

ARTICLES OF INCORPORATION  
OF  
CHESAPEAKE COVE ASSOCIATION, INC.

ARTICLE I.  
NAME

The name of the corporation is Chesapeake Cove Association, Inc., hereinafter called the "Association".

ARTICLE II.  
PURPOSES

The Association does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for the management, maintenance and care of a portion or portions of certain real estate within the development generally known as Chesapeake Cove located in the County of Northumberland, Virginia, and to provide a means whereby the Members, acting together, may provide for the management, maintenance and care of the Common Areas and if authorized to: (a) enforce the covenants for Chesapeake Cove (the "Declaration and Protective Covenants ") and exercise all of the powers and privileges and perform all of the duties and obligations of the Association; (b) fix, levy, collect and enforce payment by any lawful means, of all charges or assessments pursuant to the covenants and Bylaws; (c) pay all expenses of the Association; (d) subject to the covenants and the Bylaws and/or acquire, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association; and (e) have and exercise any and all powers, rights and privileges which a corporation organized under the Nonstock Corporation Act of the Commonwealth of Virginia may by law now or hereafter have or exercise. No part of the net earnings of the Association shall inure (other than by providing management, maintenance and care of the Common Areas and other than by a rebate of excess membership dues, fees and assessments) to the benefit of any private individual.

ARTICLE III.  
DEFINITIONS

Except as expressly defined herein, all capitalized terms used herein shall have the respective meanings set forth in the Declaration and Protective Covenants and/or any amendments, supplements and/or modifications or in the Bylaws of this Association.

ARTICLE IV.  
MEMBERSHIP

Every Owner of a Lot which is or becomes a part of the Association (including the Developer) shall be a Member of the Association. Membership shall not be separated from ownership of any Lot. Upon the closing of the sale of a Lot, the membership of the selling Owner shall cease and the purchasing Owner shall become a Member of the Association.

ARTICLE V.  
VOTING RIGHTS

(a) Each Member (including the Developer) shall be entitled to cast one vote for each Lot owned, provided however, no more than one vote per lot may be cast regardless of how many members own a Lot.

(b) The Board of Directors of the Association may suspend the voting rights of any Member subject to assessment during the period when any such assessment or costs or other monies due the Association and/or Declarant shall remain delinquent or upon the Member being in default of the covenants to which such Member's Lot is subject (which default is not cured within 15 days of receipt of a notice of such default), but upon payment of such assessment or cure of such default, the voting rights of such Member shall automatically be restored.

ARTICLE VI.  
REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Association, which is located in the County of Lancaster, Virginia, is 293 Steamboat Road, P.O. Box 340, Irvington, Virginia 22480. The name of the initial registered agent of the Association is B.H.B. Hubbard, III, who is resident of Virginia and an attorney who is a member of the Virginia State Bar and whose address is identical with the registered office.

ARTICLE VII.  
BOARD OF DIRECTORS

(a) The number of directors constituting the initial Board of Directors is two, and their names and addresses are:

James N. Carter, Jr.  
Post Office Box 300  
Irvington, Virginia 22480

Fred M. Brown  
400 Blackwells Wharf Road  
Burgess, Virginia 22432

Except for the initial Board of Directors and as provided below, the number of directors shall be as established by the Bylaws.

(b) Nominations for election to the Board of Directors shall be made from the floor and may also be made by a nominating committee, if such a committee is established by the Board of Directors. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

(c) At each annual meeting of the Association, directors shall be elected. The candidate(s) receiving the most votes shall be elected. Directors shall serve until the next annual meeting following their election. Elections shall be by oral ballot of the Members unless any Member requests a written ballot, in which event elections shall be by written ballot.

(d) At any regular or special meeting of the Association duly called where the meeting notice states that the purpose, or one of the purposes, of the meeting is removal of the director, any one or more of the members of the Board of Directors may be removed, with or without cause, by a majority vote and a successor may then and there be elected by a majority vote to fill the vacancy thus created. A director whose removal has been proposed shall be given at least seven (7) days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting.

(e) Vacancies in the Board of Directors occurring for any reason, other than the removal of a director by vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum at any meeting of the Board of Directors or, in the absence of any remaining directors, vacancies may be filled by the majority vote of the members at a meeting duly called for that purpose. Each person so selected shall serve the unexpired portion of the term of the director being replaced.

#### ARTICLE VIII LIMIT ON LIABILITY AND INDEMNIFICATION

(a) Limit on Liability. In every instance in which the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of directors or officers of a corporation to the corporation or its Members, the directors and officers of this Association shall not be liable to the Association or its Members.

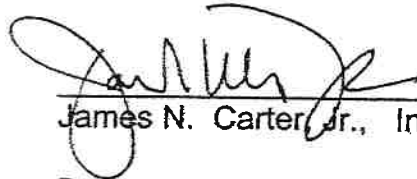
(b) Mandatory Indemnification. The Association shall indemnify any individual who is, was or is threatened to be made a party to a civil, criminal, administrative, investigative or other proceeding (including a proceeding by or in the right of the Association or by or on behalf of its Members) because such individual is or was a director or officer of the Association or any other legal entity controlled by the Association, against all liabilities and reasonable expenses incurred by him or her on account of the proceeding,

except such liabilities and expenses as are incurred because of his or her willful misconduct or knowing violation of the criminal law. Unless a determination has been made that indemnification is not permissible, the Association shall make advances and reimbursement for expenses incurred by any of the persons named above upon receipt of an undertaking from him or her to repay the same if it is ultimately determined that such individual is not entitled to indemnification. The Association is authorized to contract in advance to indemnify any of the persons named above to the extent it is required to indemnify them pursuant to this subarticle VIII (b).

(c) Miscellaneous. The rights of each person entitled to indemnification under this Article shall inure to the benefit of such person's heirs, executors and administrators. Indemnification pursuant to this Article shall not be exclusive of any other rights of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Association and indemnification under policies of insurance purchased and maintained by the Association or others. However, no person shall be entitled to indemnification by the Association to the extent he or she is indemnified by another, including an insurer.

ARTICLE IX.  
AMENDMENT

These Articles of Incorporation may be amended pursuant to Virginia Code Annotated Section 13.1-886 and with the approval of a majority vote of the Members at a meeting of which a quorum is present in person or by proxy or by the directors of the Association.



James N. Carter, Jr., Incorporator

Date: May 15, 2002

# Commonwealth of Virginia



## STATE CORPORATION COMMISSION

*Richmond, May 20, 2002*

*This is to Certify that the certificate of incorporation of*

**Chesapeake Cove Association, Inc.**

*was this day issued and admitted to record in this office and that the said corporation is authorized to transact its business subject to all Virginia laws applicable to the corporation and its business. Effective date: May 20, 2002*



*State Corporation Commission*

*Attest:*

*Joel H. Beck*

*Clerk of the Commission*

BOOK 511 847

#1940

## CHESAPEAKE COVE

THIS DECLARATION AND PROTECTIVE COVENANTS (the "Declaration") made this 28th day of May, 2002, by Bay Lands, L.L.C. ("Bay Lands")

### STATEMENTS

A. Bay Lands, L.L.C. is the owner of real property located in Fairfield Magisterial District, Northumberland County, Virginia, which is that subdivision known as Chesapeake Cove (the "Property") and desires to subject such Property to the easements, covenants, restrictions and other matters contained herein as shown on that plat of survey described below (the "Plat").

