

BYLAWS

OF

**THE ENCLAVE AT PRINCESS ANNE
HOMEOWNER'S ASSOCIATION, INC.**

BY-LAWS
OF
THE ENCLAVE AT PRINCESS ANNE HOMEOWNER'S ASSOCIATION, INC.
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BY-LAWS
OF
THE ENCLAVE AT PRINCESS ANNE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
GENERAL PROVISIONS

Section 1.01. Identity - Purpose. These are the By-Laws of The Enclave at Princess Anne Homeowners' Association, Inc. ("Association"). This Association has been organized for the purpose of administering the affairs of the Association.

Section 1.02. By-Laws Subject to Other Documents. The provisions of these By-laws are applicable to said Association and are expressly subject to the terms, provisions and conditions contained in the Articles of Incorporation of said Association, referred to herein as the "Articles"), and the Declaration of Association (referred to herein as "Declaration") which will be recorded in the Clerk's Office of the Circuit Court of the City of Virginia Beach, Virginia, at the time said property is submitted to Association ownership.

Section 1.03. Applicability. All Owners, tenants and occupants, their agents, servants, invitees, licensees and employees and others' that use the Association Property, or any part thereof, are subject to these By-laws and the documents referred to in Article 1.2 hereof.

Section 1.04. Office. The office of the Association shall be at the Association Property or such other place designated by the Board of Directors of the Association.

Section 1.05. Seal. The seal of the Association shall bear the name of the Association, the word "Virginia", incorporation, and the year of incorporation

Section 1.06. Definitions. All definitions set forth in the Declaration and Exhibits attached thereto are hereby adopted by reference as though set forth herein verbatim.

ARTICLE II
MEMBERSHIP; VOTING; PROXIES; RULES OF ORDER.

Section 2.01. Qualification of Members, etc. The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members shall be as set forth in the Declaration, Articles and in these By-laws.

Section 2.02. Corporate or Multiple Ownership of a Lot. The vote of the owners of a Lot owned by more than one person or by a corporation, except Declarant, or other entity shall be cast by the person named in a certificate designating the "Voting Member". Such certificate will be signed by all of the owners of such Lot, or the proper corporate officer, filed with the Secretary of the Association, and shall be valid until revoked by subsequent certificate. If such a certificate is not so filed the vote of such owners shall not be considered in determining a quorum or for any other purpose unless a valid proxy is filed as provided below. In the absence of a certificate, in the event that any person appears at a meeting on behalf of a corporation or multiple owner lot and such person is not challenged by any co-owner present or corporate officer, then such person may cast votes as the representative of such Lot at such meeting.

Section 2.03. Voting; Proxy. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon, except as provided in Article 3.5 below, and must be filed with the Secretary before the appointed time of the meeting. Where a Lot is owned by more than one person or a corporation or other entity the proxy must be signed by the "Voting Member", or by all the owners of such Lot, or the proper corporate officer. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the lot owner or by any of such persons, that it be revoked. Any proxy shall be void if it is not dated, of it purports to be revocable without notice as aforesaid, or if the signatures of any of those executing the same has not been witnessed by a any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person.

Section 2.04. Voting. In any meeting, each Owner, subject to the provisions of Article 2.2 hereof, shall be entitled to cast the number of votes allocated to his Unit, in accordance with the Declaration. The vote of such Unit shall not be divisible.

Section 2.05. Majority. Except where otherwise required by the provisions of the Articles, these By-laws, the Declaration, or where the same may otherwise be required by law, the affirmative vote of the Owners having majority of the votes represented at any duly called meeting at which a quorum is present shall be binding upon the members.

ARTICLE III

ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP.

Section 3.01. Annual Meeting. The annual members' meeting shall be held at least once each calendar year at such place as may be designated in the Notice designated on the notice thereof, for the purpose of electing directors and transacting any other business authorized to be transacted by members.

