

BY-LAWS
OF
FAIRLINGTON VILLAGES, A CONDOMINIUM
ARLINGTON COUNTY AND THE CITY OF ALEXANDRIA, VIRGINIA

ARTICLE I
GENERAL

Section 1. Applicability. These By-Laws provide for the self-government of FAIRLINGTON VILLAGES, A CONDOMINIUM, pursuant to the requirements of Article 3, Chapter 4.2 of Title 55 of the Code of Virginia. FAIRLINGTON VILLAGES, A CONDOMINIUM is located partly in the County of Arlington and partly in the City of Alexandria, Commonwealth of Virginia.

Section 2. Compliance. Pursuant to the provisions of Section 55-79.53, Code of Virginia, as amended, every unit owner and all those entitled to occupy a unit shall comply with these By-Laws.

Section 3. Office. The office of the Condominium and the Board of Directors shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II
UNIT OWNERS ASSOCIATION

Section 1. Composition. All of the Unit Owners of Units contained in the Condominium, acting as a group in accordance with the Condominium Act, the Declaration and these By-Laws, shall constitute the "Unit Owners Association", who shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Condominium and performing all of the other acts that may be required to be performed by the Unit Owners Association, by the Condominium Act and the Declaration. In addition to the foregoing, and with respect to all units containing roofs within their vertical boundaries, the Unit Owners Association shall have all powers and responsibilities with regard to maintenance, repair, restoration and replacement of that part of the units above the plane of the underside of the roof sheathing. Except as to those matters which either the Condominium Act or the Declaration specifically require to be performed by the vote of the Unit Owners, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth in Article III.

Section 2. Annual Meetings. Unless required to be sooner as set forth herein, five years after the date the Declaration is recorded, the Declarant shall cause to be held the first annual meeting of the Unit Owners Association pursuant to this section. However, within thirty days after units representing 75% of the undivided interests in the common elements, including all those units which are added from the additional land as this Condominium is expanded pursuant to reservation in the Declaration, have been sold by the Declarant, and such sales have been fully settled by the purchasers, the Declarant shall notify the Unit Owners, and the first annual meeting of the Unit Owners Association shall be held within forty-five (45) days thereafter on a call issued by the President. At such meeting, the term of office of the persons designated by the Declarant as members of the Board of Directors shall be deemed to have expired, and all of the Unit Owners, including the Declarant, if the Declarant owns any unit or units, shall elect a new Board of Directors. Thereafter, the annual meetings of the Unit Owners Association shall be held on the third Tuesday of October of each succeeding year. At such annual meetings, the Board of Directors shall be elected by a written ballot of the Units Owners in accordance with the requirements of Section 4 of Article III of these By-Laws.

Section 3. Place of Meetings. Meetings of the Unit Owners Association shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Directors.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners Association, if so directed by resolution of the Board of Directors, or upon a petition signed and presented to the Secretary by Unit Owners owning not less than twenty five percent (25%) of the Percentage Interests of all Unit Owners. The notice of any special meeting shall state the time, place and purpose of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners pursuant to the provisions of Section 55-79.75, Code of Virginia, as amended.

Section 6. Adjournment of Meetings. If any meetings of the Unit Owners Association cannot be held because a quorum is not present, Unit Owners owning a majority of the Percentage Interests who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the Unit Owners Association shall be as follows:

- (a) Roll Call
- (b) Proof of notice of meeting
- (c) Reading of minutes of preceding meeting
- (d) Reports of officers and Board of Directors
- (e) Report of Management Agent, if any, and if present
- (f) Reports of committees
- (g) Election or appointment of inspectors of election (when so required)
- (h) Election of members of the Board of Directors (when so required)
- (I) Unfinished business
- (j) New business
- (k) Adjournment

Section 8. Voting. At every meeting of the Unit Owners, each of the Unit Owners shall have the right to cast a vote in proportion to his ownership in the Common Elements as set forth in the Declaration. No Unit Owner shall be eligible to vote, either in person or by proxy, or be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association.

Section 9. Conduct of Meeting. The President shall preside over all meetings of the Unit Owners Association and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. Roberts Rules of Order (latest petition) shall govern the conduct of all meetings of the Unit Owners Association when not in conflict with the Declaration, these By-Laws or the Condominium Act.

Section 10. Quorum. the presence, either in person or by proxy, of members representing at least twenty-five percent (25%) of the total votes of the **PROJECT** shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members.

ARTICLE III BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Condominium shall be governed by a Board of Directors. Until units representing 75% or more of the Undivided Interests in the Common Elements of all units, including all those units which are added from the additional land registered with the Virginia Real Estate Commission as this Condominium is expanded pursuant to the reservation in the Declaration, shall have been sold by the Declarant and such sales fully settled by the purchasers, or until five years after the date the Declaration is recorded, whichever occurs sooner, and thereafter until their successors shall have been elected by the Unit Owners, the Board of Directors shall be designated and appointed by the Declarant. The initial Board of Directors so designated and appointed shall be composed of not less than three (3) nor more than five (5) persons, who may be, but are not required to be, officers, directors, or designees of the Declarant, Unit Owners or spouses of Unit Owners, or mortgagees (or designees of mortgagees) of Units. The first Board of Directors elected at the first annual meeting shall consist of nine (9) persons.

Section, 2. Power and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not by the Condominium Act or by these By-Laws directed to be exercised and done by the Unit Owners Association. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the enjoyment of the Condominium provided such Rules and Regulations shall not be in conflict with the Condominium Act, or the Declaration, or these By-Laws. In addition to the Duties imposed by these By-Laws or by any resolution of the Unit Owners Association that may hereafter be adopted, the Board of Directors shall have the power to, and be responsible for, those duties and functions set forth in Section 55-79.79 and 80, Code of Virginia, as amended, and those duties and functions set forth in Article II, Section 1 of these By-Laws.