B. For purposes hereof the following definitions shall apply:

1. "Association" shall mean the Chesapeake Cove Association.
2. "Chesapeake Cove" and "Property" shall mean Lots 1 to 45 inclusive, the Common Areas including the Roads reflected on the Plat and all appurtenances.
3. "Common Areas" shall mean the Roads, Common Area A (containing .53 acres located between Lot 36 and 37); Common Area B (containing 0.75 acres also shown as Lot 46 on the Plat); Common Area C (located on the north side of Chesapeake Drive between VSH 640 and Lot 40); and Common Area D (that area located on the south side of Chesapeake Drive between VSH 640 and Lot 41).
4. "Lot" or "Lots" shall mean any one or more of the lots within Chesapeake Cove on which a residence may be constructed, which are designated on the Plat defined below as Lots 1 to 45 inclusive.
5. "Plat" shall mean the plat of survey made by Tomlin & Keyser, C.L.S. dated November 23, 2001, revised May 23, 2002, entitled "Division Survey Chesapeake Cove" recorded in the Clerk's Office of the Circuit Court of Northumberland County, Virginia in Plat Cabinet 2, Slides 2A through 4 (the "Plat"), together with any revisions thereto. Bay Lands, L.L.C. reserves the right to revise the Plat and to make adjustments to property lines for lots owned by Bay Lands, L.L.C. from time to time.

Return to:  
Bay Lands  
5/29/02

6. "Roads" shall mean the roads (including cul-de-sacs) within Chesapeake Cove as described on the Plat as "Chesapeake Drive" and "Potomac Way Lane and "Broad View Lane" and "Eagles Nest Lane".

WITNESSETH:

In consideration of the premises, the Property shall be subject to the easements, protective covenants, restrictions and conditions contained herein which shall run with the Property (to the extent applicable) and shall be binding on all parties having or acquiring any right, title or interest in Chesapeake Cove or any part thereof and shall inure to the benefit of each owner thereof.

1. **PROPERTY RIGHTS.** Every owner of a Lot within Chesapeake Cove shall have a right and easement of enjoyment in and to the Roads for ingress and egress subject to the rights of all others lawfully entitled to use same and shall have use of Common Areas as permitted by Bay Lands or as allowed by and subject to the rules and regulations of the Association.

2. **PROTECTIVE COVENANTS FOR LOTS 1 TO 45 INCLUSIVE.** The provisions contained in this Section 2 shall apply only to Lots 1 to 45 inclusive as shown on the Plat.

2.1 Each Lot shall be used for residential purposes only and shall be limited to one single family main residence and such other outbuildings (to include a guest house/studio and stand-alone garage) as are normally associated therewith. The use of a portion of a dwelling on a Lot as an office by the owner or tenants thereof shall be considered a residential use if such use does not create customer or client traffic to and from the Lot. Accessory buildings may be constructed prior to the construction of the main residence. Once construction begins on any structure the exterior shall be completed with 12 months thereafter and the entire construction must be completed within 24 months thereafter. Each main residence shall contain a minimum of 1600 square feet of living area; living area shall not include basements, garages, carports, open or screened porches or decks.

2.2 Only generally recognized house or yard pets may be kept and maintained provided such pets are not kept or maintained for commercial purposes; provided however the owner of Lot 1 may have up to 2 horses or ponies on Lot 1 for personal use. No pets may be kept on any Lot not improved with a residence. All pets must be kept under control of the owner and must not become a nuisance to other residents. If any such pets are declared a nuisance by the Association, they shall be

removed from the property within thirty days after written request to do so by the Association.

2.3 All Lots shall be kept and maintained in a neat and orderly appearance and condition, including periodic cutting of grass as needed. All trash and garbage shall be kept from public view. The Association shall have the right to remedy any problem or lack of maintenance (including the right to cut the grass on any Lot once the grass exceeds at any point a height of one foot) and to be reimbursed the costs thereof plus interest at 12% per annum, upon demand.

2.4 All driveways leading from any Roads must use concrete culverts of sufficient diameter to meet the Virginia Department of Highways and Transportation's standards. Any damage to the Roads or shoulders shall be repaired by the owner who (or whose guests or invitees or agents) caused the damage.

2.5 No house trailers or mobile homes may be placed on any Lot. No unfinished exterior cinder block construction shall be permitted.

2.6 No Lot can be further subdivided except in the case of an entire Lot being merged with an adjoining Lot or Lots or common boundary lines adjusted.

2.7 No Lot can be used to create an access to any adjoining property without written permission from Bay Lands, L.L.C. or its successors and/or assigns.

2.8 No part of any Lot or improvement thereof shall be used for any purpose or in any manner which will create a nuisance.

2.9 Utility and drainage and other easements are reserved as set forth and shown on the Plat and/or as provided herein, all for the installation, construction, repair, replacement, maintenance and operation of utilities, drainage areas, water systems and/or related facilities. Bay Lands, L.L.C. for itself and for its successors and assigns reserves the right to convey such easements or interests therein, in whole or in part, in fee or otherwise to utility companies and/or to the Association and/or to any Property owner.

2.10 The designation of individual well sites as set forth on the Plat are mandated by the county subdivision ordinance at the time of recording of the Plat. The Property and the Lots shall be served by a private water and well system pursuant to an agreement with Northern Neck Water, Inc. No private wells are allowed on any Lot for personal water consumption except as provided by a separate agreement between

Northern Neck Water, Inc. and the Lot owner; provided however, a Lot owner may have a private well for purposes of providing water for gardening and landscaping purposes. The agreement between Northern Neck Water, Inc. and the Lot owner will be substantially in the form attached hereto.

3. **EAGLE PROTECTION ZONE.** At the time of recording these documents there exists an active bald eagle's nest to the southwest of Lot 1. Pursuant to an agreement with the U.S. Fish & Wildlife Service, the following provisions shall apply to all or part of Lots 1 to 4 inclusive and to Lots 44 and 45 (unless otherwise permitted in writing by the U.S. Fish & Wildlife Services):

- A. No construction, land clearing, or similar activity shall occur within 750 linear feet of the bald eagle nest tree at any time of the year. However, agricultural practices and the keeping of domestic animals including horses and ponies are specifically permitted at any time of the year.
- B. No exterior construction, land clearing, or similar activity shall occur between 750 and 1,320 linear feet of the nest tree between December 15 and July 15 (the bald eagle breeding season) of any year. However, agricultural practices and the keeping of domestic animals including horses and ponies are specifically permitted during this period.
- C. Between July 16 and December 14 of any year, all types of human activity, clearing of vegetation and/or construction of two-story residences and associated buildings may occur between 750 feet and 1,320 feet of the nest tree.
- D. These restrictions may be eliminated or ameliorated by the U.S. Fish & Wildlife Service if the bald eagle's nest is deemed inactive for three consecutive nesting seasons or if there is a change in controlling regulations per such. In such event, Bay Lands, L.L.C. or the Association may record an amendment to this agreement reflecting any such change.