Section 3.02. Special Meeting. Special meetings shall be held when called by the President or Vice President or by a majority of the Board of Directors. Special meetings must be called by such officers upon a majority of the votes in the Association. Notices of special meetings shall be

given as set forth below except that in the case of an emergency seven (7) days notice will be deemed sufficient and the notice shall specify the purpose of the meeting and set forth the agenda. No business shall be conducted at a special meeting except the agenda items set forth in the notice except that by motion duly made, seconded and passed by a vote of seventy-five percent (75%) of the members present in person and by proxy, one or more items may be added to the agenda.

Section 3.03. Notice of Meeting; Waiver. Notice of all members' meetings shall be given by an appointed officer of the Association, to each member, unless such notice is waived in writing. Such notice will be written and will state the time, place and object for which the meeting is called. Such notice shall be given or mailed to each member not less than twenty-one (21) days nor more than sixty (60) days prior to the date set for a regular meeting. Such notice shall be given or mailed to each member not less than seven (7) days nor more than thirty (30) days prior to a special meeting. If hand delivered, receipt of such notice shall be deemed to be properly given when deposited in the United States mails, postage prepaid, addressed to the member at his post office address as it appears on the records of the Association. Notice shall also be conspicuously posted on the Association Property.

Section 3.04. Notice to Others. The Developer, for such time as it has not conveyed all of its interest in the Association, (and Managing Agent, if any) shall be entitled to notice of all Association meetings, entitled to attend the Association meetings, and they may designate such persons as they desire to attend such meetings on their behalf and such persons may act with the full authority and power of Developer.

Section 3.05. Quorum and Adjournment of Meetings. The presence in person or by proxy of twenty-five percent or more of the Owners shall constitute a quorum at all meetings of the Association. If at any meeting of the Association a quorum is not present, Owners owning Lots to which appertain a majority of the votes which are represented at such meeting in person or by proxy may adjourn such meeting to a time not less than forty-eight hours after the time the original meeting was called.

Section 3.06. Chairman. At meetings of membership, the President shall preside, or in his absence, the Board of Directors shall select a chairman.

Section 3.07. Order of Business. The order of business at annual members' meeting, and, as far as practical, at any other members' meeting, shall be:

- 3.07.1. Calling of the roll and certifying of proxies;
- 3.07.2. Proof of notice of meeting or waiver of notice; establishment of quorum
- 3.07.3. Reading of minutes;
- 3.07.4. Reports of Officers;
- 3.07.5. Reports of Committees;
- 3.07.6. Election of Directors;
- 3.07.7. Unfinished business;
- 3.07.8. New business;
- 3.07.9. Adjournment.

ARTICLE IV

BOARD OF DIRECTORS.

Section 4.01. Management of Association. The affairs of the Association shall be managed by a Board of Directors (hereinafter referred to as Board) consisting of not less than three or more than five persons during the period of Developer control and five persons after the period of Developer control.

Section 4.02. First Board. The Board shall, during the period of Developer's control, consist of three persons, none of whom need be members of the Association. The first Board shall consist of persons designated by the Developer and they shall serve until replaced by the Developer until their successors are elected.

4.02.1. The Developer shall have the absolute right, at any time, in its sole discretion, to remove any member of the Board designated by Developer and replace any such person with another person to serve on the Board. Notice of such action shall be given to the Association.

4.02.2. "The period of Developer's control" means the period ending on the earliest of (1) the date when the Developer ceases to own Lots totaling at least one-fourth of the Lots, (2) the date specified in the Declaration for termination of the C class C membership.

Section 4.03. Election of Directors. Except for designation of Directors by Developer, as hereinbefore provided, election of Directors shall be conducted in the following manner:

4.03.1. Election of directors shall be held at the annual meeting.

4.03.2. A nominating committee of three (3) members shall be appointed by the then existing Board not less than thirty (30) days prior to the annual members' meeting. The Committee shall nominate at least one each director then serving. Nominations may be made from the floor.

