

STONE RIDGE ASSOCIATION, INC.

Community Code No. 11

PROCEDURES RELATING to ELECTRONIC VOTING on ISSUES SUBMITTED to REFERENDUM

WHEREAS, the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Stone Ridge Association, Inc. (the “Declaration”), the Articles of Amendment and Restatement of Articles of Incorporation for Stone Ridge Association, Inc. (the “Articles”) and the Amended and Restated Bylaws for Stone Ridge Association, Inc. (the “Bylaws”), as amended, collectively known as the Governing Documents, provide that the Lots are subject to the Governing Documents and the Rules and Regulations of Stone Ridge Association, Inc. (the “Association”); and

WHEREAS, Article IV, Section 4.1 of the Bylaws of the Association states that the business and affairs of the Association shall be managed by the Board of Directors (“Board”) appointed by the Declarant or elected in accordance with the Articles of Incorporation and the Bylaws and that the Board 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 Association Documents to be exercised and done by the members; and

WHEREAS, Article IV, Section 4.1 (4) and (6) of the Bylaws permit the Board to adopt and amend any reasonable rules and regulations not inconsistent with the Governing Documents, and to enforce the provisions of the Governing Documents, respectively; and

WHEREAS, Section 3.3(B) of the Bylaws states that “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”; and

WHEREAS, Section 3.3(B) of the Bylaws further states that “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”; and

WHEREAS, Section 13.1-847.1(D) of the Virginia Nonstock Corporation Act (“the Act”) states that “If authorized by the board of directors, any member vote to be taken by written ballot may be satisfied by a ballot submitted by electronic submission by the member... provided that such electronic submission shall either set forth or be submitted with information from which it may be determined that the electronic transmission was authorized by the member...”; and

WHEREAS, Section 13.1-848 of the Act provides that the Board may accept a vote if the name signed on a vote, consent, waiver or proxy appointment corresponds with the name of a member; and

WHEREAS, Section 59.1-485 of the Virginia Uniform Electronic Transactions Act (the “UETA”) governs electronic transactions within Virginia and provides that an electronic

signature and an electronic transmission have the same legal effect as non-electronic signatures and transmissions; and

WHEREAS, the Board has determined it to be in the best interests of the Association to permit and regulate the use of electronic voting on issues submitted to referendum.

NOW THEREFORE, it is hereby **RESOLVED THAT** the following procedures related to electronic voting on issues submitted to referendum are hereby adopted:

I. Definitions

A. Any term used in this resolution which is defined in section 59.1-480 of the UETA shall have the meaning set forth in the UETA. Certain definitions are reproduced here for ease of reference.

1. "Electronic agent" means a computer program or an electronic or other automated means used independently to initiate an action or respond to electronic records or performances in whole or in part, without review or action by an individual.

2. "Electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

3. "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

4. "Information processing system" means an electronic system for creating, generating, sending, receiving, storing, displaying, or processing information.

5. "Security procedure" means a procedure employed for the purpose of verifying that an electronic signature, record, or performance is that of a specific person or for detecting changes or errors in the information in an electronic record. The term includes a procedure that requires the use of algorithms or other codes, identifying words or numbers, encryption, or callback or other acknowledgment procedures.

6. "Transaction" means an action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs.

II. Legal References Confirming Association Authority to Accept Votes by Electronic Transmission

A. Section 13.1-847.1(D) of the Act provides that any member vote to be taken by written ballot may be satisfied by a ballot submitted by electronic transmission if authorized by the Board.

B. Section 13.1-848 of the Act provides that the Board may accept a vote if the name signed on a vote, consent, waiver or proxy appointment corresponds with the name of a member.

C. Section 59.1-485 of the UETA provides that an electronic signature and an electronic transmission have the same legal effect as non-electronic signatures and transmissions.

D. Section 3.3(b) of the Bylaws permit voting through a referendum process in which ballots may be submitted by mail and the form of such ballots shall be determined by the Board.

E. The act of casting a ballot is a business transaction between the Association and its members.

F. Section 59.1-483 of the UETA applies to electronic transactions where each party agrees to conduct such transactions by electronic means. This resolution forms such an agreement between Association members and the Board. As such, all electronic transmission of votes must comply with both the Act and the UETA.