4. **COVENANTS AND RESTRICTIONS APPLICABLE TO THE COMMON AREAS.** The provisions contained in this Section 4 shall apply only to the Common Areas except to the extent otherwise provided for herein. Notwithstanding any other provisions contained herein to the contrary and subject to the ordinances, rules and regulations of the County of Northumberland, Virginia, the following provisions shall apply to the Common Areas.

4.1 Bay Lands, L.L.C. reserves the right to construct and maintain wells and water systems and roads within the Common Areas and within the utility easements reserved herein and specifically but without limitation within the septic fields areas designated on Lot 46. These rights may be assigned by Bay Lands, L.L.C. to Northern Neck Water, Inc. and/or other utility companies.

4.2 The Common Area purposes and uses shall be those determined from time to time by Bay Lands, L.L.C. and upon assignment thereto by Bay Lands, L.L.C. to the Association, by the duly authorized officers of the Association.

4.3 Should the provisions of this Section be inconsistent with other provisions herein, the provisions of this Section shall control.

4.4 The costs of maintenance of the Common Area is included in the assessment described in Section 5.3 below.

**5. ROAD CONSTRUCTION AND MAINTENANCE FOR "CHESAPEAKE DRIVE" AND "POTOMAC WAY LANE" AND "BROAD VIEW LANE" AND "EAGLES NEST LANE".**

5.1. The Roads are to be constructed by Bay Lands, L.L.C. to the Virginia Department of Transportation ("VDOT") standards. It is anticipated that the Roads will be dedicated to be taken into the VDOT system at the earliest date allowed by law, rule or regulation. Bay Lands, L.L.C. has the right without the consent or joinder of any other Lot owner, person and/or entity to dedicate all or parts of the Roads to the County of Northumberland and/or the Commonwealth of Virginia. In such event, the County of Northumberland will not be responsible for any costs involved in having the Roads brought up to State specifications for acceptance into the State Secondary System of Highways. The Roads will meet the existing Virginia Department of Transportation requirements for acceptance into the secondary system, prior to any dedication.

5.2. Bay Lands, L.L.C. shall be responsible for the maintenance of the Roads until June 30, 2004 or the Roads being accepted in to the State or County road system, whichever shall first occur. If, as of June 30, 2004, the Roads have not been taken into the State or County system and upon certification then or thereafter that the Roads meet then State specifications for acceptance into the State System of Highways, the Roads will be transferred to the Association, if they have not already been so transferred. Upon such transfer, each Lot owner of Lot 1 to 45 inclusive shall be responsible for and agrees to pay upon demand, a 1/45th share of the costs of

maintenance and repair to the Roads from time to time to insure that the Roads continue to meet State specifications for acceptance into the State System of Highways, until such time as the Roads are accepted into the system. After June 30, 2004, Bay Lands, L.L.C. shall have no further obligations except as to any Lot it then owns to the maintenance and/or repair of the Roads. Upon transfer of the Roads to the Association, the Association shall assume all responsibility for the Roads including any Road Bond which may be required by the County of Northumberland and/or VDOT.

5.3. The owners of Lots 1 to 45 inclusive (including Bay Lands, L.L.C.) for themselves, their successors and assigns, agree to pay to the Association the sum of \$200.00 per year initially on January 1 of each year, for the repair and maintenance, grass cutting and other purposes determined by the Association, of the Roads and Common Areas, which may be increased or decreased from time to time by the Association.

5.4. It shall be the responsibility of the Association to collect, keep, and disburse all monies collected for the repair, maintenance and/or improvement of the aforesaid Roads and Common Areas. It shall be the Association's further responsibility to determine whether repair and/or maintenance, including snow removal is needed, and to contract for the making of such repairs, maintenance, grass cutting or snow removal.

## 6. MISCELLANEOUS

6.1 Bay Lands, L.L.C. or any owner of Lot 1 to 45, inclusive or the Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by Bay Lands, L.L.C. or by any Owner or by the Association to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

6.2 In the event any Owner of Lot 1 to 45, inclusive fails to discharge the Owner's responsibilities as intended herein, Bay Lands, L.L.C. and/or the Association and their designated representatives shall have the right to enter upon said Lot to perform necessary maintenance, repairs and restoration or to remove any offending material or object. Such action shall not be deemed as a trespass and the cost of same, when performed by Bay Lands, L.L.C., the Association or their designees, shall be added to and become part of the assessment of which such Lot is subject.

6.3 Invalidation of any one of these covenants, by judgment or court order, shall in no way affect any of the other provisions which shall remain in full force and effect.

6.4 Notwithstanding any provision contained herein to the contrary, Bay Lands, L.L.C. reserves until June 30, 2004 the right with or without the joinder of any other person and/or entity or lot owner to amend, modify and supplement this Declaration and/or the Plat for Chesapeake Cove in any way to correct typographical, ministerial and other errors in this Declaration (or to clarify, explain or otherwise correct any of the provisions of this Declaration) and/or the Plat, to revise the Plat and adjust common property or boundary lines of lots owned by Bay Lands, L.L.C.

6.5 These covenants shall run with the land and shall be binding upon all owners of Lot 1 to 45, inclusive, including their invitees, heirs, successors and assigns and all parties claiming through them until June 30, 2004, at which time these covenants shall automatically extend for incremental periods of five years unless changed in whole or in part by a majority vote of the then owners of record of Lot 1 to 45, inclusive; provided however no change shall affect the rights of Bay Lands, L.L.C. or its financial obligations hereunder without the written consent of Bay Lands, L.L.C.

6.6 The above Statements and all Exhibits are incorporated herein by this reference.

6.7 All liens, costs, expenses (including reasonable attorneys' fees) or assessments due by or from any Lot owner shall, until payment, constitute a lien against the property of such owner(s) and shall be superior to all other liens except those for real estate taxes. Any costs and expenses and assessments unpaid shall accrue interest at the rate of 12% per annum. Bay Lands, L.L.C. and/or the Association may without the joinder or consent of any other person and/or entity record in the Clerk's Office of the Circuit Court of Northumberland County, Virginia and in such other jurisdictions as they may deem appropriate, a memorandum of lien or other indicia of obligations of the owner, Bay Lands, L.L.C., the Association and/or the other owners.