4.03.3. The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. There shall be no cumulative voting.

4.03.4. Except as to vacancies created by removal of directors by members, vacancies occurring between annual meetings of members shall be filled by the remaining directors.

4.03.5. The initial board, after Declarant control, shall consist of five (5) members. The new board will have one (1) member elected for a period of one (1) year. One (1) member elected for a period of two (2) years, one (1) member elected for a period of three (3) years. One (1) member elected for a period of four (4) years, and one (1) member elected for a period of five (5) years. One-fifth (1/5) of the Board of Directors will be elected at each annual meeting.

Section 4.04. Organizational Meeting. The organization meeting of a newly elected Board shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the directors at the meeting at which they were elected and no further notice of the organizational meeting shall be necessary, **PROVIDED**, a quorum shall be present.

Section 4.05. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Notice of the time and purpose of regular meetings shall be given to each director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived. Meetings shall be open to all Owners, and notice thereof shall be given by a newsletter or it shall be posted conspicuously on the Association Property at least three (3) days in advance, except in an emergency.

Section 4.06. Special Meetings. Special meetings of the Board may be called by the President or any other two officers. Except in an emergency the notice shall be given as provided in Article 4.5 above and shall state the time, place and purpose of the meeting.

Section 4.07. Waiver. Any director may waive notice before or after the meeting and such waivers equivalent to the giving of notice. Attendance is a waiver.

Section 4.08. Quorum. A quorum at a directors' meeting shall consist of the directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board, except as specifically otherwise provided for in the Articles, the By-laws of the Declaration. If any directors' meetings cannot be convened because a quorum has not attended, or because the greater percentage of the directors required to constitute a quorum for particular purposes have not attended, (wherever the later percentage of attendance may be required as set forth in the Articles, these By-laws, or the Declaration) the directors who are present may adjourn the meeting, from time, until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for all purposes including determining a quorum, provided that the same be accomplished within ten (10) days from the date of the meeting.

Section 4.09. Presiding Officer. The presiding officer at directors' meetings shall be the Chairman of the Board, if such an officer has been elected; and if not, then the President shall preside. In the absence of the presiding officer, the directors present shall designate one of their number to preside.

Section 4.0. Resignation. A director may resign by giving written notice thereof. A director shall be deemed to have resigned upon his termination of membership in the Association (excepting the first Board) or upon his default for thirty (30) days of any of the provisions of covenants of the Declaration and Exhibits attached thereto, or his absence from 3 consecutive

meeting of the Board of Directors..

Section 4.11. Powers and Duties. The powers and duties of the Association may, subject to the limitations set forth herein and in the Association Act, be exercised by the Board, in the Board's sole discretion. Such powers shall include without limiting the generality of the foregoing, the following:

4.11.1. To adopt the budget of the Association upon majority vote of the directors.

4.11.2. To make, levy members and members' the Association and collect assessments against Units to defray the costs of the Association and Common Expenses, and to use the proceeds of said assessments in the exercise of the powers and duties granted to the Association.

4.11.3. To provide for the maintenance, repair, replacement, operation, improvement and management of the Association wherever the same is required to be done and accomplished by the Association for the for benefit of its members.

4.11.4. It is understood that the assessments must be sufficient to provide for the payment of all anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. Accordingly, the Board is given the power to adopt special assessments providing for any previously unanticipated expenses. Special assessments shall be limited to those items which are necessary and all other items which can reasonably be deferred to the regular budgetary meeting shall be so deferred.

4.11.5. Upon consent of the membership to administer the reconstruction of improvements after casualty and the further improvement of the property, real and personal.

4.11.6. To adopt and amend administrative rules and regulations governing the details of the operation and use of the Common Elements, real and personal, in the Association, so long as such rules and regulations or amendments thereto do not conflict with the rights, privileges, restrictions and limitations which may be placed upon the use of such property under the terms of the Declaration and Exhibits attached thereto.

4.11.7. To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Lots in the Association on behalf of the Association, as may be necessary or convenient in the operation and management of the Association and in accomplishing the Declaration.

