

BYLAWS
OF
HOLLINS COURT HOMEOWNERS' ASSOCIATION,
ROANOKE COUNTY, VIRGINIA

ARTICLE I

IDENTITY

These are the Bylaws of Hollins Court Homeowners' Association, Inc., a non-profit, non-stock corporation organized under the laws of the Commonwealth of Virginia, the Articles of Incorporation of which were filed with the Virginia State Corporation Commission in 1989. Hollins Court Homeowners' Association, Inc. (the "Association") has been organized for the purpose of operating and managing the landscape easement area and attendant amenities in the Hollins Court Community, situate in Roanoke County, Virginia.

Section A. Provisions of Declaration and Articles of Incorporation to Control. The provisions of these Bylaws are applicable to the Hollins Court Community (the "Community") and the terms and provisions hereof are expressly subject to those contained in the Articles of Incorporation of Hollins Court Homeowners' Association, Inc. ("Articles") and the Declaration of Covenants, Conditions, and Restrictions of Hollins Court ("Declaration") as amended from time to time, which have been recorded in the Clerk's Office, Circuit Court, Roanoke County, Virginia. The terms and provisions of the Articles of Incorporation and Declaration shall control wherever the same may be in a 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:

(a) "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association.

(b) "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 in the manner herein provided.

(c) "Association" shall mean and refer to the Hollins Court Homeowners' Association, Inc., its successors and assigns.

(d) "Association Property" shall mean and refer to the real property owned and/or controlled by the Association.

(e) "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

(f) "Community" shall mean all of or any portion of the Property, which is described in the Declaration as amended from time to time.

(g) "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions of Hollins Court, as the same now exists or may be hereafter amended from time to time.

(h) "Lot" or "Lots" shall mean any residential dwelling lot within the Community as amended from time to time, specifically excluding well lots, Association property, or other properties not intended to be dwelling lots.

(i) "Member" shall mean and refer to all those persons or entities who are members of the Association as defined in the Articles of Incorporation.

(j) "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.

(k) "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 residential Lot, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure.

(l) "Property" shall mean and refer to this real property described in the Declaration.

(b) Coverage. All present or future owners, present or future tenants, the employees of tenants or owners, 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 Association shall be at Hollins Court, Roanoke County, Virginia, or such other place as the Board of Directors shall designate from time to time.

ARTICLE II

THE ASSOCIATION

Section A. Qualification of Members. The qualification of members of the

Association, the manner of their admission to membership and termination of such membership shall be as set forth in the Articles of Incorporation. For all purposes having to do with the administration of the Association Property, the Association shall act as an agent for the members of the Association.

Section B. Powers of the Association. The Association shall have, in addition to those powers listed in the Articles of Incorporation, 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 Association.

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

Section D. Special Meetings. The President of the Association shall call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Members of not less than one-third of the aggregate voting interest. 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.

Section E. Notice of Meetings. The Secretary shall mail to each Member a notice of each annual or regularly scheduled meeting of the Members at least twenty-one but not more than thirty days, and of each special meeting of the Members, at least seven but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and in Section A of the Article XI of these Bylaws shall be considered proper service of notice.

Section F. Adjournment of Meetings. If at any meeting of the 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 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 of Directors 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 Association may acquire, hold and transfer full legal title to one or more Lots or Common Areas in the Hollins Court Community 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 Hollins Court Community Lot owners that it be revoked. Any proxy shall be void if it is not dated or if it purports to be revocable without notice aforesaid. 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 an Association meeting, that person shall be entitled to cast the vote for that Lot. If more than one 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. Members shall be the record owners of the residential lots of Hollins Court. Members shall be entitled to cast one vote per lot, with each vote valued equally. Notwithstanding the number of members owning any one lot, only one vote may be cast per lot. No Member may vote at any meeting of the Association or be elected to serve as an Officer of the 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 of thirty percent or more of the aggregate Percentage Interests shall constitute a quorum at all meetings of the Association.

Section L. Conduct of Meetings. The President shall preside over all meetings of the 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 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 Association shall be governed by a Board of Directors. The Board of Directors shall be composed of at least three persons but not more than five persons and shall be elected by the members of the Association.