Section 3. Managing Agent. The Board of Directors may employ for the Condominium a professional Managing Agent at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize; provided, however, that any such professional Management Contract may not be entered into for a term exceeding two (2) years, and provided further that such Management Contract may be terminated for cause upon sixty (60) days written notice.

Section 4. Election and Term of Office. For purposes of electing its Directors, FAIRLINGTON VILLAGES, A CONDOMINIUM is hereby divided in six (6) Wards as more particularly shown on Exhibit "A" entitled FAIRLINGTON VILLAGES, A CONDOMINIUM - Ward Divisions, attached hereto, incorporated herein by reference, and prayed to be read as part hereof. At the first annual meeting of the Unit Owners Association, after the period of Declarant control, as provided in Article II, Section 3 of these By-Laws, the Unit Owners of units within a Ward shall elect one Director from that Ward who must be a Unit Owner of a unit within the Ward to serve as Director for a term of two (2) years. Three (3) Directors shall be elected at large by all Unit Owners of units in FAIRLINGTON VILLAGES, A CONDOMINIUM. In the at-large election, the person receiving the highest number of votes shall serve for a term of three (3) years, the person receiving the next highest number of votes shall serve for a term of two (2) years, and the person receiving the next highest number of votes shall serve for a term of one (1) year.

In the event that FAIRLINGTON VILLAGES, A CONDOMINIUM, is not fully expanded pursuant to the provisions of the Declaration, then and in that event, FAIRLINGTON VILLAGES, A CONDOMINIUM, shall be divided, for purposes of electing its Directors from Wards, into as many wards as exist by reason of the expansion of the condominium. For purposes of this paragraph, a Ward shall be deemed to have been established by expansion if any phase constituting a part of the ward is added to the condominium.

If there are less than six (6) Wards so established, additional Directors shall be elected at large to serve a term of one (1) year in order that the total number of Directors shall be nine (9).

At the expiration of the initial term of office of each respective member of the Board of Directors, his successor shall be elected in the same manner as hereinbefore provided to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Unit Owners Association.

Section 5. Removal of Members of the Board of Directors. At any regular or special meeting of the Unit Owners Association duly called, (but only at or after the first annual meeting) any one or more of the Board of Directors may be removed

with or without cause by a majority of the Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and he shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Unit Owners Association shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board of Directors held for that purpose, promptly after the occurrence of any such vacancy, and each person so elected shall be a member of the Board of Directors until a successor shall be elected at the next annual meeting of the Unit Owners Association.

Section 7. Organization Meeting. The date of the first meeting of the members of the Board of Directors elected at the annual meeting of the Unit Owners Association shall be determined by the Board immediately following the Unit Owners Association meeting and no further notice shall be necessary to the newly elected members of the Board of Directors. Such meeting shall occur within 30 days.

Section 8. Regular Meetings. 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, but at least once every two months such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director personally, by mail, telephone or telegraph, at least three (3) business days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

Section 10. Waiver of Notice. Any director may, at any time, in writing, give notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place 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. Fidelity Bonds. The Board of Directors may require adequate fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds. The premiums of such bonds shall constitute a Common Expense.

Section 12. Compensation. No director shall receive any compensation from the Condominium for exercising his duties and obligations as a director.

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. Roberts Rules of Order (latest edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these By-Laws or the Condominium Act.

Section 14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents 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 Condominium shall be the President, Vice President, the Secretary, and the 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 and Treasurer, but no other officers, shall be required to be members of the Board of Directors.

Section 2. Election of Officers. The officers of the Condominium 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 and until a successor is elected.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors.

Section 4. President. The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of Units Owners Association and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a stock corporation organized under the Virginia Stock Corporation Act, including, but not limited to, the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President are able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; he shall have charge of such books and

papers as the Board of Directors may direct, and he shall, in general, perform all the duties incident to the office of the secretary of a stock corporation organized under the Virginia Stock Corporation Act.

Section 7. Treasurer. The Treasurer shall have the responsibility for Condominium 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. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two (2) officers of the Condominium, or by such other person or persons as may be designated by the Board of Directors.

Section 9. Compensation of Officers. No officer shall receive any compensation from the Condominium solely for exercising his duties and obligations as an officer.

ARTICLE V

LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Liability and Indemnification of Officers and Directors. The Unit Owners Association shall indemnify every officer and director of the Condominium against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the then Board of Directors of the Condominium) to which he may be made a party by reason of being or having been an officer or director of the condominium whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Condominium shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Condominium shall have no personal liability with respect to any contract or other commitment

made by them, in good faith, on behalf of the condominium **PROJECT** (except to the extent that such officers or directors may also be owners of condominium units) and the Condominium shall indemnify and forever hold each such officer and director free and harmless against any and all liabilities to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Condominium, or former officer or director of the Condominium, may be entitled.

Section 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the condominium **PROJECT**. No contract or other transaction between the Condominium and one or more of its Directors, or between the Condominium and any corporation, firm or association (including the Declarant) in which one or more of the Directors of the Condominium are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which

authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exists:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof are noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Condominium at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such Condominium or not so interested.

ARTICLE VI
OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Condominium shall consist of the twelve (12) month period commencing on January 1st of each year and terminating on December 31st of the same year, or as the same may be changed hereafter by the Board of Directors of the Unit Owners Association of FAIRLINGTON VILLAGES.

(b) Preparation and Approval of Budget. Each year on or before January 1st, the Board of Directors shall adopt a budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of utility services, maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which the Board of Directors has all powers and responsibility with regard to maintenance, repair, renovation, restoration and replacement, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, these By-Laws or a Resolution of the Unit Owners Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Condominium and the rendering to the Unit Owners of all related services. The Budget may also include:

(i) The cost of the maintenance or repair of any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common elements or to preserve the appearance or value of the condominium **PROJECT** or is otherwise in the interest of the general welfare of all owners of the condominium units; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the condominium unit proposed to be maintained and provided further that the cost thereof shall be assessed against the condominium unit on which such maintenance or repair is performed and, then so assessed, a statement for the amount thereof shall be rendered promptly to the then owner of said condominium unit at which time the assessment shall become due and payable and a continuing lien and obligation of said owner in all respects as provided in Article XI of these By-Laws. The cost of the maintenance or repair of those parts of the units to which the Board of Directors has all power and responsibility with regard to maintenance, repair, renovation, restoration and.....