4.11.8. To contract on behalf of the Association for the management of the Association Property and to delegate to such contractor such powers and duties of the Association as the directors deem fit, to lease or concession such portions thereof and to ratify and confirm any existing leases or concessions of any part of the Association

Property.

4.11.9. To enforce, by legal means, the provisions the Declaration and any Exhibits attached thereto the Rules and Regulations promulgated governing use of the Association Property.

4.11.10. To cause the Association to pay all taxes and assessments of any type which affect any part of the Association Property, other than Lots (unless owned by the Association) and the assess the same against the members and their respective Units.

4.11.11. To cause the Association to carry insurance for the protection of the members and the Association against casualty and liability as required by the Declaration.

4.11.12. To cause the Association to pay all costs of power, water, sewer and other utility services rendered to the Association which is not the specific responsibility of the owners of the separate Units.

4.11.13. To cause the Association to employ personnel, for reasonable compensation, to perform services required for proper administration of the purposes of the association, including accountants, attorneys, contractors and other professionals.

4.11.14. The Association shall have the right, when determined by the Board of Directors to be in the best interests of the Association, to grant exclusive licenses, easement, permits, leases, or privileges to any individual or entity, including Non-Owners, which affect Association Property and to alter, add to, relocate or improve Association Property.

Section 4.12 Authority of First Board. The undertakings and contracts authorized by the first Board, including the first budget, shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by a Board duly elected by the membership.

Section 4.13. Removal of Directors. Should the members of the Association at any duly convened regular or special meeting convened desire, they may remove any director except directors designated by Developer with or without cause by the vote or agreement in writing by a majority of all members and a successor may immediately be elected to fill the vacancy thus create. Should the membership fail to elect a successor, the Board may fill the vacancy.

Section 4.14. Committees. The Board may delegate portions of its responsibilities to committees established for that purpose.

Section 4.15. Manner of Collection of Common Expenses. The provisions of Article 5 of the Declaration setting forth the manner of collection of Common Expenses and other charges are incorporated herein by reference.

ARTICLE V

OFFICERS.

Section 5.01. Generally. The officers of the Association shall be a President, one or more Vice Presidents, a Treasurer, Secretary, and, if desired, one or more Assistant Secretaries, all of whom shall be elected annually by the Board and who may be peremptorily removed by a majority vote of the directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary. The Board may, from time to time, elect such other officers and designate to manage the affairs of the Association.

Section 5.02. President. The president shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of an Association, including, but not limited to, the power to appoint committees from among the members, from time to time, as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association. The President shall be a member of the Board.

Section 5.03. Vice President. The Vice President shall in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors or President.

Section 5.04. Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the members, attend to the giving and servicing of all notices to the members and directors, have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed, keep the nonfinancial records of the association, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the directors of President. The assistant Secretary, if any, shall perform the duties of Secretary when the Secretary is absent.

Section 5.05. Treasurer. The Treasurer shall have custody of all of the funds, securities and evidence of indebtedness of the Association. He shall keep the assessment rolls and accounts of the members and the books of the Association in accordance with good accounting practice and shall perform all other duties incident to the office of Treasurer.

ARTICLE VI

FISCAL MANAGEMENT; ASSESSMENTS; LIENS.

The provisions for fiscal management of the Association set forth in the Declaration shall be supplemented by the following provisions:

Section 6.01. Manner and Notification. The Board of Directors shall, fix and determine the

sums necessary to pay all the Common Expenses, and other fees of the Association, including maintenance of proper reserves, pursuant to the provisions of the Declaration, Articles and these By-laws. The same shall be assessed against the Owners as provided in the Declaration and all the Exhibits attached thereto. Assessments for the first years (or prorata portion thereof) of the operation of the Association Property shall be as set forth in a projected budget established by the Developer as the same may be amended by the Board from time to time.