Section B. Powers and Duties. 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 not prohibited by the Declaration or Articles. The Board of Directors 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 Community; provided, however, that such Rules and Regulations shall not be in conflict with the Declaration or the Articles. 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 of Directors 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 Association that may hereafter be adopted, the Board of Directors, shall, on behalf of the Association:

(a) Prepare an annual budget, in which there shall be established the assessments of each Member.

(b) Make assessments against Members to defray the costs and expenses of the Association, establish the means and methods of collecting such assessments from the members and establish the period of the installment payment, if any, of the annual assessment. Unless otherwise determined by the Board of Directors, the annual assessment against each Member for his proportionate share shall be payable in annual installments, each such installment to be due and payable in advance.

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

(d) Designate, hire and dismiss the professional management necessary for the maintenance, operation, repair and replacement of the Association Property and provide services for the 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 Association.

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

(f) Pay all taxes, charges and assessments which are or may become liens against any part of the Association, and assess the same against the members and their respective Lots subject to such liens.

(g) Make, or contract for the making of, repairs, and improvements to the Association Property and repairs to and restoration of the Association Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

(h) Enforce by legal means the provisions of the Declaration, the Articles of Incorporation, these Bylaws, the Rules and Regulations, and act on behalf of the Members with respect to all matters arising out of any eminent domain proceedings.

(i) Obtain and carry insurance against casualties and liabilities, as provided in Article VI of these Bylaws, pay the premiums therefore and adjust and settle any claims thereunder.

(j) Pay the cost of all authorized services rendered to the Association and not billed to owners of individual Lots.

(k) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Association Property and the administration of the Association, specifying the expenses of maintenance and repair of Association Property and any other expenses incurred. 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 Board of Directors for the general knowledge of the Members. All books and records shall be kept in accordance with good and accepted accounting practices, and the same may be audited at least once each year by an independent accountant retained by the Board of Directors who shall not be a resident of the Community or a Member. The cost of any such audit shall be a Common Expense.

(l) Notify the Mortgagee of any Lot against which a lien has been recorded for nonpayment of assessments.

(m) Acquire, lease, manage, hold and dispose of Lots and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Association.

(n) Do such other things and acts not inconsistent with the Declaration or the Articles which the Board of Directors 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 the Bylaws, a meeting of the Board of Directors shall be held to elect Officers of the Association.

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

Section D. Special Meetings. Special meetings of the Board of Directors 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 Board of Directors shall be called by the President or in like manner and on like notice on the written request of at least two members of the Board.

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

Section F. Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the Board shall constitute a quorum for the transaction of business, and the votes of majority of the Board present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, 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 G. Fidelity Bonds. There may be obtained a fidelity bond or bonds in an amount as required by Article VI, Section D, hereof, or in such form and in such greater amounts as may be required by the Mortgagees for all Officers, members of the Board of Directors and Employees of the Association, including without limitation the Managing Agent who is responsible for handling the Association's funds. The premium on such bonds shall constitute a Common Expense.

Section H. Compensation. Directors' compensation, if any, shall be determined by the members of the Association.

Section I. Conduct of Meetings. The President who shall be a Director shall preside over all meetings of the Board of Directors and the Secretary who may be but does not have to be a Director shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration or the Articles.

Section J. Action without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section K. Vacancies. Vacancies in the Board of Directors 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 Board, a special meeting of the Association shall be called by the President and the vacancies filled by an election for such purpose.

Section L. Liability of the Board of Directors, Officers, Members and Association.

(a) The Officers and members of the Board of Directors of the Association shall not be liable to the Association for any mistake of judgment caused by negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each member of the association (including Officers and Directors who are not Members) from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration, Articles of Incorporation, or these Bylaws, in which case those persons dealing in bad faith or dealing knowingly in a contrary manner to the aforesaid provisions shall not be indemnified. Other than has previously been stated in this Section, Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association and shall be considered as only acting as agents for the Association. The liability, if any, of any Member arising out of any contract made by the Officers or Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors or Officers, or for damages as a result of injuries arising in connection with the Association or its property, or for liabilities incurred by the Association, shall result solely by virtue of his ownership of a Lot and shall be limited to the

total liability per Lot multiplied by fraction created by one as the numerator and the total number of Lots in the Community as the denominator. Every agreement made by the Officers, the Board of Directors or the Managing Agent on behalf of the Association shall, if obtainable, provide that the Officers, the members of the Board of Directors, or the Managing Agent, as the case may be, are acting only as agents of the association and that they shall have no personal liability thereunder (except be limited to the liability thereunder, if any, multiplied by said fraction.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to any person or property caused by the elements or by any Member, or any other person, or resulting from electricity or water, snow or ice which may leak or flow from any portion of the Association's Property or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Member for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Association's Property. No diminution or abatement of any assessments, as elsewhere provided herein, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Association's Property or from any action taken by the Association to comply with any law, ordinance, or with the order or directive of any municipal or other governmental authority.