7. RIGHT TO OTHERS. Robert N. Reamy and Ann C. Reamy have granted a drainage easement dated January 16, 2001 to the Commonwealth of Virginia and the County of Northumberland. In consideration for this Bay Lands, L.L.C. grants to the Reamys and their immediate family the right to use any dock or boat ramp which may be built on the Common Areas and the right to come on to the Common Areas and Roads within Chesapeake Cove to retrieve their hunting dogs from Chesapeake Cove.

BOOK 511 854

No right to hunt is being given, but rather the right to retrieve hunting dogs that might enter upon Chesapeake Cove by virtue of hunting on adjoining properties is being granted. The Lot owners shall not have any right to object or impede the Reamy's and/or their immediate family members from exercising these rights, the rights of the Reamy's being a license, interpreted and revocable only by Bay Lands, L.L.C.

The owners of Lots in Parcels 1, 3 4 and 5 of Cubitt Creek Estates shall have at no charge the same rights of use and enjoyment of Common Area A as does the owners of Lots in Chesapeake Cove. Such Cubitt Creek Estates owner shall have an easement of ingress and egress over the Roads between VSH 640 and Common Area A for such use and enjoyment.

Bay Lands may in its sole and absolute discretion grant to Lillian Lumber Company, Inc. and/or to R. Prosser Crowther and/or their successors and/or assigns the right to use Chesapeake Drive as shown on the Plat to access property now or formerly belonging to Lillian Lumber Company, Inc. lying to the north of Chesapeake Cove.

WITNESS THE FOLLOWING SIGNATURE AND SEAL, effective as of the date first above written.

BAY LANDS, L.L.C.

BY:  (SEAL)  
James N. Carter, Jr., Manager

BOOK 511 855

CONSENT

Bank of Northumberland as beneficiary of and under the existing deed of trust (which constitutes a lien against property encompassed and covered by these Covenants and Guidelines) which is recorded in the Clerk's Office of the Circuit Court of Northumberland County, Virginia in Deed Book 478 at page 261, is joining herein to evidence (i) its agreement and consent under such deeds of trust to the subordination of the deeds of trust as described above and its interests therein, to the provisions of this Declaration and (ii) the release of the Common Areas (to include without limitation the "Roads") as defined herein and as shown on the Plat from the liens of such deed of trust.

BANK OF NORTHUMBERLAND

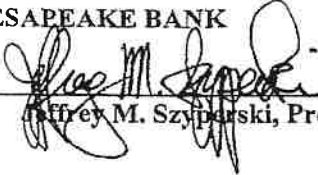
By: LEWIS R. REYNOLDS (SEAL)  
Lewis R. Reynolds, President

BOOK 511 856

CONSENT

Chesapeake Bank as beneficiary of and under the existing deeds of trust (which constitutes a lien against property encompassed and covered by these Covenants and Guidelines) which are recorded in the Clerk's Office of the Circuit Court of Northumberland County, Virginia in Deed Book 497 at Page 752 and in Deed Book 504 at page 235 and in Deed Book 505 at Page 60, is joining herein to evidence (i) its agreement and consent under such deeds of trust to the subordination of the deeds of trust as described above and its interests therein, to the provisions of this Declaration and (ii) the release of the Common Areas (to include without limitation the "Roads") as defined herein and as shown on the Plat, from the liens of these deeds of trust.

CHESAPEAKE BANK

By:  (SEAL)

Jeffrey M. Szydzinski, President

BOOK 511 857

COMMONWEALTH OF VIRGINIA  
COUNTY OF LANCASTER, to-wit:

The foregoing instrument was acknowledged before me this 28th day of May, 2002 by James N. Carter, Jr., Manager of Bay Lands, L.L.C.

My Commission expires: January 31, 2004  
[Signature]  
Notary Public

COMMONWEALTH OF VIRGINIA  
COUNTY OF LANCASTER, to-wit:

The foregoing instrument was acknowledged before me this 27th day of May, 2002 by Lewis R. Reynolds, President of the Bank of Northumberland.

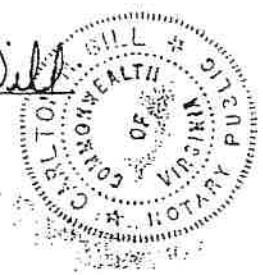
My Commission expires: 4-30-06  
[Signature]  
Notary Public



COMMONWEALTH OF VIRGINIA  
COUNTY OF LANCASTER, to-wit:

The foregoing instrument was acknowledged before me this 29th day of May, 2002 by Jeffrey M. Szyperski, President of the Chesapeake Bank.

My Commission expires: 10/31/2005  
[Signature]  
Notary Public



PREPARED BY  
HUBBARD, BREEDEN & TERRY  
P.O. BOX 340, 293 STEAMBOAT ROAD  
IRVINGTON, VA 22480  
804-438-5522 MAIN  
804-438-5003 FAX

The Plat is recorded in Plat Cabinet 1, Slides 183A through 185

BOOK 511 858

Exhibit

### CHESAPEAKE COVE WATER USER AGREEMENT

This Agreement, made between Northern Neck Water, Inc., a Virginia corporation of Montross, Virginia 22520 ("Owner") and \_\_\_\_\_ ("Applicant").

#### WITNESSETH

Applicant has purchased, or contracted for the purchase of Lot \_\_\_\_ in Chesapeake Cove subdivision, Northumberland County, Virginia, and has requested or will request Owner to connect Applicant to Owner's water system in said subdivision for water service for normal and customary domestic purposes.

In consideration of the premises, Owner will connect Applicant to its water system on the following terms and conditions:

1. Owner will provide potable drinking water to the Applicant's property, or other agreed upon use, in quantity and pressure sufficient to meet the normal and customary domestic needs of Applicant and in accordance with all applicable regulatory standards and approvals of the State Health Department or any appropriate local agency now in existence. This Agreement to provide water shall be binding upon Owner for a period of twenty (20) years or until January 1, 2023 whichever comes first. After this period, this Agreement will continue in effect but either the Owner or the Applicant will have the right to terminate same by giving to the other three (3) months notice of intention to terminate. In the event of termination of water service by Owner, after said 20 years, Owner will transfer all rights, title and interest to the central water system and related facility to the Association. In the event of termination by Applicant, Applicant may construct a well on the Applicant's Lot for any purpose.
2. Applicant will pay to Developer, Bay Lands, L.L.C. a one-time fee in the amount of \$3,500.00 payable at time of the purchase of the Lot from Bay Lands, L.L.C. by the Application.
3. Applicant will not be liable for any monthly water fees until Owner receives request for service from the Applicant.
4. The initial monthly water rate shall be as follows. Twenty-five dollars (\$25.00) per month, payable four times per year (quarterly) in advance. Applicant agrees to pay five dollars (\$5.00) late payment fee on past due accounts. The monthly

rate for water service and all fees may be increased by the Owner annually thereafter, based on the percentage increase, if any, of the Average Consumer Price Index (as published by the U.S. Department of Labor) for all included items for the calendar year next preceding any increase. Any such increase shall take effect as of January 1 of the succeeding year.