Section 6.02. Payments of Assessments. Except as specified to the contrary, funds for the payment of Common Expenses shall be provided assessed against the Owners in the proportions provided in the Declaration. Said assessments shall be quarterly, without notice, unless otherwise required by the Board. Special assessments, should such be required by the Board, shall be levied in the same manner as hereinbefore provided for regular assessments, except notice thereof shall be given, and shall be payable in the manner determined by the Board. **FAILURE TO PAY ANY ASSESSMENT WITHIN TEN (10) DAYS FROM THE DATE DUE, SHALL ENTITLE THE ASSOCIATION TO LEVY A LATE CHARGE AGAINST THE DEFAULTING OWNER OF 10% OF THE AMOUNT OF SUCH ASSESSMENT OR \$20.00 WHICH EVER IS GREATER, AND A LIKE AMOUNT EACH THIRTY DAYS THEREAFTER IF SUCH ASSESSMENT IS NOT PAID. THE PARTIES AGREE THAT THE LATE CHARGE IS NOT A PENALTY BUT IS VALID LIQUIDATED DAMAGES.**

Section 6.03. Proposed Budget. A copy of the proposed one (1) year budget shall be mailed to Owners not less than thirty (30) days prior to the Board of Directors meeting at which the budget will be considered together with a notice of the meeting. If the proposed budget is not adopted prior to the start of the new budget period, an assessment shall be presumed to be made in the amount of the last prior assessment and installments on such assessments shall be due upon each installment payment date until changed by an amended assessment. In the event the assessments prove to be insufficient, the budget and assessments shall be amended at a meeting called for that purpose. Upon adoption, the budget shall be mailed to each Owner within thirty days of the date of adoption.

Section 6.04. Depository; Withdrawals. The depository of the Association shall be such bank or banks as shall be designated, from time to time, by the directors and in which the monies from such accounts shall be only by checks signed by such persons as are authorized by the directors. Should the Association employ a Managing Agent, and should in the course of such employment said Managing Agent be charged with any responsibilities concerning control of any of the funds of the Association, then, and in such event, any Agreement with such Managing Agent pertaining to the deposit and withdrawal of monies shall supersede the provisions hereof during the term of any such agreement.

Section 6.05. Records. The Association shall maintain those records and make available written summaries thereof as required by the Association Act and the Declaration. In addition, an audited financial statement shall be prepared annually and supplied to the membership prior to the adoption of the next ensuing year's budget.

Section 6.06. Fidelity Bonds; Proviso. Fidelity bonds, or equivalent shall be obtained by the Board for the Treasurer, Assistant Treasurer, if any, and all officers and employees of the Association handling or responsible for the Association's funds, and for any contractor handling or responsible for Association's funds. The amount of such bonds shall be determined by the directors. The premiums on such bonds shall be paid by the Association.

Section 6.07. Fiscal Year. The fiscal year of the Association shall begin on the first day of January of each year; PROVIDED, HOWEVER, that the Board is expressly authorized to adopt a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board deems advisable.

Section 6.08. Acceleration of Payment of Installments of Assessments. If a Owner shall be in default in the payment of an installment upon any assessment, the Board may in its sole discretion accelerate the remaining installments for the current twelve-month period. Upon notice thereof to the Owner the accelerated assessment shall immediately become due upon the date stated in the notice, which shall not be less than fifteen (15) days after delivery of or the mailing of such. notice to the Owner.

Section 6.09. Acquisition of Lots. At any foreclosure sale of a Lot, the Association or its designee may acquire the Lots being foreclosed. The term "foreclosure" as used in this article, shall mean and include any foreclosure of any lien for assessments. The power of the Association to acquire a Lot at any foreclosure sale shall never be interpreted as a requirement or obligation on the part of the Association to do so at any foreclosure sale the provisions hereof being permissive in nature and for the purpose of setting forth the power of the Association. The Association may also acquire Lots in the event damaged Lots are not restored pursuant to the provisions of the Declaration.