(ii) any amount necessary to discharge any lien or encumbrance levied against the condominium **PROJECT**, or any portion thereof, which may, in the opinion of the Board of Directors, constitutes lien against the common elements rather than the interest therein of the owner of any individual condominium unit.

(iii) Such budget may also include such reasonable amounts as the Board of Directors considers necessary to provide working funds for the Condominium, a general operating reserve, or reserves for contingencies and replacements.

(c) The Board of Directors shall send to each Unit Owner a copy of the budget, in a reasonably itemized form which sets forth the Amount of the Common Expenses payable by each Unit Owner, at least ten (10) days prior to the beginning of the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium.

(d) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Property set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Unit Owner in proportion to his respective Undivided Interest in the Common Elements, and shall be a lien against each Unit Owner's Unit as provided in the Condominium Act as set forth in Section 55-79.84. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, such Unit Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one-twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions. Within sixty (60) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners an audited accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount collected pursuant to the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves may, if the Board of Directors deems it advisable, be credited according to each Unit Owner's Undivided Interest

in the Common Elements to the installments due in the succeeding months of that fiscal year.

In the event any legal action is required to collect assessments hereunder, then and at the discretion of the Board of Directors, the entire balance of assessments due on account of said unit for the remainder of the fiscal year shall be due in full.

(e) Pursuant to Section 55-79.83(b) of the Condominium Act, that part of the total assessment provided for in paragraph (d), Article VI, which is required for expenses on account of water and sewer, trash, swimming pool expense and reserve, interior unit repair, limited common elements repair and for insurance (provided, however, that the Declarant maintains insurance under a "Builder's Risk" policy), is a common expense benefiting less than all of the condominium units, or is an expense caused by the conduct of those entitled to occupy the same, or by their licensees or invitee, and shall not be assessed against completed units owned by the Declarant which have not been initially occupied. The said common expenses benefiting less than all of the condominium units or caused by the conduct of those entitled to occupy the same, or by their licensees or invitee shall be assessed against each owner of a unit other than a unit owned by the Declarant which has not been initially occupied in the same proportion as his respective Undivided Interest in the common elements bears to the total of the Undivided Interests in the common elements of all owners of units other than a unit owned by the Declarant which has not been initially occupied and shall be a lien against each such unit owner's unit as provided in Section 55-79.84 of the Condominium Act.

The payment and collection of the assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for the payment and collection of assessments in these By-Laws and the Condominium Act, including without limitation the right reserved to the Board of Directors to accelerate payment of assessments and the right to recover attorney's fees and costs

(f) Reserves. The Board of Directors may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against reserves. If the

reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective Undivided Interests in the Common Elements, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reason therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment. The payment and collection of the assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of assessments in these By-Laws and the Condominium Act, including without limitation, the right reserved to the Board to accelerate payment of assessments and the right to recovery of attorney's fees and costs.

(g) Repair and Replacement Reserve. The Board of Directors shall obtain from members contributions to capital on a regular basis, which contributions will be used to establish a replacement and repair reserve. Such contributions shall be paid monthly and be in an amount to be designated from time to time by the Board of Directors and which shall not be less than five percent (5%) of the aggregate monthly installments levied pursuant to the provisions of this Article VI. Such funds shall be conclusively deemed to be a common expense. Such funds shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The replacement reserve may be expended only for the purpose of the replacement and repair of the Common Elements; the replacement and repair of those parts of units as to which the Board of Directors has all powers and responsibility with regard to maintenance, repair, renovation, restoration and replacement; and the replacement and repair of equipment of the condominium as designate by the Board of Directors of the corporation utilizing prescribed corporate accounting procedures. The amounts required to be allocated to the replacement reserve may be reduced by appropriate resolution of the Board of Directors, upon the accumulation

in such replacement reserve of a sum equal to the full replacement value of the items required for repair and replacement. Full replacement value shall be annually determined by the Board of Directors for casualty insurance purposes. The proportionate interest of any member in any replacement reserve shall be considered an appurtenance of his condominium unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the condominium unit to which it appertains and shall be deemed to be transferred with such condominium unit. The payment and collection of the assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of assessments in these By-Laws and the Condominium Act, including without limitation the right reserved to the Board to accelerate payment of assessments and the right to recovery of attorney's fees and costs.

(h) Initial Assessment. When the initial Board of Directors, elected or designated pursuant to these By-Laws, takes office, it shall determine the budget as defined in this Section for the period commencing thirty (30) days after their election and ending on the last day of the fiscal year in which their election occurs. Assessments shall be levied against the Unit Owners during said period as provided in Paragraph (d) of this Section. The Board of Directors will levy an "initial assessment" against the initial purchaser at the time he settles on his purchase contract. Such initial assessment shall be in an amount equal to two (2) months regular assessments, and shall be utilized for commencing the business of the Unit Owners Association and providing the necessary working fund for it. In addition to the foregoing initial assessment, the Board of Directors will levy against the initial purchaser at the time he settles on his purchase contract, an assessment in an amount equal to one monthly annual assessment payment plus part of one monthly annual assessment payment, prorated from the date of settlement to the end of the calendar month in which the settlement occurs.

(i) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expense as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until the new annual or adjusted budget shall have been mailed or delivered.

(j) Accounts. All sums collected by the Board of Directors with respect to assessments against the Unit Owners may be commingled into a single fund, but shall be identified and accounted for each Unit Owner in accordance with his Undivided Interest in the Common Elements.