Section M. Common or Interested Members. Each Officer of the Association shall exercise his powers and duties in good faith and with a view to the best interests of the Association. No contract or other transaction between the Association and any firm or association in which any of the members of the 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 Board of Directors or any committee thereof which authorizes or approves the contract or 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 of Directors or noted in the minutes, and the Board of Directors 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 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 Board of Directors 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 Association or not so interested.

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

Section O. Property Management. The Board of Directors shall manage the Association Property.

(a) Requirements. The Board of Directors shall employ persons possessing a high level of competence in the technical skills necessary for proper management of the Association business. The Board of Directors may employ personnel expert in the areas of insurance, accounting, and Community regulations.

(b) Duties. The Board of Directors shall perform such duties and services as the Board of Directors shall authorize. The Board of Directors shall perform the obligations, duties and services relating to management of the Association, relating to the rights of Mortgagees and relating to the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(i) Cash accounts of the Association shall not be commingled with any other accounts except with the express written permission of the Board of Directors.

(ii) Any discounts received shall benefit the Association.

Section P. Removal. Any one or more of the members of the Board of Directors 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 an annual meeting.

ARTICLE IV

OFFICERS

Section A. Number of Officers. The Officers of the Association shall be a President, who shall be a Director, a Vice-President, who shall be a Director, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors 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 Board of Directors may, from time to time, elect such other Officers and designate their powers and duties as the Board shall find

to be required to manage the affairs of the Association.

Section B. President. The President shall be the chief executive officer of the 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 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 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 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 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 Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association.

Section G. Vacancies. Vacancies in any office of the Association shall be filled by a vote of the majority of the 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 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 Board of Directors.

ARTICLE V

OPERATION OF THE ASSOCIATION

Section A. Determination of Common Expenses and Assessments Against Owners.

(a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(i) On or before the date of the annual meeting, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the various portions of the Association Property, and the cost of wages, materials, insurance premium, services, supplies and other expenses that may be Common Expenses as provided by the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repairs of the Association Property and the rendering to the Members of all related services.

(ii) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. On or before the date of the Association's Annual Meeting, the Board of Directors shall deliver to each Member a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Member. Such budget shall constitute the basis for determining each Member's assessment.

(c) Assessment and Payment of Common Expenses.

Subject to the provisions of Section A of Article IX hereof pertaining to expense caused by carelessness, conscious act or neglect of a Member and certain other persons, the total amount of the estimated funds required for the operation of the Association set forth in the budget adopted by the Board of Directors shall be assessed against each Member on an equal fractional basis, divided among all the Lots in the Community and shall be a lien against each Member's Lot as provided in Article IX, Section B of these Bylaws. On or before the last day of the first month of each fiscal year, each Member shall be obligated to pay to the Board of Directors (as determined by the Board of Directors), the total assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all Members an itemized accounting of Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any net shortage shall be assessed promptly against the Members in accordance with their obligations and shall be payable either: (i) in full; or (ii) in not more than six months, as the Board of Directors may determine.

(d) Reserves. The Association through the Board of Directors shall build up and maintain a reserve of approximately twenty percent (20%) of the then-current annual budget for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reasons, including non-paying of any Member's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Members on an equal basis, which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Members by a statement in writing giving the amount and reasons therefor and such further assessment shall, unless otherwise specified in the notice, become effective immediately after the delivery of such notice of further assessment. All Members shall be obligated to pay the adjusted amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in the preceding paragraph (c).

(e) Initial Capital Payment and Initial Payment of Assessments.

(i) Upon taking office, the Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing thirty days after such election or designation, and ending on the last day of the fiscal year in which such election or designation occurs. Assessments shall be levied and become a lien against the Members during such period as provided in paragraph (c) of this Section.