5. Owner shall have the right to terminate water service if payment is not received within thirty (30) days of due date. Applicant will pay all past due amounts, late fees, and reconnection fee before service will be restored.

6. The reconnection fee shall be Sixty (\$60.00) dollars, in addition to all other charges outstanding, for service provided Monday through Friday excluding holidays, and one hundred twenty (\$120.00) dollars at all other times.

7. Applicant will keep his, her or their water lines in good repair at all times and will not connect any kind of pump onto the system and will not sell water from Owner's system, or supply water to any other Lot or to persons not on Applicants lot. Applicant will allow Owner access to Owners existing water lines for repair or replacement if needed.

8. Owner will not be liable for any failure, interruption, or shortage of water, or for any loss or damage beyond Owners reasonable control, but Owner will exercise his best efforts to remove such cause as soon as possible and conduct all service work, repairs, and remedial efforts in a workmanlike fashion.

9. In case of an act of God, or commercial impossibility of ground water availability through no fault of Owner or substantially more costly regulatory requirements, Owner shall spread any costs or capital expenditures required over the life of this Agreement and modify the rates accordingly prorata.

10. Applicant will be responsible for the installation and repair of Applicant's system, which shall include the service pipe running from the Owner's water main or cutoff valve.

11. This Agreement shall inure to the benefit of and be binding upon the heirs, successors and/or assigns of the parties.

12. All notices shall be given to Applicant by regular or certified mail at the address shown below and to Owner at 4542 Horners Mill Road, Montross, VA 22520, if not hand delivered in person.

BOOK 511 860

Witness our signatures and seals this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

NORTHERN NECK WATER, INC.

By: \_\_\_\_\_

(SEAL)

Applicant

(SEAL)

Applicant

EXHIBIT

Address of Applicant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone Numbers of Applicant

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

VIRGINIA:

In the Clerk's Office of the Circuit Court of Northumberland County, May 29, 2002, the foregoing instrument was this day presented and with certificate annexed, admitted to record at 11:57 A.M. after payment of \$ -0- State Tax \$ -0- Local Tax and \$ -0- imposed by Section 58-54.1.

Teste: Emily D. Thomas Deputy Clerk

Amendment to the Chesapeake Cove Association Covenant 2.1, rewritten in its entirety and recorded as Instrument #140000572 on April 4, 2014, in the Clerk's Office of Northumberland County, Virginia

#14000572  
3pgs

#14000507  
2  
pgs.

DECLARATION OF AN AMENDMENT TO PROTECTIVE COVENANTS FOR  
CHESAPEAKE COVE HOMEOWNERS' ASSOCIATION

R #4.14 Vicki Eggers

The undersigned DECLARANT, being the President of the Chesapeake Cove Homeowners' Association of Virginia, Inc. an association of owners of lots within a certain tract or parcel of real estate, situate, lying and being in Fairfield Magisterial District, Northumberland County, Virginia, known as Chesapeake Cove duly dedicated, platted and recorded by that certain Deed of Declaration of Chesapeake Cove dated May 28, 2002 and recorded March 29, 2002 among the land records of said County as DB 511 PG 847 lots and recorded with said Deed of Dedication and deemed to be Covenants do hereby proclaim that a certain protective covenant affecting all of said Chesapeake Cove lots and recorded with said Deed of Dedication and deemed to be Covenants running with the land and with each of the lots embraced by Chesapeake Cove has been duly amended from the original Declaration of Protective Covenants for Chesapeake Cove dated May 28, 2002.

Chesapeake Cove Property Owners Association of Virginia, Inc. composed of 45 (forty-five) lots, is a Nonstock Corporation, organized under and pursuant to the Virginia Nonstock Corporation Act, sections 13.1, et seq. Code of Virginia as amended. The Corporation was formed for the purpose of dealing with common problems involved in the preservation, maintenance and improvement of the Chesapeake Cove community and roads serving said community and to carry out the purposes of the Protective Covenants affecting the property in the Chesapeake Cove Community.

As of March 25, 2014 the requisite number of votes (a majority) in the affirmative was secured.

Hence, Covenant 2.1 has been duly amended and is herein written in its entirety:

Covenant 2.1 Each lot shall be used for residential purposes only and shall be limited to one single-family residence and such other outbuildings (to include a guest house/studio and stand-alone garage) as are normally associated herewith. The use of a portion of a dwelling on a Lot as an office by the owner or tenants thereof shall be considered a residential use if such use does not create customer

J  
|

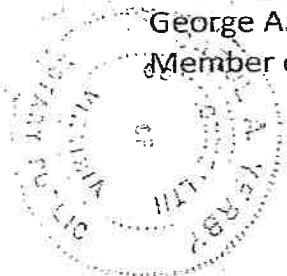
or client traffic to and from the Lot. Accessory buildings may be constructed prior to the construction of the main residence. Once construction begins on any structure the exterior shall be completed within 12 months thereafter and the entire construction must be completed within 24 months thereafter. Each main residence shall contain a minimum of 1600 square feet of living area; living area shall not include basements, garages, carports, open or screened porches or decks.

The owner of each lot on which a home has been constructed shall occupy and use such home as a private dwelling for himself, his immediate family and invited guests. The short term renting or, duly dedicated, leasing of homes (or any portions thereof) to others as a regular practice for business, speculative, investment or other purposes is prohibited; except that, the leasing or rental of a home for a continuous term of no less than six months to the same tenant(s) shall be allowed on the following conditions: (a) the lease or rental agreement shall (i) be in writing and within ten (10) days after its execution a true copy thereof shall be delivered to the Chesapeake Cove Homeowners' Association or other such address the Association may advise (ii) not be assigned or assignable (iii) prohibit the sub-letting of all or any portion of the home (iv) incorporate by attachment or reference all of the provisions of the Declaration and the protective covenants of the Association which shall be binding upon the tenant(s) and occupants, and (b) the lot owner(s) shall be responsible and liable for the violation by the tenant(s) and occupants of any of the said protective covenants and for any nuisance, or personal injury to any Association member or damage to the property of any Association member or the Association caused by the acts of such tenants and occupants.

Dated this March 28, 2014

BY: *Vicki S. Jenkins Eggers*  
Vicki S. Jenkins Eggers  
President CCHOA

ATTEST: *George A. Horger*  
George A. Horger  
Member of the Board CCHOA



Sworn to and subscribed before me, in my presence this 28th day of April, 2014, A Virginia Notary Public, in and for Warrenton County/City  
*George A. Horger* Notary Public # 157232  
My commission expires: 12/31/2016

DESTRUCTION OF  
RECORDS IN THE OFFICE OF  
NORTHUMBERLAND  
APRIL 14 2014 AT 02:15PM

DEBORAH T. SIMS, CLERK  
RECORDED BY: KAS

**BYLAWS OF  
CHESAPEAKE COVE ASSOCIATION, INC.**

**ARTICLE I  
PLAN OF OWNERSHIP**

**Section 1. Applicability.** These Bylaws provide for the governance of Chesapeake Cove Association, Inc., a Virginia nonstock corporation (the "Association"). Capitalized terms used herein without definition shall have the meaning specified for such terms in the Declaration and Protective Covenants.