Section 2. Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article VI and such expenses not paid by the 15th day of each month shall be in default. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of conveyance, without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor. Any Unit Owner may be entitled to a statement from the Board of Directors or Managing Agent setting forth the amount of the unpaid assessments against the Unit Owner pursuant to Section 55-79.84(h) of the Code of Virginia, as amended. Provided, further, that if a mortgagee of a first mortgage of record obtains title to a Unit as a result of foreclosure of a first mortgage, such purchaser, its successor and assigns, shall not be liable for, and such Unit shall not be subject to a lien for the payment of Common Expenses assessed prior to the acquisition of title of such Unit by such purchaser pursuant to the foreclosure sale. Such unpaid share of Common Expenses assessed prior to the acquisition of title to such Unit by such

purchaser pursuant to the foreclosure sale shall be collectible from all Unit Owners, including the purchaser of the foreclosure sale in proportion to their respective Undivided Interests in the Common Elements.

Section 3. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the date due for payment thereof. Such collection shall be pursuant to the provisions of Section 55-79.84.

Section 4. Additions, Alterations, or Improvements by Board of Directors. Except for the initial Board of Directors established pursuant to Article III, Section I, whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of FIVE THOUSAND DOLLARS (\$5,000.00), the making of such additions, alterations or improvements shall be approved by a majority of the Unit Owners, and the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations, or improvements costing FIVE THOUSAND DOLLARS (\$5,000.00) or less may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses. Notwithstanding the foregoing, if in the opinion of not less than 80% of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owner or Unit Owners shall be assessed therefor in such proportion as they jointly approve, or if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

Section 5. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any alteration in or to his Unit, or to a portion, if any, of a building contained within the vertical boundaries of his unit, except as provided in Section 55-79.68, Code of Virginia, as amended.

Section 6. Use of General Common Elements Unit Owners, tenants, guests and invitees shall not place or cause to be placed in the Common Areas or facilities, any furniture, packages or objects of any kind which would tend to unreasonably obstruct or interfere with the proper use of such Common Areas or common facilities by other Unit Owners. The stairways shall be used for no purpose other than for normal transit through them.

Section 7. Duty to Maintain. Except for maintenance requirements herein imposed upon the Unit Owners Association, if any, the owner of any condominium unit shall, at his own expense, maintain the interior of his condominium unit and any and all equipment, appliances, fixtures, glass portion of windows or doors therein situate, and its other appurtenances, including, without limitation, any balcony, terrace, patio or garden appurtenant to such condominium unit and designated on the Record Plat as a limited common element reserved for exclusive use by the owner of a particular condominium unit, in good order, condition and repair free and clear of ice and snow, and in a clean and sanitary condition. In addition to the foregoing, the owner of any condominium unit shall at his own expense, maintain, repair or replace secondary electrical fixtures and lines, and heating and air-conditioning equipment, whether within or without the unit so long as it serves one unit, light fixtures, refrigerators, freezers, dishwashers, disposals, ranges and/or other equipment that may be in or appurtenant to such condominium unit. Secondary electrical fixtures and lines mean those systems which serve one unit alone. Primary electrical fixtures and lines mean those systems which serve more than one unit. Primary electrical fixtures and lines, all plumbing lines, the exterior portion of outside doors, and outside doorframes shall be repaired by the Unit Owners Association. The owner of any condominium unit shall also, at his own expense, maintain any other limited common elements which may be appurtenant to such condominium unit and reserved for his exclusive use in a clean, orderly and sanitary condition.

Easements are reserved through each of the units for the benefit of any adjoining unit as may be required for structural repair and for electrical lines and conduits, gas lines, heating, air conditioning and ventilating ducts, water lines, drain pipes and other appurtenances to such utility systems in order to adequately serve each of such units.

There is reserved to the Unit Owners Association, or its delegate, the right of entry to any unit and an easement for access therein, when and as necessary, in connection with any repairs, maintenance, landscaping or construction for which the Unit Owners Association is responsible, or for which any unit owner is responsible hereunder. Any damage caused by such entry shall be repaired at the expense of the Unit Owners Association. Provided, however, that if such entry is made to perform any obligations for which the unit owner is responsible, such entry and all work done shall be at the risk and expense of such unit owner.

The Board of Directors may charge each unit owner for the expense of all maintenance, repair or replacement to the common elements, or to those parts of units as to which the Unit Owners Association has the responsibility to maintain and repair, rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or employees, agents, licensees or lessees. The payment and collection of any charge made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of assessments in these By-Laws and the Condominium Act, including without limitation, the right reserved to the Board to accelerate payment of assessment and the right to recovery of attorney's fees and costs.

Section 8. Tenant Eviction. In the event that the tenant of any unit owner shall breach his lease by failing to comply with any of the terms of the Declaration, these By-Laws and the Rules and Regulations, the Board of Directors may require the unit owner to secure the eviction of his tenant.

Section 9. Windows. The owner of any condominium unit shall, at his own expense, clean, repair and maintain both the interior and exterior glass surfaces of all windows.

Section 10. Water Charges, Sewer Rents. Water shall be supplied to all of the units as a General Common Element and the Board of Directors shall pay, as a Common Expense, all charges for water consumed on the property, together with all related sewer rents, if any, arising therefrom, promptly after the bills for the same shall have been rendered.

ARTICLE VII INSURANCE

Section 1. The Unit Owners Association shall obtain and maintain at all times insurance, as set forth herein, including insurance against fire, with

endorsement for extended coverage for the full insurable replacement value, as required by Section 55-79.81, Code of Virginia, as amended, of FAIRLINGTON VILLAGES, A CONDOMINIUM. Such insurance shall run to the benefit of the Unit Owners Association, the respective unit owners and their respective mortgagees, as their interests may appear, which insurance shall be governed by the following provisions:

(a) The Board of Directors shall be required to obtain a single master policy covering physical damage for the entire Property under which the insurance company will issue to each Unit Owner a certificate or sub-policy specifying the portion of the master policy allocated to each Unit Owner's Unit and his Undivided Interest in the General Common Elements. The master policy shall also provide that each Unit Owner may obtain, at his own expense, additional coverage insuring him for the cost of emergency shelter in the event of damage rendering his Unit uninhabitable.