Section 6.10. Default in Payment of any Assessment; Lien. In the event of a default by a Owner in the payment of any assessment, the Association shall have all rights and remedies provided by law, including, but not limited to, those provided by the Association Act. A defaulting Owner shall be liable for reasonable attorneys fees and for court costs incurred by the Association incident to the collection of such assessment or enforcement of its lien. If Association elects to enforce its lien by foreclosure, the Owner shall be required to pay a reasonable rental for the Lot to be fixed by the Board, and the Association shall be entitled to the appointment of a receiver to collect the same. Nothing herein contained shall bar a suit to recover a money judgment for unpaid assessments without waiving the lien securing the same.

ARTICLE VII

COMPLIANCE.

Section 7.01. Violation by Member; Remedies. In the event of a violation (other than the nonpayment of an assessment) by the Owner of any of the provisions of the Declaration,

these By-laws, or Rules and Regulations adopted pursuant to any of same, the Association shall notify the Owner by written notice of said breach, transmitted by mail, and if such violation shall continue for a period of ten (10) days from the date of notice, the Association shall have the right to treat such violation as an intentional, inexcusable and material breach thereof, and the Association may then pursue any remedy available. No action taken shall be deemed an "election of remedies". Upon a finding by the Court that the violation complained of has occurred, the offending Owner shall reimburse the Association (or Managing Agent, if any) for all costs incurred in bringing such action, including reasonable attorneys fees. Failure on the part of the Association to maintain such action at law or in equity within thirty (30) days from date of a written request, signed by a Owner and sent to the Association, shall authorize any Owner to bring an action in equity or suit at law, on account of the violation, in the manner provided for in the Association Act. Any violations which are deemed by the board to be a hazard to public health or safety may be corrected immediately as an emergency matter by the Association and the cost thereof shall be charged to the Owner as a specific item and shall be a lien against said Lot with the same force and effect as if the charge was a part of the Common Expenses attributable to such Owner. In the event of a non-continuing default making the notice period impractical, the Association may take such punitive action, including, but not limited to, the suspension of privileges for reasonable periods of time without a corresponding reduction in assessments. The Association, through its Board of Directors shall have the power to assess reasonable charges against any owner for any violation of the Association instrument or Rules and Regulations by the Owner, his family members, tenants, guests or other witnesses. Before any such charges may be assessed, the owner shall be given an opportunity to be heard and to be represented by counsel before the Board of Directors or such other tribunal as may be designated by the Declaration, Bylaws or the Board of Directors. Notice of such hearing shall, at least fourteen days in advance thereof, be hand delivered or mailed by registered or certified United States mail, return receipt requested, to such owner at the address or addresses required for notices of meetings pursuant to the Virginia Code. The amount of any charges so assessed shall not exceed fifty dollars for a single offense or ten dollars per diem for any offense of a continuing nature, and shall be treated as an assessment against such Owners' Association unit for the purpose of the Virginia Code.

Section 7.02. Liability of Owners. All Owners shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its construed so as to modify any waiver by insurance companies of rights of subrogation. The expense of any maintenance, repair or replacement required shall be charged to said Owner as a specific item and shall be a lien against said Unit with the same force and effect as if the charge was a part of the Common Expenses attributable to such Owner's Unit.

Section 7.03. Liability of Owners to Managing Agent. Paragraph 6.10 above shall include any assessment due by virtue of a Management Agreement with a Managing Agent (if any) and such Managing Agent shall also have the right to bring such actions and the right to obtain such

relief in its own name, including damages, attorneys' fees and costs, to enforce the provisions thereof.

Section 7.04. No Waiver. The failure of the Association or of a Owner to enforce any right, provision, covenant or condition which may be granted by any of the provisions of the Declaration shall not constitute a waiver of the right of the Association or Owner to enforce such right, provision, covenant or condition in the future.

Section 7.05. Surviving Liability. Termination of membership in the Association shall not relieve said party from any liability, financial or otherwise, incurred by said party while a member and shall in no way impair any rights that the Association has, or may have had, against the terminating member.

