 6.7 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board may direct and as may be required by the Act; give or cause to be given all notices required to be given by the Association; give each Member notice of each Assessment against such Member's Lot as soon as practicable after Assessment is made; sign statements as to whether an Owner is in default of his Assessment obligations when requested by a purchaser or Mortgagee hereunder; give each Member notice and a copy of the Community Codes and rules and regulations or amendments thereof; maintain a register setting forth the place to which all notices to Members, and Eligible Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary of a corporation organized under the Act.

Section 6.8 Treasurer. The Treasurer shall be responsible for Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare or cause to be prepared all required financial data, including the statement of Common Expenses required by the Declaration; deposit all monies and other valuable effects in the name of the Board of Directors or the Association, 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.

## **ARTICLE VII COMMITTEES**

Section 7.1 Architectural Review Committee. Upon expiration or assignment of the Declarant's rights with regard to design and architectural review, the Board of Directors shall establish the architectural Review Committee as set forth in Article 7 of the Declaration.

Section 7.2 Covenants Committee. The Declarant (during the Declarant's Rights and Obligations Period) or the Board of Directors shall establish the Covenants Committees as set forth in Article 8 of the Declaration.

Section 7.3 Local Area Committees. The Declarant (during the Declarant's Rights and Obligations Period) or the Board of Directors may establish one or more Local Area Committees as set forth in Article 9 of the Declaration.

Section 7.4 Other Committees. The Declarant (during the Declarant's Rights and Obligations Period) or the Board of Directors may create and abolish from time to time such other committees consisting of two or more persons as the Board may deem appropriate to aid in the administration of the affairs of the Association. Such committees shall have the powers and duties fixed by resolution of the Board from time to time. The Board shall appoint the chair of each committee, and may either appoint the other members thereof or leave such appointment to the committee chair.

## **ARTICLE VIII MEETINGS OF BOARD OF DIRECTORS AND COMMITTEES**

Section 8.1 Types of Meetings. The first (organizational) meeting of the Board of Directors following the election of Directors shall be held within thirty (30) days thereafter at such time and place as shall be determined by a majority of the directors to elect Officers, appoint committee members and establish the manner of operation of the Board for the ensuing year. 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; provided, however, that after the Declarant's Rights and Obligations Period, such meetings shall be held at least quarterly during each fiscal year. Special meetings of the Board of Directors may be called by the President, and shall be called by the President or Secretary upon the written request of at least two directors. Meetings of the Architectural Review Committee, Covenants Committee or any other committee or subcommittee of the Association shall be held on an as needed basis. All meetings of the Board of Directors or any Committee shall be open to Members as observers, except that the President or presiding officer or chairman of a committee may call the Board or committee into executive session on sensitive matters such as personnel, litigation strategy, discussions with legal counsel or hearings with respect to violations of the Governing Documents as may be provided or limited by the Act or applicable law. Any final action taken in executive session shall be recorded in the minutes. The Board of Directors or any committee may hold their meetings in the Commonwealth of Virginia or outside the state as the Board may from time to time determine.

Section 8.2 Notice. Notice of meetings shall be given to each director or committee member, as appropriate, personally or by mail, electronic mail (as may be authorized or limited by the Act or other applicable law, telegraph or telephone, orally or in writing, at least three business days prior to the day named for such meeting. Such notice shall state the place, day and time and, in the case of special meetings, the purpose thereof. No notice of the organizational meeting of the Board of Directors shall be necessary if such meeting is held immediately following the annual meeting.

Section 8.3 Waiver of Notice. Any director or committee member, as appropriate, 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 at any meeting shall constitute a waiver of notice of the time, place and purpose of such meeting, unless the director or committee member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or at or prior to consideration of the matter subject to objection, in the case of a special meeting. If all directors or committee members, as appropriate, are present at any meeting of the Board of Directors or committee member, no notice shall be required and any business may be transacted at such meeting.

Section 8.4 Quorum. At all meetings of the Board of Directors or a committee a majority of the total number of directors or committee members, as appropriate, shall constitute a quorum for the transaction of business, and a vote of the majority while a quorum is present shall constitute the decision of the Board of Directors, unless provided otherwise in the Act, the Articles of Incorporation or the Bylaws. If at any meeting there is less than a quorum present, a majority of those present may adjourn or recess 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 or committee member, as appropriate, who participates in a meeting by any means of communication by which all directors or committee members may simultaneously hear each other during the meeting shall be deemed present at the meeting for all purposes.

Section 8.5 Conduct of Meetings. The President shall preside over meetings of the Board of Directors and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at the meetings. The chairman of a committee shall preside over the meeting of the committee and may appoint any member of committee to keep minutes.