**Section 2. Compliance.** Every Property Owner and Member and all those entitled to occupy a Lot within any subdivision which is within the tract of land known as "Chesapeake Cove", Northumberland County, Virginia shall comply with these Bylaws.

**Section 3. Office.** The principal office of the Association shall be located at P.O. Box 245, Burgess, Virginia 22432-0245<sup>1</sup> or at such other place as may be designated from time to time by the Board of Directors.

**ARTICLES II  
ASSOCIATION**

**Section 1. Composition.** The Association shall consist of all the Members acting as a group in accordance with the Articles, the Declaration and Protective Covenants and these Bylaws. The Association shall have the responsibility of administering the Common Areas within the subdivisions subject to these by laws, establishing the means and methods of collecting assessments and charges, arranging for the management of the Common Areas, and performing all of the other acts that may be required or permitted to be performed by the Association by the Declaration and Protective Covenants and the Articles and these Bylaws. Except as to those matters which the Declaration and Protective Covenants, the Articles or these Bylaws or applicable law specifically require to be decided by the vote of the Association, the foregoing responsibilities shall be performed by the Board of Directors or Managing Agent as more particularly set forth in Article III of these Bylaws.

**Section 2. Annual Meetings.** The annual meeting of the Association shall be held on the last Saturday in September of each year, beginning in September of 2002. At

---

<sup>1</sup> Adopted by the Association at the 2011 Annual Meeting on September 24, 2011. The original wording was "The principal office of the Association shall be located at P.O. Box 300, Irvington, Virginia 22480 or at..." and was replaced by the underlined wording.

the first annual meeting, the Board of Directors shall be elected by ballot of the Members in accordance with the requirements of the Articles. Until then, the initial Board of Directors as set forth in the Articles of Incorporation shall serve.

**Section 3. Place of Meetings.** Meetings of the Association shall be held on the Common Area between Lot 36 and 37, Chesapeake Cove or at such other suitable place as may be designated by the Board of Directors.

**Section 4. Special Meetings.** The President 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 a seventy-five percent vote. 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 5. Notice of Meetings.** The Secretary shall mail to each Member a notice of each annual or regularly scheduled meeting of the Association at least ten but not more than sixty days prior to such meeting, stating the time and place thereof. Notice of any other meeting shall be sent at least five but not more than sixty days prior to such meeting, stating the time, place and the purpose thereof. Notwithstanding the foregoing, notice of any meeting at which there shall be voted upon any amendment to the Articles, a plan of merger, a proposed sale of assets pursuant to Va. Code Ann. Section 13.1-900 or the dissolution of the Association shall be given as required by Va. Code Ann. Section 13.1-842. The mailing of a notice of meeting in the manner provided in these Bylaws shall be considered service of notice.

**Section 6. Adjournment of Meetings.** If at any meeting of the Association a quorum is not present, Members holding a majority of the votes who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

**Section 7. Title to Lots.** Title to a Lot may be taken in the name of one or more persons in any manner permitted by law. The Association may acquire, hold and transfer title to one or more Lots in its own name.

**Section 8. Voting.** Voting at all meetings of the Association shall be on the basis set forth in the Articles. No more than one vote per Lot may be cast regardless of how members may own a Lot. Where the ownership of a Lot is in more than one person, the person who shall be entitled to cast the vote appurtenant to such Lot shall be the person named in a certificate executed by all the owners of such Lot and filed with the Secretary or, in the absence of such person from the meeting, the person who shall be entitled to cast the vote appurtenant to such Lot shall be the person owning such Lot who is present. If more than one person owning such Lot is present, then such vote shall be cast only in accordance with their unanimous agreement. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. The affirmative vote of more

than one-half the aggregate votes present in person or by proxy at a duly convened meeting at which a quorum is present ("Majority of Members") is required to adopt decisions at any meeting of the Association, except where a greater number is required by law, the Declaration and Protective Covenants, the Articles or these Bylaws.

**Section 9. Proxies.** A vote may be cast in person or by proxy. Proxies shall be duly executed in writing by one with authority to execute deeds pursuant to the requirements of Va. Code Ann. Section 13.1-847 and must be filed with the Secretary before the appointed time of the meeting from any of the persons owning such Lot. Except with respect to proxies in favor of a Mortgagee, no proxy in any event shall be valid for a period in excess of eleven months after the execution thereof and, in any event, any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of the proxy.

**Section 10. Quorum.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of 25% percent of the aggregate membership votes shall constitute a quorum at all meetings of the Association.

**Section 11. 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 at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as 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 Declaration and Protective Covenants, the Articles, these Bylaws or applicable law.

### **ARTICLE III BOARD OF DIRECTORS**

**Section 1. Number.** The affairs of the Association shall be managed under direction of its Board of Directors which shall number not less than 2 nor more than 5. The number of persons comprising the Board of Directors may be changed by amendment to these Bylaws.

**Section 2. 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 as are by applicable law, the Declaration and Protective Covenants, the Articles or by these Bylaws required to be exercised and done by the Association. The Board of Directors shall have the power from time to time to adopt any rules and regulations deemed necessary for the benefit and enjoyment of the Common Areas; provided, however, such rules and regulations shall not be in conflict with the Declaration and Protective Covenants, the Articles or these Bylaws. If applicable, the

Board of Directors may from time to time elect to have the Association treated as a "homeowners' association" within the meaning of Section 528 of the Internal Revenue Code of 1986, as amended. The Board of Directors shall have the power to designate those officers authorized to provide statements and waivers to Members as may be desirable or required pursuant to the Declaration and Protective Covenants and these Bylaws. The Board of Directors may 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 3 of this Article) if any, 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 regular assessments of each Member.

(b) Make regular assessments and, to the extent permitted by the Declaration and Protective Covenants, special assessments against the Members to defray the costs and expenses of the Common Areas, establish the maintenance fees from time to time for the maintenance of the Common Areas and improvements thereon as set forth in the Declaration and Protective Covenants, establish the means and methods of collecting such assessments and fees and costs from the Members and establish the period of the installment payments of the assessments. Unless otherwise determined by the Board of Directors and except as set forth in the Declaration and Protective Covenants, the regular assessment against each Lot shall be payable annually and payable on the 1<sup>st</sup> day of January of each year. Late fees of 12% per annum (applied on a monthly basis)<sup>2</sup> of the dues, but in no event less than \$50.00 shall be due for any payment more than 30 days late, or such other time limit as determined by the Board of Directors. In the event that a lien is placed on any Lot, the original dues amount plus late fees and an additional assessment of \$100.00 to cover the costs of lien processing and related expenses will be added. Such lien shall be placed by the Treasurer or Secretary, or other person designated in writing by the Board of Directors, with the Clerk of the Courts, Northumberland County, Virginia, no later than forty-five (45) days after notice to the Lot Owner by certified mail for nonpayment of Association dues and late fees.<sup>3</sup> In addition, if legal action is instituted to collect any monies due, the lot owner(s) in default will pay the costs of collection, including attorneys' fees.