(b) In addition, the Board of Directors shall be required to secure a master policy covering physical damage that will provide the following:

(1) That the insurer waives its rights of subrogation to any claims against the **DECLARANT**, Board of Directors, the Managing Agent, the Unit Owners and their respective agents, employees, guests and, in the case of Unit Owners, the members of their households;

(2) That the master policy on the Property cannot be canceled, invalidated, or suspended on account of the conduct of any member of the Board, officer or employee of the Board of Directors or the Managing Agent, without a prior demand in writing
that the Board of Directors or the Managing Agent cures the defect;

(3) That any "no other insurance" clause contained in the master policy shall expressly exclude individual Unit Owners' policies from its operation;

(4) That until the expiration of thirty (30) days after the insurer gives notice in writing to the mortgagee of any Unit, the mortgagee's insurance coverage will not be affected, jeopardized by any act or conduct of the Unit Owner of such Unit, the other Unit Owners, the Board of Directors, or any of their agents, employees or household members, nor canceled for nonpayment of premiums.

(5) That the master policy may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Board of Directors and all mortgagees of Units.

(6) That the net proceeds of such policies, if less than Twenty-Five Thousand Dollars (\$25,000), shall be payable to the Board of Directors, and if more than Twenty Five Thousand Dollars (\$25,000.00) shall be payable to the Insurance Trustee designated in Section 4 of this Article.

(7) That the master policy shall contain a standard mortgagee clause in favor of each mortgagee of a Unit to the extent of the portion of the coverage of the master policy allocated to such unit, which shall provide that the loss, if any, thereunder shall be payable to such mortgagee and the Unit Owner as their interests may appear, subject, however, to the loss payment and adjustment provisions in favor of the Board of Directors and the Insurance Trustee contained in Sections 4 and 5 of this Article VII.

(c) All policies of insurance shall be written with a company licensed to do business in the State of Virginia and holding a rating of "AAA" or better by Best's Insurance Reports.

(d) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Unit Owners or their mortgagees.

(e) Each Unit Owner shall be required to notify the Board of Directors of all improvements made by the Unit Owner to his Unit, the value of which is in excess of One Thousand Dollars (\$1,000).

(f) Any Unit Owner who obtains individual insurance policies covering any portion of the Property, other than personal property belonging to such Unit

Owner shall be required to file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after the purchase of such insurance. Such Unit Owner shall also promptly notify, in writing, the Board of Directors in the event such policy is canceled.

Section 2. Insurance Coverage.

(a) The Board of Directors shall be required to the extent available to obtain and maintain the following insurance:

(i) Fire insurance with extended coverage, vandalism, malicious mischief and windstorm endorsements, insuring the entire Property (including all of the Units and bathroom and kitchen fixtures initially installed therein by the Declarant, but not including furniture, furnishings, or other personal property supplied or installed by Unit Owners), together with boiler and machinery insurance contained therein and covering the interests of the Board of Directors and all Unit Owners and their mortgagees, as their interests may appear, in the amount equal to at least 100% of replacement value of the Property.

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

(iii) Such other insurance as the Board of Directors may determine.

(b) The Board of Directors shall also be required to obtain and maintain, to the extent obtainable, public liability and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring the **DECLARANT**, each member of the Board of Directors, the Managing Agent, and each Unit Owner against any liability to the public or to the Unit Owners (and their invitee, agents and employees arising out of, or incident to, the ownership and/or use of the General Common Elements). Said insurance shall be issued on a comprehensive liability basis and shall contain a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured. The Board of Directors shall review such limits once a year, but in no event shall such insurance be less than ONE MILLION DOLLARS (\$1,000,000) with respect to any one accident or occurrence and FIFTY THOUSAND DOLLARS (\$50,000) with respect to any claim for property damage. It shall be the responsibility of each unit owner to obtain, at his own expense,

liability insurance with respect to his ownership and/or use of his unit, and the Board of Directors shall not be responsible for obtaining such insurance.

(c) A duplicate original of the master policy of physical damage insurance, all renewals thereof, and all sub-policies or certificates issued thereunder, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least thirty (30) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board of Directors may determine, of the full replacement value of the property, without deduction for depreciation for the purpose of determining the amount of physical damage insurance to be effected pursuant to this Section.

Section 3. Separate Insurance. Each Unit Owner shall have the right, at his own expense, to obtain additional insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability, provided that no Unit Owner shall be entitled to exercise his right to acquire or maintain such additional insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners, may realize under any insurance policy which it may have in force on the Property at any particular time or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with such additional insurance coverage obtained by the Unit Owner. All such additional policies shall contain waiver of subrogation.

Section 4. Insurance Trustee.

(a) The lender that is the holder of fifty one percent of the mortgages or deeds of trust encumbering Units shall be designated as the Insurance Trustee. If for any reason such lender shall fail, refuse or shall cease to act as such, or at such time as it shall no longer hold such mortgages, the Board of Directors shall have the right to designate any bank, trust company, management agent, savings and loan association, building loan association, insurance company, or any institutional lender, or the Unit Owners Association, as the Insurance Trustee, and all parties

beneficially interested in such insurance coverage shall be bound thereby; provided, however, that prior to such designation of a new Insurance Trustee, the Board of Directors shall obtain the consent of such new Insurance Trustee of the mortgagee or mortgagees holding mortgages constituting first liens on at least fifty-one percent (51%) of the number of Units in the Condominium encumbered by mortgages. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these By-Laws.

(b) The Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or content of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these By-Laws, for the benefit of the Unit Owners of the Apartments and their respective mortgagees.