III. Procedure for Casting Votes by Electronic Transmission for Association Issues and Decisions Submitted for Member Referendum

A. Authority to Submit for Referendum. Electronic submission of votes shall only be permitted, and this Article III shall only be applicable to, issues which have been submitted to referendum by the Board. Electronic voting shall not be permitted and this Article III shall not be applicable to any other vote of the Association. Electronic votes may not be cast by proxy.

B. Hiring of Electronic Voting Firm. The Board shall have the authority to select and contract with an electronic voting company which employs an electronic agent and information processing system to administer any referendum to be voted on electronically. In the event an electronic voting company is selected by the Board, the Association members shall utilize such system and the procedures established by the selected electronic voting company, if any, shall control over those set forth below.

C. In-House Electronic Voting. If the Board decides not to utilize the services of an electronic voting company on issues submitted to referendum, the Board may accept member votes sent by electronic transmission when such transmission contains the requisite information that will allow an objective determination that the member in fact authorized the transmission.

Such transmission may be by facsimile or electronic mail. It may also be made by sending information electronically to an electronic agent or secure, reliable information processing system specifically authorized by the Board to accept such information.

D. Information to be Provided. Before a member may send their vote by electronic transmission, the member shall provide the Board with the following information:

1. The type of electronic transmission or information processing system to be used (i.e., facsimile, electronic mail, web site, etc.,) and the member may specify more than one medium.
2. For each medium specified, the member shall include:
 - a. The electronic signature that they will affix to the vote.
 - b. The security procedure to be included in the electronic transmission.
3. Upon receipt of an electronic transmission, the Board shall consider whether the electronic signature is:
 - a. Unique to the signer,
 - b. Capable of verification,
 - c. Under the signer's sole control,
 - d. Linked to the record in such a manner that it can be determined if any data contained in the record was changed subsequent to the electronic signature being affixed to the record, and,
 - e. Created by a method appropriately reliable for the purpose for which the electronic signature was used and/or acceptable based on the standards of the industry.
 - f. The Board may consider any other relevant and probative evidence affecting the authenticity and/or validity of the electronic signature.

Collectively, these features form the basis upon which the Board may determine whether the member authorized the transmission. The Board may reject the electronic transmission if the above features are unclear, provided that the Board shall specify the information upon which it relied in determining the vote invalid.

**STONE RIDGE ASSOCIATION, INC.
Resolution Action Record**

**Community Code No. 11
PROCEDURES RELATING to ELECTRONIC VOTING on ISSUES
SUBMITTED to REFERENDUM**

Resolution Type: Community Code

Pertaining to: **Procedures Relating to Electronic Voting on Issus Submitted to Referendum**

Duly adopted at a meeting of the Board of Directors held July 19, 2011.

Motion by: Mr. Deal

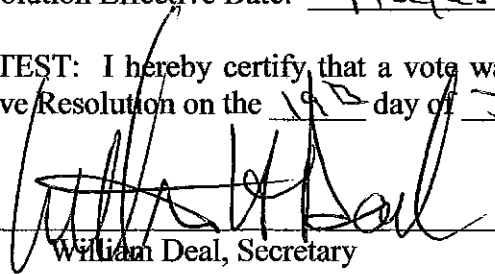
Seconded by: Mr. Rhodes

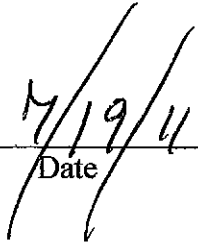
VOTE

	YES	NO	ABSTAIN	ABSENT
<u>Ms. Harrover, President</u>	<u>X</u>	_____	_____	_____
<u>Ms. McCracken, Vice President</u>	<u>X</u>	_____	_____	_____
<u>Mr. Deal, Secretary</u>	<u>X</u>	_____	_____	_____
<u>Mr. Rhodes, Treasurer</u>	<u>X</u>	_____	_____	_____
<u>Ms. Conner, Director</u>	<u>X</u>	_____	_____	_____
<u>Mr. McIntosh, Director</u>	<u>X</u>	_____	_____	_____
<u>Mr. Dopp, Director</u>	<u>X</u>	_____	_____	_____

Resolution Effective Date: August 8, 2011

ATTEST: I hereby certify that a vote was duly taken and the Board of Directors adopted the above Resolution on the 19th day of July, 2011.


William Deal, Secretary


Date

Book of Minutes No. 2
Meeting No. 70