Section 8.6 Action Without Meeting. Any action by the Board of Directors or a committee required or permitted to be taken at any meeting may be taken without a meeting if a consent in writing setting forth the action taken shall be signed either before or after such action is taken by all of the directors or committee members, as appropriate. Any such written consent shall have the same force and effect as a unanimous vote and shall be filed with the minutes of the Board of Directors or committee.

## **ARTICLE IX FIDUCIARY DUTIES**

Section 9.1 Execution of Documents. In the discretion of the Board: (1) all agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of one-tenth of one percent of the total annual Assessment for Common Expenses for that fiscal year, and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors, at least one of which shall be a Member of the Board of Directors; and (2) all such instruments for expenditures or obligations of one-tenth of one percent or less of the total annual assessment for Common Expenses for that fiscal year, except from reserve accounts, may be executed by any one person designated by the Board of Directors. Any officer of the Association may be designated by Board resolution to sign a statement of Common Expenses or an Association disclosure packet on behalf of the Association.

Section 9.2 Compensation of Directors and Officers. No salary or other compensation shall be paid by the Association to any director or Officer of the Association for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by such director or Officer of other services to the Association nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or Officer.

## **ARTICLE X BOOKS AND RECORDS**

Section 10.1 Maintenance. The Association shall keep books and records as required by Section 13.1-932 of the Non-Stock Corporation Act. All financial records shall be kept in accordance with generally accepted accounting principles, but may be on the cash method of accounting, and the same shall be audited at least once a year by an auditor retained by the Board of Directors who shall not be a Owner or an occupant of a Lot. The cost of such audit shall be an Common Expense. The Association shall also file and maintain the annual reports required to be filed with the Virginia State Corporation Commission by Section 13.1-936 of the Non-Stock Corporation Act.

Section 10.2 Availability. The books and records of the Association shall be available for examination by the Members, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days upon not less than five (5) days prior written notice at the times and in the manner established by the Board of Directors in accordance with Section 13.1-933 of the Non-Stock Corporation Act. The list of Members required by Section 2.8 hereof shall be available for inspection for a period of ten (10) days prior to any Member meeting and at each meeting. Pursuant to the Declaration, all Mortgagees or their representatives shall have the right to examine the books and records of the Association on the same terms and conditions as the Members and Owners. The Board of Directors may fix from time to time a reasonable charge to cover the direct and indirect costs of providing any documents to a Member, or Mortgagee.



Section 10.3 Accounting Report. Within one hundred twenty (120) days after the end of each fiscal year, the Board of Directors shall make available to all Members 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.

Section 10.4 Fiscal Year. The first fiscal year of the Association shall begin on the date of incorporation and end on the last day of December, unless otherwise determined by the Board of Directors. Each subsequent fiscal year shall commence on January 1 and end on December 31, unless otherwise determined by the Board of Directors.

## **ARTICLE XI NOTICES**

Except as specifically provided otherwise in the Act or the Governing Documents, all notices, demands, bills, statements or other communications under the Governing Documents shall be in writing and shall be deemed to have been duly given if delivered personally or by telegraph, teletype or other form of wire or by private carrier or sent by United States mail, postage prepaid pursuant to Section 13.1-810 of the Non-Stock Corporation Act, or if notification is of a default or hearing or lien, personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid: (1) if to a member, at the address which the 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; (2) if to the 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 members pursuant to this section; or (3) if to a Mortgagee, at the address indicated by the Mortgagee in a written notice to the Association. If mailed, such notice shall be deemed to be given when deposited in the United States Mail addressed to the member's address shown in the Association records. If a Lot is owned by more than one Owner, each such Owner who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder, otherwise, the Owner receiving the notice shall have the responsibility for notifying the other Owners comprising the Owner. Notices of meetings may be given by a form of electronic transmission in accordance with the specific requirements and restrictions outlined in Section 13.1-842 of the Non-Stock Corporation Act as such a provision may be amended from time to time.

## **ARTICLE XII AMENDMENTS**

These Bylaws may be amended by a vote of the majority of the Members of the Association if the proposed amendment has been inserted in the notice of meeting or all of the members are present in person or by proxy. Except for Articles 4 and 12 and Sections 2.2 and 2.5 hereof, these Bylaws may also be amended by a majority vote of the Board of Directors; provided, however, that the proposed amendment has been inserted in the notice of the meeting. The Board of Directors shall send any amendment to the members within thirty days after adoption. No amendment to these Bylaws may diminish or impair the rights of the Declarant under the Bylaws without the prior written consent of the Declarant. No amendment to these

Bylaws may diminish or impair the rights of the Mortgagees under the Bylaws without prior written consent of the Mortgagees.

The undersigned does hereby certify that the foregoing Bylaws constitute the Bylaws of Stone Ridge Association, Inc., as adopted by the Board of Directors effective as of May 12, 2008.

 \_\_\_\_\_, Secretary