---

<sup>2</sup> Adopted by the Association at the 2011 Annual Meeting on September 24, 2011. The underlined portion was added to the original wording.

<sup>3</sup> Adopted by the Association at the 2011 Annual Meeting on September 24, 2011. The underlined portion was added to the original wording.

- (c) Provide for the operation, care, upkeep, maintenance and servicing of the Common Areas.
- (d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties.
- (e) Collect the assessments, fees and monies due from the Members, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Association.
- (f) Enact and amend rules and regulations from time to time for the use of the Common Areas; provided however, that no such rules and regulations so adopted shall be in conflict with the Declaration and Protective Covenants, the Articles or these Bylaws; and provided further that no such rules and regulations shall bind or be construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Lot and/or the Common Areas.
- (g) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Common Areas in accordance with the Declaration and Protective Covenants applicable to designated subdivisions.
- (i) Enforce by legal means the provisions of the applicable Declaration and Protective Covenants, the Articles these Bylaws and the rules and regulations.
- (j) Obtain and carry insurance as provided in the applicable Declaration and Protective Covenants and in Article VI of these Bylaws.
- (k) Pay the cost of all authorized services rendered to the Association and not billed to Members or otherwise provided for.
- (l) Keep books with detailed accounts of the receipts and expenditures affecting the Association and the administration of Common Areas, specifying the expenses of maintenance and repair of the Common Areas and other expenses incurred. All books and records shall be kept in accordance with generally accepted accounting principles consistently applied (but may be on the cash method of accounting).

(m) Acquire, hold and dispose of Lots and Common Areas, subject to the Declaration and Protective Covenants of Chesapeake Cove.

(n) Do such other things and acts not inconsistent with applicable Declaration and Protective Covenants, the Articles or these Bylaws which the Board of Directors may be authorized to do under applicable law or by a resolution of the Association.

(o) Subject to construction of these Bylaws, grant permits, licenses and easements under, through and over the Common Areas for drainage, utilities, roads and access and other purposes which are reasonably necessary to the ongoing development and operation of the property.

**Section 3. Managing Agent.** The Board of Directors may employ for the Association a "Managing Agent" at a compensation to be established by the Board of Directors. Any agreement with a Managing Agent shall be for a term not exceeding three years (exclusive of renewals) and shall provide that it is terminable without cause and without penalty by either party upon 90 days written notice to the other.

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

(b) **Standards.** The Board of Directors may impose appropriate standards of performance upon the Managing Agent.

**Section 4. Election and Term of Office.** The appointment or election and term of office of the members of the Board of Directors shall be as set forth in the Articles.

**Section 5. Removal of Members of the Board of Directors.** Removal of directors shall be as set forth in the Articles.

**Section 6. Vacancies.** Vacancies in the Board of Directors shall be filled in the manner specified in the Articles.

**Section 7. Organization Meeting.** The first meeting of the Board of Directors following the first meeting of the Association shall be held within thirty days thereafter at such time and place as shall be fixed by the Association at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such a meeting, providing a quorum of the Board of Directors shall be present thereat.

**Section 8. Regular Meetings.**

(a) 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. Notice of regular meetings of the Board of Directors shall be given to each director at least three business days before the day named for such meeting.

(b) In the event that members of the Board of Directors cannot physically meet in session from time to time, members of the Board of Directors may meet via electronic means (e.g., telecommunications) with documentation to be provided to the Secretary, as long as a quorum of the Board of Directors takes up matters and votes with notification to all members of the Board of Directors. Such actions will be deemed as if a regular meeting had taken place.<sup>4</sup>

**Section 9. Special Meetings.** Special meetings of the Board of Directors may be called by the President on three business days notice to each director, which notice shall state the time, place and purpose of the meetings. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and with like notice on the written request of at least two directors.

**Section 10. Waiver of Notice.** Any director may at any time, in writing signed by such director, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent of giving such notice. Except in the circumstances described in Va. Code Ann. Section 13.1-867B, attendance by a director 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. If all directors 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 11. Quorum of Board of Directors.** At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the vote of a majority of the directors 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, those present may adjourn 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.

---

<sup>4</sup> Adopted by the Association at the 2011 Annual Meeting on September 24, 2011. Paragraph (a) was added because of the addition of Paragraph (b), which was a completely new addition.

**Section 12. Compensation.** No director shall receive any compensation from the Association for acting as such; however, any director may be reimbursed for actual expenses incurred.

**Section 13. Conduct of Meetings.** The President shall preside over all meetings of the Board of Directors and the Secretary 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.

**Section 14. Action Without Meeting.** Any action taken 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.

#### **ARTICLE IV OFFICERS**

**Section 1. Designation.** The principal officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President, Vice President, Secretary and Treasurer shall be members of the Board of Directors. Any other officers may, but need not, be members of the Board of Directors.

**Section 2. Election of Officers.** The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

**Section 3. Removal of Officers.** Upon the affirmative vote of a majority of the 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 of Directors or at any special meeting of the Board of Directors called for such purpose.

**Section 4. 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, and have all of the general powers and duties which are incident to the office of president of a corporation organized under Virginia Nonstock Corporation Act.

**Section 5. 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 act in the place of the President, on an interim basis. The Vice President may also perform the duties of Secretary.

**Section 6. 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 of Directors may direct; maintain a register setting forth the place to which all notices to Members and Mortgagees requesting notices shall be delivered; upon request by a conveying Member, deliver statements of all unpaid assessments applicable to the Lot to be conveyed; deliver notices of delinquent assessment in accordance with the Declaration and Protective Covenants; execute notices of and releases of the lien for delinquent assessments as described in the Declaration and Protective Covenants and, in general, perform all the duties incident to the office of Secretary of a corporation organized under the Virginia Nonstock Corporation Act.

**Section 7. Treasurer.** The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data, and be responsible for the deposit of all monies and other valuables in the name of the Board of Directors, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors; and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the Virginia Nonstock Corporation Act. The Treasurer may also perform the duties of the Secretary.<sup>5</sup>

**Section 8. Compensation of Officers.** No officer shall receive any compensation from the Association for acting as such; however, any officer may be reimbursed<sup>6</sup> for actual expenses incurred as such officer.

## ARTICLE V OPERATION OF THE PROPERTY

### **Section 1. Determination of Assessment Against Owners.**

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

---

<sup>5</sup> Adopted by the Association at the 2011 Annual Meeting on September 24, 2011. The underlined portion is a new addition.

<sup>6</sup> Adopted by the Association at the 2011 Annual Meeting on September 24, 2011. The original wording was "...however, any officer may be reimbursement for actual expenses...." The underlined portion is a correction of the original wording.