(ii) The closing attorney will collect from each purchaser of property in the Community at the time of settlement the sum of \$75.00 to cover the cost of the Homeowner's Packet. The closing attorney will deliver these funds to the Board of Directors.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Member's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Member shall continue to pay each installment at the rate established for the previous fiscal year until notice of the payment is received that is based on the new annual or adjusted budget.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Members or from any other source may be commingled into a single fund, but shall be held for each Member in accordance with his assessment obligation.

Section B. Further Provisions Concerning Payment of Common Expenses.

(a) Liability to Association upon Resale. Each Member shall pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section

A of this Article V. No Member may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any part of the Association Property or by abandonment of his Lot in the Community. No Member shall be liable for the payment of any part of the Common 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. The purchaser of a Lot shall be jointly and severally liable with the seller of such Lot for all unpaid assessments against the latter for his proportionate share of Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from said Seller amounts paid by the purchaser therefor. Any such purchaser shall be entitled to a statement setting forth, among other things, the amount of the unpaid assessments against the said Seller within five days following a written request therefor to the Board of Directors and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for any unpaid assessments in excess of the amount therein set forth.

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

Section C. Collection of Assessments. The Board of Directors may at its option take prompt action to collect any assessments for Common Expenses due from any Member which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment or portion thereof, together with authorized late charges, not paid when due may at the option of the Board of Directors, bear interest from the date of delinquency until paid at twelve percent (12%) per annum, or the maximum rate allowed by law, whichever is greater. The Board of Directors will suspend the voting rights of the Member during the period in which any assessment or portion thereof remains unpaid and after at least ten (10) days written notice is given to the Member as aforesaid, and the Association may bring an action at law against the Member personally obligated to pay the same or foreclose its lien against such Member's Lot in which event late charges, interest and costs of collection shall include court costs, the expenses of sale, any expenses required for the protection and preservation of the Lot, and reasonable attorney fees in the amount of 25% of the total claimed.

Section D. Statement of Common Expenses. The Board of Directors shall promptly provide any Member, Contract purchaser of any Lot or Mortgagee of any Lot so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Member. The Board of Directors 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 of the Association.

Section E. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Association. The Association shall be responsible for all maintenance, repair and replacement, whether structural or otherwise, of the Association's Property. However, any expense incurred by the negligence, misuse or neglect of a Member or occupant of the Community shall be charged to the responsible Member or occupant.

(b) By the Member. No Member shall be responsible for the operation and maintenance of Association Property except for expenses incurred by the Association due to the negligence or misuse of such property by a Member or an occupant or his guest.

(c) Manner of Repair and Replacement. All repairs and replacements to Association Property shall be of quality workmanship and shall meet all provisions of the building codes used by the applicable jurisdiction. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors. All repairs and replacements shall be constructed of the same material and in the same manner as original construction.

ARTICLE VI

INSURANCE

Section A. Authority to Purchase.

(a) All insurance policies relating to the Association shall be purchased by the Board of Directors. The Board of Directors shall not be liable for failure to obtain any coverage required by this Article VI or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverage from an insurance company having the qualifications set forth in subsection (c) of this Section or if, in the opinion of the Board of Directors, such coverage is prohibitively expensive.

(b) Each such policy shall provide that:

(i) The insurer waives any right to claim by way of subrogation against the Association, the Board of Directors, or the Members, and their respective agents, employees, guests and, in the case of the Members, the members of their households.

(ii) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any Member (including his invitees, agents and employees) or of any member, officer or employee of the Board of Directors without a prior demand in writing that the Board of Directors cure the defect and without sixty days having elapsed after such a demand

without a cure of the defect.

(iii) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty days prior written notice to the Board of Directors.

(c) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia and holding a rating a “AAA”, or better, by Best’s Insurance Reports and a policyholder’s rating of “A” or better.

Section B. Physical Damage Insurance.

(a) The Board of Directors may obtain and maintain a blanket, “all-risk” form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, debris removal, and water damage endorsements, insuring all improvements on the Association Property, including any improvements located within the landscape easements, and insuring the Board of Directors as their interests may appear, in an amount equal to 100% of the then current replacement cost of such improvements, without deduction for depreciation (such amount to be redetermined annually by the Board of Directors with the assistance of the insurance company affording such coverage).