Section 5. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner of a Unit and for each mortgagee of a Unit and for each owner of any other interest in the Property to adjust all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

Section 6. Premiums. Premiums upon all insurance policies purchased by the Board of Directors shall be deemed to be a Common Expense.

ARTICLE VIII REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 1. When Repair and Reconstruction are Required. In the event of damage to or destruction of all or any part of the building or buildings as a result of fire or other casualty (unless eighty (80%) percent of the Unit Owners vote not to proceed with the reconstruction and repair of the building), the Board of Directors shall arrange for and supervise the prompt repair and restoration of the building or buildings including any damaged Unit and any floor coverings of any kitchen or bathroom fixtures initially installed

therein by the declarant, and replacement thereof installed therein by the Declarant, and replacements thereof installed by the Unit Owners, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owners, in the Units). Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the redecorating of his own Unit.

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to the Building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the building or buildings (including any damaged Unit, and any floor coverings and kitchen and bathroom fixtures initially installed therein by the Declarant, and replacements thereof installed therein by the Declarant, and replacements thereof installed by the Unit Owner, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owner in the Unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray the said estimated costs of reconstruction and repair as determined by the Board of Directors, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all the Unit Owners in proportion to the Unit Owners' respective Undivided Interests in the Common Elements.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Property was originally constructed, and later restored by the Declarant.

(d) Encroachments. Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Unit Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the Architectural Plans under which the Property was originally constructed, and later restored by the Declarant. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building or buildings shall stand.

Section 3. Disbursements of Construction Funds.

(a) Construction Fund. The net proceeds of insurance collected on account of a casualty and the funds collected by the Board of Directors from assessments against Unit Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section. If the net proceeds of insurance collected on account of a casualty exceeds TWENTY FIVE THOUSAND DOLLARS (\$25,000), then the funds collected by the Board of Directors from assessments against the Unit Owners shall be deposited by the Board of Directors with the Insurance Trustee, and the entire construction fund shall be held and disbursed by the Board of Directors.

(b) Method of Disbursements. The construction fund shall be paid by the Board of Directors or the Insurance Trustee, as the case may be, in appropriate progress payments, to such contractor(s), supplier(s), and personnel performing the work or supplying materials or services for the repair and reconstruction of the Buildings are designated by the Board of Directors.

(c) Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in a construction fund after the payment of all the costs of the reconstruction and repair for which the fund is established, such balance shall be deposited in the Unit Owners Association general operating account, or rebated to the Unit Owners.

(d) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing the Common Elements and the balance to the cost of repairing the Units in the shares set forth above.

(e) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary, of the Unit Owners Association certifying:

(i) Whether or not the damaged property is required to be reconstructed and repaired;

(ii) The name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it of whether surplus funds to be distributed are less than the assessments paid by the Unit Owners; and

(iii) All other matters concerning the holding and disbursing of any construction fund held by it. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

Section 4. When Reconstruction is not Required. If eighty percent (80%) of the Unit Owners vote not to proceed with repair or restoration, the Condominium shall be deemed to be terminated pursuant to Section 55-79.72, Code of Virginia, as amended.

ARTICLE IX MORTGAGES

Section 1. Notice to Board of Directors. A Unit Owner who mortgages his Unit shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors.

Section 2. Notice of Unpaid Assessments for Common Expenses. The Board of Directors, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid assessments for Common Expenses due from, or any other default by, the Unit Owner of the mortgaged Unit.

Section 3. Right to Examine Books and Records. First mortgagees or holders of notes secured by first deeds of trust encumbering any Unit in this Condominium shall have the right to examine the books and records of the Condominium Unit Owners

Association, or the Condominium **PROJECT**, during regular and normal business hours after reasonable notice.

Section 4. Notice to the Federal Home Loan Mortgage Corporation. The Board of Directors shall give notice in writing to the Federal Home Loan Mortgage Corporation, or to the mortgagee servicing a loan on behalf of the Federal Home Loan Mortgage Corporation, in writing of any loss to or taking of the Common Elements of the condominium **PROJECT** if such loss or taking exceeds TEN THOUSAND DOLLARS (\$10,000.00).

Section 5. Notice of Default. The Board of Directors, when giving notice to a Unit Owner of a default in paying an assessment for Common Expenses or any other default, shall send a copy of such notice to each holder of a mortgage covering such Unit Owner's Unit whose name and address has theretofore been furnished to the Board of Directors.

Section 6. Termination of Condominium. Except for termination of this condominium in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain, the prior written approval of 75% in amount of institutional holders of first deed of trust liens on units in the condominium will be required for the termination of this condominium.

Section 7. Amendment to the Declaration or to the By-Laws of the Unit Owners Association. The prior written approval of 75% in amount of institutional holders of first deed of trust liens on units in this condominium will be required for any material amendment to the Declaration or to the By-Laws of the Unit Owners Association, including, but not limited to, any amendment which would change the percentage interest of the Unit Owners in the common elements.

Section 8. Management of the Condominium. The prior written approval of 60% in amount of institutional holders of first deed of trust liens on units in the condominium will be required to effectuate any decision by the Unit Owners Association to terminate professional management and assume self management of the **PROJECT**.

Section 9. Partition or Subdivision of Units. No unit in this condominium may be partitioned or subdivided without the prior written approval of the holder of any first mortgage or deed of trust lien on such unit.

Section 10. Annual Audited Financial Statements and Notice of all Meetings. First mortgagees or holders of notes secured by first deeds of trust encumbering any unit in this condominium shall be entitled, upon request, to receive an annual audited financial statement of the condominium within ninety (90) days following the end of any fiscal year of the Unit Owners Association and to receive written notice of all meetings of the Unit Owners Association and, further, shall be permitted to designate a representative to attend all such meetings.

Section 11. Substantial Damage to or Destruction of any Unit or any Part of the Common Elements. In the event of substantial damage to or destruction of any unit or any part of the common elements, the institutional holder of any first mortgage or deed of trust on a unit will be entitled to timely written notice of any such damage or destruction.