(b) **Preparation and Approval of Budget.** The budget shall be established as set forth in the Declaration and Protective Covenants or by the Board of Directors.

(c) **Assessment and Payment of Assessments.** Assessments shall be collected as set forth herein and in the Declaration and Protective Covenants.

(d) **Reserves.** The Board of Directors may establish a reserve fund including a reserve for the deductible on physical damage insurance policies.

(e) **Effect of Failure to Prepare or Adopt a Budget.** The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year after the initial budget is adopted shall not constitute a waiver or release in any manner of a Member's obligation to pay his assessment as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Member liable therefor shall continue to pay each annual payment at the rate established for the previous fiscal year until notice of the periodic payment which is due more than ten days after such new annual or adjusted budget shall have been delivered.

**Section 2. Payment of Assessments.** Each Member shall pay the assessments established by the Declaration and Protective Covenants and these Bylaws and by the Association from time to time. No Member shall be liable for the payment of any part of the assessment against his Lot and due subsequent to the date of recordation by him in fee of such Lot to a successor Owner (except a conveyance as security for the performance of an obligation). Each Owner waives the benefit of the homestead exemption as to any assessments levied against either the Lot or the Owner. Each such assessment, together with the interest, late charges and costs of collection (including attorneys' fees) shall also be a lien against the lot of such Owner and shall be the personal obligation of the Owner at the time the assessment fell due.

**Section 3. Collection of Assessments.** The Board of Directors or the Managing Agent at the request of the Board of Directors, may take action to collect any assessments due from any Member. Each defaulting Member shall also pay all costs of collection, including without limitation attorneys' fees, incurred in the collection of any unpaid assessment and shall also pay any expense incurred as a result of a check being returned to the Association without payment.

**Section 4. Statement of Assessments and Access to Records.** The Association shall provide a selling Member with the disclosure packet required by Va. Code Ann. Section 55-512A within fourteen days of the actual receipt of a written request therefor and receipt of the appropriate fee. The Association may charge a fee not to exceed that permitted by statute for each disclosure packet in accordance with Va. Code Ann. Section 55-512B. The Association shall make available during normal

business hours for inspection, upon request by Owners, lenders and the holders, insurers and guarantors of the applicable mortgage on any Lot, and prospective purchasers, current copies of the applicable Declaration and Protective Covenants, Articles, Bylaws and any rules and regulations governing the Properties and other books, records and financial statements of the Association (including, if such is prepared the most recent annual financial statement of the Association). The Association shall also comply with the requirements of Va. Code Ann. Section 55-510. The Association may impose and collect a charge therefor in accordance with Va. Code Ann. 55-510D.

## **ARTICLE VI INSURANCE**

### **Section 1. Authority to Purchase.**

(a) Except as otherwise provided in Section 5 of this Article VI, all insurance policies relating to Common Areas shall be purchased by the Association. Neither the Board of Directors nor the Managing Agent nor the Declarant shall be liable for failure to obtain any coverage required by the Declaration and Protective Covenants by this Article VI or for any loss or damage resulting from such failure if such failure is due to unavailability or such coverages from reputable insurance companies, or if such coverage is available only at unreasonable cost.

(b) Each such policy shall provide that:

(i) The insurer waives any right to claim (i) by way of subrogation against the Association and (ii) invalidity arising from acts of the insured.

(ii) Such policy may not be canceled, not renewed or substantially modified without at least thirty (30) days prior written notice to the Association and in the case of physical damage and fidelity insurance, to all Owners and Mortgagees and mortgage loan service companies.

(c) Bay Lands, L.L.C. as the Declarant, so long as it shall own any Lot shall benefit from all such policies as an Owner and shall along with the Managing Agent be listed as an additional insured.

(d) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia and, in the case of the physical damage insurance, hold a rating of B/III or better by Best's Insurance Reports.

**Section 2. Liability Insurance.** The Association shall obtain and maintain comprehensive general public liability and property damage insurance in such limits as

the Board of Directors may from time to time determine (but not less than \$300,000 for bodily injury or property damage), insuring the Association, each member of the Board of Directors, the Managing Agent, the Declarant, and if feasible, each Owner against any liability to the public or to the Owners (and their invitees, agents, and employees) arising out of, or incident to the ownership and/or use of the Common Areas and other areas (if any) under the supervision of the Association. Such insurance shall be issued on a comprehensive liability basis and shall contain a "severability of interest" endorsement which shall preclude the insurer from denying liability to an Owner because of negligent acts of the Association or of another Owner. The Board "Umbrella" liability insurance in excess of the primary limits may also be obtained.

**Section 3. Other Insurance.** The Association shall obtain and maintain:

- (a) Workman's compensation and employer's liability insurance if and to the extent necessary to meet the requirements of law and which, if carried, shall name the Managing Agent as an additional insured; and
- (b) Such other insurance as the Board of Directors may determine or as may be requested from time to time by Owners of a majority of the Lots.

**Section 4. Board of Directors as Agent.** The members of the Board of Directors and the Managing Agent any one of whom may act, are hereby irrevocably appointed the agent and attorney-in-fact for each Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Property to adjust and settle all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims and to pursue and settle all claims arising out of the taking by way of eminent domain of any of the Common Area.

## ARTICLE VII MISCELLANEOUS

**Section 1. Notices.** All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. First class mail, postage prepaid, (i) if to an Owner, at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Owner, or (ii) if to the Association, at P.O. Box 245, Burgess, Virginia 22432-0245<sup>7</sup>, or at such other address as shall be designated by notice in writing to the Owners pursuant to

---

<sup>7</sup> Adopted by the Association at the 2011 Annual Meeting on September 24, 2011. The original wording was "...if to the Association, at P.O. Box 300, Irvington, Virginia 22480, or at such other address...."and was replaced by the underlined portion.

this Section, or (iii) if to a Mortgagee, to the address provided by the Owner or to such other address as the Mortgagee may specify by written notice to the Association.

**Section 2. Captions.** The captions 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 3. Gender.** 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.

**Section 4. Construction.** These Bylaws are intended to comply with applicable laws and shall be so interpreted and applied. In the event of conflict between the applicable Declaration and Protective Covenants or Articles and these Bylaws, the applicable Declaration and Protective Covenants or Articles shall control.

**Section 5. Amendments.** These Bylaws may be amended by the Board of Directors; however, to the extent any such amendment would be inconsistent with the Applicable Declaration and Protective Covenants, such amendment shall be adopted in the same fashion as an amendment to the applicable Declaration and Protective Covenants. Any changes to provisions of these Bylaws adopted by the Board of Directors between Annual Meetings shall be documented and presented to the Members at the first annual meeting after their adoption for their concurrence.<sup>8</sup>

---

<sup>8</sup> Adopted by the Association at the 2011 Annual Meeting on September 24, 2011. The underlined wording is a completely new addition.