(b) The Board of Directors shall make every reasonable effort to have such policy also provide:

(i) The following endorsements (or equivalent):

- (aa) “contingent liability from operation of building laws or codes”;
- (bb) “replacement cost”; and
- (cc) “agreed amount” or elimination of co-insurance clause; and

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

(c) A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder together with proof of payment of premiums shall be delivered by the insurer to any Mortgagee or Member so requesting them at least thirty days prior to expiration of the then current policy. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board of Directors may determine, of the current replacement cost of the insured

improvements, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Section B.

Section C. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage and errors and omissions coverage for officers) and property damage insurance in such limits as the Board of Directors may from time to time determine, but in no instance to be less than \$1,000,000, insuring each member of the Board of Directors, the Officers, and each Member against any liability to the public or to the Members (and their invitees, agents and employees) arising out of, or incident to, the ownership and/or use of the Association Property.

Additionally, such liability insurance shall insure each member of the Board of Directors and the Officers against any liability to the public or to Members (their invitees, agents and employees) arising out of, or incident to the ownership and/or use of Association Property. Such insurance shall be issued on a comprehensive liability basis and shall contain: (a) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (b) hired and non-owned vehicle coverage; (c) host liquor liability coverage with respect to events sponsored by the Association; (d) deletion of the normal products exclusion with respect to events sponsored by the Association; and (e) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Member because of negligent acts of the Association or of another Member. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Million Dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained.

Section D. Other Insurance. The Board of Directors shall obtain and maintain:

(a) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law;

(b) Such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority of the Members.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY.

Section A. When Repair and Reconstruction are Required. Except as otherwise

provided in Section D of this Article, in the event of damage to or destruction of any portion of the Association Property as a result of fire or other casualty in excess of Twenty-Five Thousand Dollars, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the Association Property.

Section B. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the Association Property to a condition as good as that existing before such casualty.

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

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the Association Property to include same materials, fixtures, paint colors, landscaping, etc. as original construction.

ARTICLE VIII

MORTGAGES

Section A. Notice to Board of Directors. A Member who mortgages his Lot shall notify the Board of Directors of the name and address of his Mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors. In the event of a sale or transfer of lot to a third party, the purchaser or transferee shall notify the Association in writing of his interest in the Lot purchased or received.

Section B. Notice of Default. The Board of Directors when giving notice to any Member of a default in paying an assessment for Association expenses or any other default, shall simultaneously send a copy of such notice to the Mortgagee of such Lot.

Section C. Notice of Amendment of Declaration or Bylaws. The Board of Directors shall give notice to all Mortgagees seven days prior to the date on which the Members meet, in accordance with the provisions of these Bylaws, to materially amend the Declaration or Bylaws.

Section D. Mortgagees' Approvals. Unless all Mortgagees shall have given their prior written approval, neither the Association nor any Member shall change the obligations and rights of any Member other than the obligations of assessments which may be changed without Mortgagee approval.

Section E. Other Rights of Mortgagees. All Mortgagees or their representatives shall be entitled to attend meetings of the Association and shall have the right to speak thereat. All such Mortgagees shall have the right to examine the books and records of the Association and to require the submission of annual financial reports and other budgetary information.

ARTICLE IX

COMPLIANCE AND DEFAULT

Section A. Relief. Each Member shall be governed by, and shall comply with, all of the terms of the Declaration, Articles of Incorporation, these Bylaws, and any Rules and Regulations set forth by the Board of Directors. Default by a Member shall entitle the Association, acting through its Board of Directors, 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 Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, or misuse, of any Association Property. 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 Association shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the Court.

(c) Action Against Board of Directors or Architectural Review Committee. If any unsuccessful action (regardless of nature or cause of action) is brought against the Board of Directors or Architectural Review Committee or any member or members thereof, the party so filing same must pay the costs and reasonable attorney fees.

(d) No waiver of Rights. The failure of the Association, the Board of Directors 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 Association, the Board of Directors or the Member to enforce such right, provisions, covenant or condition in

the future. All rights, remedies and privileges granted to the Association, the Board of Directors 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.

(e) Interest. In the event of a default by any Member in paying any sum assessed against him for Association Expenses which continues for a period in excess of five days, the principal amount unpaid, in addition to the late charge, shall at the option of the Association, bear interest at the rate of twelve percent per annum, or at the highest rate allowed by law whichever is greater, from the date due until paid.

