

BYLAWS
OF
THE CARRIAGE HOMES AT LAKEWATCH PLANTATION
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is THE CARRIAGE HOMES AT LAKEWATCH PLANTATION PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 6720 Thirlane Road, N.W., Roanoke, Virginia 24019, but meetings of Members and Directors may be held at such places within or without the Commonwealth of Virginia as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 2.1. "Act" shall mean the Virginia Property Owners' Association Act, Code of Virginia 1950, Section 55-508 et seq., as amended.

Section 2.2. "Articles" shall mean and refer to the articles of incorporation of the Association filed with the Virginia State Corporation Commission, as the same may be amended from time to time.

Section 2.3. "Association" shall mean and refer to The Carriage Homes at Lakewatch Plantation Property Owners Association, Inc., a nonstock, nonprofit corporation organized under the laws of the Commonwealth of Virginia, its successors and assigns.

Section 2.4. "Bylaws" shall mean the Bylaws of the Association.

Section 2.5. "Common Area" shall mean all real property for which there are deeded easements or title for the common use and enjoyment of the Members of the Association.

Section 2.6. "Declarant" shall mean and refer to Lake Watch, L.I.C., its successors and assigns.

Section 2.7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded in the Office of the Clerk of the Circuit

Court of Franklin County, Virginia, including amendments and supplements thereto.

Section 2.8. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Property, upon which a dwelling unit could be constructed in accordance with applicable zoning ordinances, with the exception of the Common Areas.

Section 2.9. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 2.10. "Mortgagee" shall mean and refer to any person or entity secured by a first mortgage of deed of trust on any Lot and who has notified the Association in writing of this fact.

Section 2.11. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those persons or entities having such interest merely as security for the performance of an obligation.

Section 2.12. "Person" shall mean a natural person, corporation, trust or other entity.

Section 2.13. "Property" shall mean and refer to Lots 1 thru 35, inclusive, Sections 1 and 2, The Carriage Homes at LakeWatch Plantation, and such additional area as the Declarant may provide in the future and that certain real property subject to the Declaration and includes all improvements and appurtenances thereto now or hereafter existing.

ARTICLE III MEETINGS OF THE MEMBERS

Section 3.1. Annual Meetings. The first annual meeting of the Association shall be held not later than the first anniversary of the incorporation of the Association, at such time and place as may be fixed by a resolution of the Board of Directors. Subsequent annual meetings of the Association shall be held during such time and place as may be fixed from time to time by resolutions of the Board of Directors.

Section 3.2. Special Meetings. Special meetings of the Association shall be held if sought (i) by resolution of the Board of Directors, (ii) by request of the President of the Association, (iii) by petition(s) signed by Members representing at least one-

fourth (1/4) of all of the votes of the Class A membership, or (iv) while the Declarant is an Owner, by request of the Declarant; provided, that such resolution, request or petition(s) must (i) specify the place at which the meeting is to be held, (ii) either specify a time at which the meeting is to be held which will permit the Secretary to comply with Section 3.3 hereof, or else specify that the Secretary shall designate the time of the meeting, (iii) specify the purpose(s) for which the meeting is to be held, and (iv) be delivered to the Secretary. No business other than that stated in such resolution, request or petition shall be transacted at such special meeting.

Section 3.3. Notice of Members Meetings.

(a) Written notice stating the place, day and hour of each annual meeting and, in case of a special meeting, the purpose(s) for which the meeting is called, shall be given to each Member at least fourteen (14) days in advance of an annual meeting and at least seven (7) days in advance of a special meeting, but in no event not more than sixty (60) days before the date of the meeting, either personally or by mail, facsimile or e-mail, or by private courier, by the Secretary or an Assistant Secretary, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. If given in any other manner, such notice shall be deemed effective when received. Notwithstanding the foregoing, notice must be given in accordance with the Act.

(b) If a meeting is adjourned to a different date, time, or place, notice need not be given if the new date, time, or place is announced at the meeting before adjournment.

(c) Notwithstanding the provisions of subsection (a), notice of a meeting to act on an amendment to the Articles of Incorporation, on a plan of merger, a proposed sale of assets pursuant to § 13.1-900 Va. Code, as amended, or the dissolution of the corporation shall be given in the manner provided above not less than twenty-five (25) nor more than sixty (60) days before the date of the meeting. Any such notice shall be accompanied by a copy of the proposed amendment, plan of merger, sale of assets or listing of reasons for dissolution.