Section 12. Condemnation or Eminent Domain Proceedings. If any unit or portion thereof, or the common elements, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceedings, or is otherwise sought to be acquired by the condemning authority, then the institutional holder of any first mortgage or deed of trust lien on a unit will be entitled to timely written notice of any such proceedings or proposed acquisition.

ARTICLE X COMPLIANCE AND DEFAULT

Section 1. Relief. As set forth in Section 55-79.53 Code of Virginia, as amended, each Unit Owner of a Unit shall be governed by, and shall comply with, all of the terms of the Declaration, these By-Laws, and the Rules and Regulations, and any amendments of the same. A default by a Unit Owner shall entitle the Unit Owners Association, acting through its Board of Directors or through the Managing Agent, to the following relief.

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these By-Laws and the Rules and Regulations shall be grounds for relief which may include, without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these By-Laws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners Association, the Board of Directors, the Managing Agent, or, if appropriate, by an aggrieved Unit Owner.

(b) Additional Liability. Each Unit Owner shall be liable for the expense of all Maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his

family or employees, agents, licensees or lessees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board by Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(c) Costs and Attorney's Fees. In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorneys' fees, not exceeding 33-1/3 percent, as may be determined by the Court.

(d) No Waiver of Rights. The failure of the Unit Owners Association, The Board of Directors, or of a Unit Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration, these By-Laws or the Rules and Regulations shall not constitute a waiver of the right of the Unit Owners Association, the Board of Directors, or the Unit Owners to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Unit Owners Association, the Board of Directors, or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these By-Laws, or the Rules and Regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration, these By-Laws or the Rules and Regulations, or at law or in equity.

(e) Interest. In the event of a default by any Unit Owner in paying any Common Expenses or other sum assessed against him which continues for a period in excess of ten (10) days, such Unit Owner may, at the option of the Board of Directors, be obligated to pay interest on the amounts due at the rate of eight percent (8%) per annum from the due date thereof.

(f) Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of Directors, or the breach of any

By-Law contained herein, or the breach of any provision of the Declaration shall give the Board of Directors the right, in addition to any other rights set forth in these By-Laws: (1) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (2) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 2: Lien for Contributions.

(a) Any sum assessed by the Unit Owners Association for the share of the Common expenses chargeable to any Unit and remaining unpaid for a period of thirty (30) days or longer after default shall constitute a lien on such unit and shall be enforced pursuant to the provisions of Section 55-79.84, Code of Virginia, as amended.

(b) Late Charges. Any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, which is not paid within ten (10) days after it is due, shall be subject to late charge of not less than ten dollars (\$10.00) per month for each monthly assessment in arrears or such other amounts as the Board of Directors may fix, and in addition, the Board of Directors may declare the installments which would otherwise be due during the remaining fiscal year immediately due and payable and may take those actions to collect such accelerated amounts as are provided in these By-Laws for the collection of assessments.

ARTICLE XI
USE RESTRICTIONS

Section 1. Residential Use. Except for the areas of the Condominium designated for recreational use, all condominium units shall be used for private residential purposes exclusively except such temporary non-residential uses as may be permitted by the Board of Directors from time to time. Nothing in this Section, or hereinelsewhere, shall be construed to prohibit the Declarant from the use of any

condominium unit which Declarant owns for promotion, marketing or display purposes as "model units" or from leasing any unit or units which Declarant owns.

Section 2. Leasing. No condominium unit within the **PROJECT** shall be rented for transient or hotel purposes, or without the prior written approval of the Board of Directors, for any period less than one (1) month. Any owner of any condominium unit other than the declarant who shall lease such unit shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the condominium unit shall be subject and subordinate in all respects to the provisions of the Declaration and these By-Laws and to such other reasonable rules and regulations relating to the use of the common elements, or other "House Rules", as the Board of Directors may from time to time promulgate. In lieu of forwarding a conformed copy of the lease to the Board of Directors as hereinabove provided, any Unit Owner, other than the Declarant, who leases his unit may certify that such lease contains the provisions described in this paragraph. Any owner of any condominium unit other than the Declarant who shall lease his unit in violation of this paragraph shall forfeit his right to the use of the recreational facilities in the condominium until the violation is cured.

Section 3. Prohibited Uses and Nuisances. Except for the activities of the Declarant and its agents in connection with the restoration of the condominium **PROJECT**, and except as may be reasonable and necessary in connection with the repair or reconstruction of any portion of the condominium **PROJECT** by the Association:

(a) No noxious or offensive trade or activity shall be carried on within the **PROJECT** or within any unit situate thereon, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other owners. No nuisances shall be permitted within the condominium **PROJECT**, nor shall any use or practice be permitted which is or becomes a source of annoyance to the members or which interferes with the peaceful used and possession thereof by the members.

(b) There shall be no obstruction of any common elements. Nothing shall be stored upon any common elements (excepting those areas designated for storage of personal property by the owners of the condominium units), or within or upon any parking area (except for motor vehicles), without the approval of the Board of Directors.

(c) Nothing shall be done or maintained in any unit or upon any common elements which will increase the rate of insurance on any unit or on the common elements,

or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any unit which would be in violation of any law. No waste shall be committed upon any common elements.

(d) No structural alteration, construction, addition or removal of any unit or common elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws.

(e) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any unit or upon any common elements, except that this shall not prohibit the keeping of domestic pets, provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the common areas of the condominium **PROJECT** unless accompanied by an adult and unless they are carried or on leash. Any member who keeps or maintains any pet upon any portion of the condominium **PROJECT** shall be deemed to have indemnified and agreed to hold the Association, each of its members and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the condominium **PROJECT**. The Board of Directors shall have the right to order any person whose pet is a nuisance, to remove such pet from the premises, or to charge such person for any extraordinary costs of maintaining the common elements caused by the presence of the pet. The payment and collection of this charge shall be in accordance with the terms providing for payment and collection of assessments in these By-Laws and the Condominium Act, including, without limitation, the right reserved to the Board of Directors to accelerate payment of assessments and the right to recover attorney's fees and costs.