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

(g) 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 attorney fees and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, 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 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 Board of Directors may file or record such other or further notice of any such lien, or such other or further document, as may be desirable.

(b) In any case where an assessment against a Member is payable in installments, upon a default by such Member in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire balance of the 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 the Lot by the Board of Directors.

(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 Board of Directors, acting on behalf of the Association. During the pendency of such suit the Member shall be required to pay a reasonable rental for the Lot for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the Commonwealth of Virginia.

(d) 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 Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any lot (and any penalties, interest on assessments, late charges, attorney 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 or deed of trust 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 X

AMMENDMENT TO BYLAWS

Section A. Amendments and Termination. The Bylaws may not be terminated unless 80% of the total voting interest in the Association consents.

Section B. Method of Amending.

(a) The Bylaws may be amended in the following manner: An Amendment or Amendments may be proposed by the Board of Directors of the Association acting upon a vote of more than seventy five percent of the Directors, or by more than seventy five percent of the Members, whether meeting as members or by instrument in writing signed by them. Upon any Amendment or Amendments being proposed by the Board of Directors or

members, such proposed Amendment or Amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special meeting of the members of the Association. It shall be the duty of the Secretary to give to each member written or printed notice of the special meeting stating the time and place thereof, and reciting the proposed Amendment or Amendments in reasonably detailed form. NO AMENDMENT NOTWITHSTANDING ANY OTHER PROVISION HEREIN CONTAINED AND REGARDLESS OF THE VOTE SHALL CHANGE ARCHITECTURAL, ENGINEERING, LANDSCAPING, OR DECORATIVE DESIGN OF THE ASSOCIATION PROPERTY AS FINALLY CONSTRUCTED. Any member may, by written waiver of notice signed by such member, waive such notice and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the Amendment or Amendments proposed must be approved by an affirmative vote of at least 50% of the Members in order for such Amendment or Amendments to become effective. Thereupon such Amendment or Amendments shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. Thereafter, a copy of the Amendment or Amendments in the form in which the same were placed of record by the Officers of the Association shall be delivered to all the Members, but delivery of a copy thereof shall not be condition precedent to the effectiveness of the Amendment or Amendments. At any meeting held to consider the Amendment or Amendments, the written vote of any members of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting.

(b) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of a Mortgagee shall be made without prior written consent of all Mortgagees being first had and obtained.

Section C. Termination.

(a) Termination of the 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. In addition to the foregoing, termination shall not be allowed unless seventy five percent of the holders of all mortgages or deeds of trust that are liens on the Lots consent in the aforesaid termination agreement.

(b) In the event of termination, the Members shall, as previously stated, own the Association Property as tenants in common in undivided shares with any holders of mortgages or deeds of trust on Lots having a lien on such undivided shares. Such undivided share of each Member shall be in the entire Association Property on an equal fractional basis with all other members. So long as the tenancy in common lasts, each Member or his heirs, successors or assigns shall have exclusive right of occupancy of the Association Property. All funds held by the Association including insurance proceeds, if any shall be held for the Members in the same proportion as their former fractional interests. Any Costs incurred by the Association in connection with the termination shall be considered an Association expense.

(c) Following termination the property that was formerly the Association Property may be partitioned and sold upon the application of any Member. Following a termination if the Board of Directors determines by not less than a majority vote to accept an offer for the sale of the Association Property, each Member shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such form as the Board of Directors directs. In such event, any action for partition or other division of the Association Property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

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

ARTICLE XI

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 of Directors, at such 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. Signs. The Association shall maintain, preserve, and replace, if necessary, the entrance sign in its exact original design, material, and location, and said sign shall never be removed.

Section C. 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 D. 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 requires.

IN WITNESS WHEREOF, the foregoing Bylaws have been adopted as the Bylaws of Hollins Court Homeowners' Association, Inc. at the meeting of it Board of Directors held this ____ day of _____, _____.

HOLLINS COURT HOMEOWNERS' ASSOCIATION, INC.

BY: _____
President

ATTEST:

Secretary

STATE OF VIRGINIA)
) To -wit:
COUNTY OF ROANOKE)

The foregoing instrument was acknowledged before me this ____ day of _____, _____, by _____ and _____, President and Secretary, respectively of Hollins Court Homeowners' Association, Inc., a Virginia corporation on behalf of the Corporation.

Notary Public

My Commission expires: _____