ARTICLE VIII

LIMITATION OF LIABILITY.

Notwithstanding the duty of the Association to maintain and repair the Association Property, is shall not be liable for injury or damage caused by a latent condition in the property nor the injury or damage caused by the elements, or by other owners or persons.

ARTICLE IX

PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of Association proceedings when not in conflict with the Declaration, the Articles, these By-laws, or with the Association Act.

ARTICLE X

AMENDMENTS TO BY-LAWS

Amendments to By-laws as hereinafter defined and provided for, shall be proposed and adopted in the following manner:

Section 10.01. Proposal. Amendments to these By-laws may be proposed by the Board acting upon vote of the majority of the directors or by members of the Association having twenty-five percent (25%) of the votes in the Association, whether meeting as members or by an instrument in writing signed by them.

Section 10.02. Call for Meeting. Upon any amendment or amendments to these By-laws being proposed by said Board or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence

of the President, who shall thereupon call a Special Joint Meeting of the members of the Board and the membership for a date not sooner than fourteen (14) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the membership is set forth. Notice shall be posed at a conspicuous location on the Association Property.

Section 10.03. Vote Necessary; Recording. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of 51% of the entire membership of the Board and by an affirmative vote of the members having 51% of the votes in the Association. Thereupon, such amendment or amendments to these By-laws shall be transcribed, certified by the President or a Vice President and Secretary or Assistant Secretary of the Association, and a copy thereof shall be recorded in the Clerk's Office of the Circuit Court of Virginia Beach Virginia, within ten (10) days from the date on which any amendment has been affirmatively approved by the directors and members. Nothing in this section shall restrict the developers right to amend this document for the purpose of correcting scribner errors or other errors of fact or statement.

ARTICLE XI

BY-LAWS PERTAINING TO USE AND DECORUM

Section 11.01. Definition. "Use" and "Decorum" as used herein, shall refer to matters pertaining to dress, decorum, noise, use of Lots and Use of Association Property.

Section 11.02. Scope; Remedy for Violation. The Bylaws are reasonably calculated to promote the welfare of the Owners. The violation of such By-laws shall bar any Owner or his family and invitees from the use of the Common Elements, as the Board may deem appropriate, and shall subject any person violating the same to any liability imposed by the Declaration and these By-laws.

Section 11.03. Rules and Regulations. The Association may promulgate rules and regulations concerning the use of the Association Property and shall have the dignity of By-laws.

ARTICLE XII

INDEMNIFICATION

Section 12.01. Officers and Directors. The Association shall and does hereby indemnify and hold harmless every director and every officer, including the first officers and directors, his heirs, executors and administrators, against all loss cost and expenses reasonably incurred by him in connection with any action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to, and not exclusive of, all other rights to which such director or officer may be entitled.

Section 12.02. Insurance. The Association shall, if available, at the Association's expense, purchase director's liability insurance and shall cause the directors, from time to time serving, to be named Insureds.

ARTICLE XIII

OWNERS RESPONSIBILITY CONCERNING LIENS AND TAXES.

Section 13.01. Liens and Taxes. All liens against Association Property, other than for permitted mortgages, taxes or special assessments shall be satisfied or otherwise removed within ten (10) days of the date the lien attaches. All taxes and special assessments upon a Association Property shall be paid at least thirty (30) days before becoming delinquent or as provided in the Declaration, or these By-laws, whichever is sooner.

Section 13.02. Notice to Association. An Owner shall give notice to the Association of every lien upon his Unit, other than for permitted mortgages, taxes and special assessments, within five (5) days after the attaching of the lien.

ARTICLE XIV

CONFLICT.

In the event of any conflict between the By-laws contained herein, or from time to time amended or adopted, and the Declaration, the Declaration shall prevail.

Dated this ____ day of _____, 2015.

THE ENCLAVE AT PRINCESS ANNE HOMEOWNERS' ASSOCIATION, INC.

By: _____, Secretary