(f) Except for such signs as may be posted by the Declarant or the Association for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any unit or the common elements without the prior consent in writing of the Board of Directors and under such conditions as they may establish. Under no circumstances will signs offering the units for rent or for sale be posted on the outside of the units or upon the common elements. The provisions of this subsection shall not be applicable to the institutional holder of

any first mortgage which comes into possession of any unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure.

(g) Except As hereinelsewhere provided, no junk vehicle or other vehicle on which current registration plates are not displayed, trailer, truck, camper, camp truck, house trailer, boat or the like shall be kept upon any of the general common elements, nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out on any of the common elements or within or upon any unit.

(h) No part of the common elements shall be used for commercial activities of any character. This subsection shall not apply to the use of the common elements and of units by the Developer for display, marketing, promotional or sales purposes or as "Model" units.

(i) No burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any unit or upon common elements. Trash and garbage shall be deposited with care in containers designated for such purpose.

(j) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any common elements at any time. Outside clothes dryers or clothes lines shall not be maintained upon any common elements at any time. No clothing, laundry or the like shall be hung from any part of any unit or upon any of the common elements or from or upon any balcony or patio.

(k) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any common elements, or upon a roof with the vertical boundaries of any unit, without the prior written consent of the Board of Directors, except as may be originally installed by the developer.

(l) No member shall engage or direct any employee of the Association on any private business of the member during the hours such employee is employed by the Association or the Management Agent nor shall any member direct, supervise or in any manner attempt to assert control over any such employee.

(m) There shall be no violation of any rules for the use of the common elements or other "house rules", which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing, and the Board of Directors is hereby in these By-Laws authorized to adopt such rules.

(n) No unlawful use shall be made of any unit or any portion of the common elements and all laws, zoning and other ordinances, regulations of governmental and other municipal bodies and the like shall be observed at all times.

(o) The Board of Directors, or its designated agent, may retain a pass key to the premises for use in emergency situations. If any unit owner shall alter any lock or install a new lock on any door of the premises, such unit owner shall provide a new key to the Board of Directors or its designated agent upon request by the Board of Directors.

ARTICLE XII CONDEMNATION

Section 1. Condemnation. In the event of a taking in condemnation or by eminent domain, the provisions of Section 55-79.44, Code of Virginia as amended, shall prevail and govern.

ARTICLE XIII Miscellaneous

Section 1. Notices. All notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first-class prepaid:

(i) If to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the Unit of such Unit Owner; or

(ii) If to the Unit Owners Association, the Board of Directors, or the Managing Agent, at the principal office of the Managing Agent, or at such other address as shall be designated by the notice in writing to the Unit Owners pursuant to this Section.

Section 2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 3. Resale by Purchaser. The Unit Owners Association, in complying with Section 55-79.97(a), Code of Virginia, as amended, shall furnish to the purchaser

prior to contract date the appropriate statements. The Board of Directors of the Unit Owners Association may charge the seller up to ten and twenty-five dollars respectively, to comply with statements pursuant to Sections 55-79.84(h) and 55-79.85, Code of Virginia, as amended. In addition, the Board of Directors may fix such other amounts as are required in complying with Section 55-79.97(a)2 through 7, Code of Virginia, as amended.

Section 4. Interchangeable Terms: As used In these By-Laws, the terms mortgage and deed of trust are interchangeable with each other, and the terms mortgagee and deed of trust noteholder are interchangeable with each other.

ARTICLE XIV AMENDMENTS TO BY-LAWS

Section 1. Amendments. Except as otherwise provided in this Section, these By-Laws may be modified or amended either:

(a) By a vote of the owners of sixty six and two thirds (66-2/3%) Percent of the Undivided Interest in the Common Elements at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Unit Owner at least twenty one (21) days in advance of such meeting; or

(b) Pursuant to a written instrument duly executed by the owners of at least sixty six and two thirds (66-2/3%) Percent of the Undivided Interest in the Common Elements.

Section 2. Recording. A modification or amendment of these By-Laws shall become effective only if such modification or amendment is recorded in the Land Records of Arlington County and the City of Alexandria, Virginia.

Section 3. Conflicts. No modification or amendment of these By-Laws may be adopted which shall be inconsistent with the provisions of the Condominium Act. A modification or amendment, once adopted and recorded as provided for herein, shall then constitute part of the official By-Laws of the Condominium, and all Unit Owners shall be bound to abide by such modification or amendment.

ARTICLE XV ARCHITECTURAL CONTROL

Section 1. Architectural Control Committee. Except for the restoration by the Declarant and except for purposes of proper maintenance and repair or as otherwise in these By-Laws provided, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, plant, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, hedges, landscaping.

features, walls, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, walls or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any condominium unit or upon any of the common elements within the **PROJECT** or to combine or otherwise join two or more condominium units, or to partition the same after combination, or to remove or alter any windows or exterior doors of any condominium unit, or to make any change or alteration within any condominium unit which will alter the structural integrity of the building or otherwise affect the property, interest or welfare of any other unit owner, materially increase the cost of operating or insuring the condominium **PROJECT** or impair any easement, until the complete plans and specifications, showing the location, nature, shape, height, form of change (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the cost of maintaining and insuring the condominium **PROJECT** and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association, or by an architectural control committee designated by it.

Section 2. Architectural Control Committee - Operation. The Architectural Control Committee shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the Committee. The Affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this article. In no event shall the powers and duties herein provided in any way alter or effect the ultimate control or powers of the Board of Directors as provided in these By-Laws.

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Section 3. Approval, etc. Upon approval by the Architectural Control committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all materials and information required by the Architectural Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.