Section 3.4. Waiver of Notice; Attendance at Meetings.

(a) Whenever any notice is required to be given of any meeting of the Members, a waiver thereof in writing signed by a Member entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice to that person. Such waiver shall be delivered to the Secretary of the corporation for inclusion in the minutes or filing with the corporate records.

(b) A member who attends a meeting shall be conclusively presumed to have had timely and proper notice of the meeting or to have duly waived notice thereof, unless he attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened.

Section 3.5. Action by Members Without Meeting. Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Members.

Section 3.6. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association if Members entitled to cast more than thirty-five (35%) percent of the votes of each class of membership are present, in person or by proxy, at the beginning of such meeting. If a quorum is present, the affirmative vote of the majority of the votes represented at the meeting and entitled to vote on the subject matter shall be the act of the Association unless the vote of a greater number is required by law or by the Articles of Incorporation, and except that in elections of Directors those receiving the greatest number of votes shall be deemed elected, even though not receiving a majority.

Section 3.7. Absence of Quorum. In the absence of a quorum at any meeting, the Members present in person or by proxy and entitled to vote thereat, or, if no Members entitled to vote are present in person or by proxy, any officer authorized to preside at, or act as Secretary of, such meeting, may adjourn the meeting from time to time, for periods not exceeding twenty (20) days at any one time, until a quorum shall be present. No notice of the time and place of the adjourned meeting need be given other than by announcement thereof at the time of adjournment. At any such adjourned meeting at which a quorum is present, any business may be

transacted which might have been transacted at the meeting as originally called if a quorum had been present.

Section 3.8. Voting Rights. The Association shall have two classes of voting memberships:

CLASS A: Class A Member shall be all Lot Owners including the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all persons shall be Members. The vote for such Lot shall be exercised as the Lot Owners among themselves determine, but in no event shall any more than one (1) vote be cast with respect to any Lot.

CLASS B: The Class B Member shall be the Declarant and shall be entitled to a total number of votes equal to the total number of votes of all Class A members plus thirty-five (35), so that the Declarant will have a total number of votes equal to two-thirds (2/3) of the total votes of all Members of the Association. The Class B membership shall cease and terminate at such time that the Declarant has no rights or interest in the Property.

During any period in which a Lot Owner shall be in default in the payment of the regular or special assessment levied by the Association, the voting rights of such Lot Owner may be suspended by the Board of Directors until such assessment has been paid.

Section 3.9. Manner of Voting. Voting by Members shall be by voice vote unless any member present at the meeting, in person or by proxy, demands a vote by written ballots indicating the name of the owner voting, the number of votes appertaining to him, and the name of the proxy of such ballot if cast by a proxy.

At the election of the Board of Directors, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Proxies must be filed with the secretary before the appointed time of each meeting. No such proxy shall be revocable except by actual notice by the Lot Owner to the person presiding over the meeting that it has been revoked. Any proxy shall be void if it is not dated, if it purports to be revocable other than by the methods set forth in this section, if the signatures of those executing the proxy have not been witnessed by a person who shall sign his full name and

address, or if such proxy has not been signed by a person having authority, at the time of the execution of the proxy, to execute deeds on behalf of the Lot Owner. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy. If the proxy is uninstructed, the president of the Association may vote the proxies as he or she deems appropriate.

Section 3.10. Order of Business. The order of business at all annual meetings of the Association shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Report of officers;
- (e) Report of committees;
- (f) Election of directors;
- (g) Unfinished business; and
- (h) New business.

ARTICLE IV DIRECTORS AND OFFICERS

Section 4.1. Number and Selection of Directors. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be managed by a Board of Directors. The Board shall consist of at least two (2) Directors but no more than five (5) selected in accordance with Article 5 of the Articles of Incorporation.

Section 4.2. Vacancies in Board of Directors. Except as provided in Section 4.3 hereof and in the Articles of Incorporation, any vacancy occurring in the Board of Directors by reasons of death, resignation, increase in the number of Directors or otherwise, may be filled by the vote of a majority of the remaining Director(s) even if the remaining Director(s) comprise less than a quorum of the Board.

Section 4.3. Removal of Directors. At a meeting of the Members called expressly for that purpose, any Director(s) other than Directors appointed by the Declarant may be removed, with or without

cause, by a majority vote, and a successor shall thereupon be elected by such majority to fill the vacancy or vacancies thereby created.

Section 4.4. Resignation of Director or Officers. Any Director or Officer may resign at any time by giving written notice to the Board of Directors or to the President or the Secretary. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective. Except for Directors appointed by the Declarant and Officers appointed or elected by such Directors, if any Director or Officer was a Member at the time he became such a Director or Officer, he shall be deemed to have resigned at such time as he ceases to be a Member.

Section 4.5. Meetings of Directors. The Board of Directors shall meet regularly without notice at such intervals, times and places as may be fixed from time to time by resolutions of the Board. Special meetings of the Board shall be held when called by the President or by a majority of the Directors with at least three (3) days notice to the remainder of the Board, or not less than twenty-four (24) hours after notice has been received by the remainder of the Board, whichever period is shorter. However, notice of a special meeting may be waived by any Director in writing or by attending the meeting, unless he attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened. Notwithstanding the foregoing, all notices shall be given in accordance with the Act.

The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means or communication by which all Directors participating (and all members in attendance) may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 4.6. Quorum of Directors. A majority of the Board of Directors constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 4.7. Actions of the Board Not Requiring Approval. Subject to any limitations created by law, the Declaration, the Articles of Incorporation, or Section 4.8 hereof, the Board of Directors shall have power, by and pursuant to its resolutions and without the approval of any Member or Mortgagee, to:

(1) exercise all rights, powers and authority conferred on the Association or on the Board by Section 13.1-825, et seq., of the Nonstock Corporation Act, by the Declaration, by the Articles of Incorporation, or by other provisions of these Bylaws;

(2) do or cause to be done all acts and things which the Association may do;

(3) employ and dismiss managing agents, independent contractors, employees and such other persons as the Board may determine, and to fix their respective duties and rates of compensation; and

(4) adopt and amend rules and regulations and design guidelines governing the use and enjoyment of the Property.

Section 4.8. Actions of the Board Requiring Approval.

(1) If approved in each case by a majority of the Class A Membership votes cast at an annual or special meeting of the Association at which a quorum is present and the consent of the Class B Member, if any, the Board of Directors shall have power, by or pursuant to its resolutions, to:

(a) borrow money on behalf of the Association; and

(b) grant easements to public utility companies over and through the Property or any portions thereof.

(2) If approved in each case by two-thirds (2/3) of the Class A Membership votes cast at an annual or special meeting of the Association at which a quorum is present and the consent of the Class B Member, if any, the Board of Directors shall have power, by or pursuant to its resolutions, to:

(a) levy a special assessment pursuant to Section 6 of Article V of the Declaration.

(3) Extraordinary Actions of the Association. The provisions of this section shall not be construed to reduce the vote that must be obtained from Members where a greater vote is required by the Act or other provisions of the Association Documents nor shall it be construed to lessen the unilateral rights given to the Declarant pursuant to the Declaration without the consent of any Owner or Mortgagee.

(4) Nonmaterial Amendments. Any amendment to the Association Documents shall not be considered material if made only for the purpose of correcting technical errors or for clarification.

(5) Presumptive Approval. Any Mortgagee who is notified of amendments or actions of the Association by certified or registered United States mail, return receipt requested and who does not deliver negative responses to the Secretary of the Association within sixty (60) days shall be deemed to have approved such amendment. Approval by a Mortgagee also includes the issuance of written approval or any written waiver or formal letter stating "no objection".

Section 4.9. Duties of the Board. It shall be the duty to the Board of Directors, on behalf of the Association to:

(1) cause to be kept a complete record of the proceedings and resolutions of the Board;

(2) adopt the budget of the Association for the forthcoming fiscal year for presentation at the annual meeting of the Association, such budget to contain an adequate reserve fund for the upkeep of any elements on the Common Areas that must be replaced on a periodic basis;

(3) levy and cause to be collected assessments against the Lots in accordance with the Declaration and Virginia law;

(4) cause the books and records required to be kept by the Treasurer to be audited whenever a resolution of the Association shall so direct;

(5) supervise all officers, agents and employees of this Association, and see that their duties are properly performed;

(6) obtain fidelity bond coverage against dishonest acts on the part of Directors, Officers, trustees, managers, employees or agents responsible for handling funds collected and held for the benefit of the Association, as it may deem appropriate;

(7) maintain adequate liability insurance on the Common Areas in such amounts as the Board may from time to time determine by resolution; and

(8) otherwise perform or cause to be performed the functions and obligations of the Board and the Association as

provided for in the Declaration, Articles of Incorporation and these Bylaws.

Section 4.10. Appointment and Term of Officers. The Officers of the Association shall include a President and Secretary, who shall be members of the Board of Directors, a Treasurer, the members of any committees appointed by the Board, and such other Officers having such titles and duties as the Board may from time to time determine by resolution. All Officers shall be appointed by the Board for a period of one (1) year to serve at the pleasure of the Board. The offices of President and Secretary shall be held by different persons, but those persons or any other persons may hold any number of other offices. At its option, the Board of Directors may create the position of Vice President.

Section. 4.11. Residency of Officers. No Officer of the Association need be a resident of the Property, but if an Officer is such a resident at the time of his appointment to office, he shall be deemed to have resigned that office at such time as he ceases to be such a resident.

Section 4.12. Committees. The Board of Directors may create and abolish from time to time such committees (including, without limitation, the Board of Architectural Review contemplated by the Declaration) as the Board may deem appropriate to aid in the administration of the affairs of the Association. Such committees shall have the powers and duties fixed by resolution of the Board of Directors from time to time. The Board of Directors shall appoint the chairman of each committee, and may either appoint the other members thereof or leave such appointment to the committee chairman. The chairman and other members of any committee are Officers within the meaning of these Bylaws.

Section 4.13. Duties of Officers.

(a) President. It shall be the duty of the President to preside at the meetings of the Association and the Board of Directors; see to the execution of the resolutions of the Association and the Board and to report to each on any failure of any of its resolutions to be executed; and to appoint a Secretary *pro tem* at any meeting at which the Secretary is absent; and, subject to resolutions of the Board of Directors, to manage and control the affairs of the Association as its chief executive officer.

(b) Vice President. It shall be the duty of the Vice President, if any, to act in the place and stead of the President in the event of his absence or failure or inability to act, and such other duties as required of him by the Board.

(c) Secretary. It shall be the duty of the Secretary to keep the minutes and record the resolutions at all meetings of the Association and of the Board of Directors; to give all notices required by these Bylaws to be given to Members and Directors; to give to each Member(s)/Owner(s) notice of each assessment against his Lot(s) as soon as practicable after the assessment is made; to give notice and a copy of the rules and regulations and design guidelines and any amendment thereof to each Member as soon as practicable after the adoption thereof; to make it possible for any Member to inspect and copy, at reasonable times and by appointment, the records of the Association (other than records in the custody of the Treasurer) and of the Board; to give notice to each Member of any dedication, conveyance and transfer by the Association of any property or of any easement or other estate or interest therein; and to give on behalf of the Board of Directors or any Board of Architectural Review any notice contemplated by these Bylaws, the Articles of Incorporation, or the Declaration.

(d) Treasurer. It shall be the duty of the Treasurer to receive and deposit in appropriate insured accounts with financial institutions all income of the Association; to disburse the funds of the Association only in accordance with resolutions of the Board of Directors; and to keep orderly books showing the income and expenditures of the Association and to make it possible for any Member to inspect and copy the same at reasonable times and by appointment.

(e) All Officers. It shall be the duty of each Officer (including the foregoing officers), to perform such duties as are normally associated with his office under Virginia law, and each Officer shall perform such other duties as are assigned to his office by law or resolution of the Association or of the Board of Directors.

Section 4.14. Committees. The Board of Directors may create and abolish from time to time such committees as the Board may deem appropriate to aid in the administration of the affairs of the Association. Such committees shall have the powers and duties fixed by resolution of the Board from time to time. The Board shall appoint the chairman of each committee, and may either appoint the

other members thereof or leave such appointment to the chairman thereof.

Section 4.15. Actions by Directors or Committee Without Meeting. Any action required or permitted to be taken at a meeting of the Directors or of a committee may be taken without a meeting if a consent in writing, setting forth the action taken, shall be signed either before or after such action by all of the Directors, or all of the members of the committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote.

Section 4.16. Conflict of Interest.

(a) No contract or other transaction between the Association and one or more of its Directors or Officers, or in which one or more of its Directors or Officers are interested, and no contract or other transaction between the Association and any other corporation, partnership, joint venture, trust or other entity in which one or more of its Directors or Officers are interested, shall be either void or voidable because of such relationship or interest or because such Directors(s) are present at the meeting of the Board of Directors which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, provided that the material facts as to his or their relationship or interest are disclosed or known: (i) to the Board of Directors which authorizes, approves or ratifies the contract or transaction by a vote sufficient for the purpose without counting the votes of such interested Director(s), or (ii) to the Owners entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent.

(b) No contract or other transaction described in subsection (a) of this section shall be void or voidable despite failure to comply with parts (i) or (ii) of subsection (a), provided that such contract or transaction was fair and reasonable to the Association in view of all the facts known to any Director or Officer at the time such contract or transaction was entered into on behalf of the Association.

Section 4.17. Indemnification of Directors, Officers, Employees and Agents: Insurance.

(a) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitratative or investigative (other than

an action by or in the right of the Association) by reason of the fact that he is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other entity, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in the manner he reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

(b) The Association shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the act that he is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other entity against expenses (including attorney's fees) actually and reasonably incurred by him in connection with defense or settlement of such action or suit (if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association) and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to be indemnified for such expense which such court shall deem proper.

(c) To the extent that a Director, Officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (a) or (b), or in defense of any claim, issue or matter therein, he shall be indemnified by the Association against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under subsections (a) and (b) (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee or agent is

proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made (1) by the Board of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the Owners.

(e) Expenses (including attorney's fees) incurred in defending an action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative, may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in subsection (d) upon receipt of an undertaking by or on behalf of the Director, Officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

(f) The Association shall have the power to make any other or further indemnity, including from criminal proceedings, of any person referred to in this section to the fullest extent that may be authorized by law and pursuant to a resolution adopted, before or after the event, by the Owners, except an indemnity against said person's gross negligence or willful misconduct. Each such indemnity may continue as to a person who has ceased to have the capacity referred to in this section and may inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, company, trust or other entity against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this section.

Section 4.18. Compensation of Directors and Officers. No salary or other compensation shall be paid to any Director or Officer of the Association for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by such Director or Officer of other services to the Association.

ARTICLE V
MISCELLANEOUS

Section 5.1. Books and Records. The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the registered office or the principal office of the Association in this state, where copies may be purchased at reasonable cost.

Section 5.2. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year, except that the first fiscal year shall begin on the date of incorporation; provided that said dates fixing the fiscal year may be adjusted at the discretion of the Board.

Section 5.3. Signatures. Checks, notes, drafts and other orders for the payment of money shall be signed by such persons as the Board of Directors from time to time may authorize.


Section 5.4. Method of Amendment. These Bylaws may be amended at any meeting of the Association provided that the proposed amendment has been inserted in the notice of meeting or that all of the Members are present in person or by proxy. These Bylaws may also be amended at any meeting of the Board of Directors provided that the proposed amendment has been inserted in the notice of the meeting and provided at least two-third (2/3) of the total number of Directors shall be present at such meeting.

Section 5.5. Establishment of Reserve Fund. The Association shall establish and maintain reserve funds in accordance with the Declaration and/or the Act, as amended, for working capital or major repairs and replacements of improvements on the Common Area by periodic allocation to such reserve fund of an amount to be designated from time to time by the Board. **Assessments, fees or charges received from Members in excess of related expenses for that fiscal year shall be allocated to the reserve fund at the end of the fiscal year.**

Section 5.6. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 5.7. Gender, etc. Whenever in the Bylaws the context so requires, the singular number shall mean the plural and the converse, and the use of any gender shall be deemed to include both genders.

ADOPTED November 1, 2006



Edward C. Park, III, Sole Member
Lake Watch, L.L.C.