

**BY-LAWS
OF
ASHCROFT NEIGHBORHOOD ASSOCIATION
(herein called the "Association")**

The Association was formed as a non-stock, nonprofit organization for the purpose of providing an organizational framework for cohesive community efforts by and for the benefit of the owners and residents of Ashcroft, a residential subdivision in Albemarle County, Virginia. The Association is to provide for the necessary operation, administration and government of Ashcroft as a community; and is also to provide machinery for the interpretation, application, administration and enforcement of certain restrictions and covenants affecting Ashcroft, as set forth in a certain Declaration of Covenants, Conditions and Restrictions, dated April 1, 1980, as supplemented and amended from time to time (hereinafter referred to as the "Declaration"). It is also to provide for the attainment of cultural, aesthetic, recreational and general civic advantages for its members.

The term "Lot" as used herein shall have, unless the context clearly indicates to the contrary, the same meaning as set forth in the Declaration. Any reference to "restrictions" or "covenants" shall, unless context clearly indicates to the contrary, mean the restrictions, conditions and covenants imposed by the Declaration.

ARTICLE I. OFFICES

Section 1.01. Principal Office. The principal office of the Association shall be at such place as the Board of Directors shall from time to time by resolution determine.

Section 1.02. Registered Office. The Registered Office of the Association in Virginia (as required by law) shall be at such place as the Board of Directors shall from time to time by resolution determine and may, but need not be at, the principal office of the Association.

ARTICLE II. MEMBERSHIP

Section 2.01. General. Any person, firm, association, corporation or other entity which has or shall acquire by purchase, contract or otherwise any interest whether legal or beneficial in any Lot in Ashcroft shall, automatically become a member of the Association. In any case where any such Lot is owned by two or more persons, firms, associations or corporations jointly, each such joint owner shall be a member of the Association. Except as otherwise set forth in the Association's Articles of Incorporation or these By-laws, there shall be only one vote per Lot regardless of the number of members. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot. No member may resign, terminate, withdraw, forfeit or abandon his or her membership; nor may any member transfer, assign or otherwise dispose of his or her membership except as provided for in Section 2.06.

Section 2.02. Life Tenant and Remainderman. In any case where the title to any Lot is held by one or more persons for life with remainder to another or others, only such life tenant or tenants shall be deemed a member or members of the Association until such time as the remainderman or remaindermen shall come into use, possession and enjoyment of such Lot.

Section 2.03. Trustees. Where any Lot is held in trust, the trustee or trustees, and not

any beneficiary, shall be a member or members of the Association, except that no trustee or beneficial owner shall be deemed a member in any case where title to a Lot is held in trust or otherwise for the purpose of securing the performance of an obligation.

Section 2.04. Lessor and Lessee. As between the owner and tenant of any Lot, the owner shall be deemed a member of the Association.

Section 2.05. Other Cases. In any case involving a determination of membership not specifically provided for above, the Board of Directors shall, by resolution, determine which person or persons having an interest in any Lot shall be deemed a member or members of the Association.

Section 2.06. Transfer of Membership. No member may transfer, assign or otherwise dispose of his or her membership, except upon (i) the transfer of legal title to the member's Lot to the transferee; (ii) the presentation of evidence of such transfer to the Secretary of the Association in such form as the Board of Directors may require; and (iii) written notice of such fact given to the Secretary of the Association setting forth the name and mailing address of the transferee and such other information as the Board of Directors may require.

Section 2.07. Classes of Membership. Members of the Association shall be divided into the following classes:

(a) Class A. Class A members shall be all members, with the exception of the Developer (as hereafter defined), who own an interest in any Lot.

(b) Class B. The sole Class B member shall be Liberty Land, Ltd., a Virginia corporation having its principal office in Charlottesville, Virginia, or any successor or assignee of all or a substantial portion of its business of developing the Ashcroft subdivision (such corporation or successors or assigns, are herein referred to as the "Developer"). Upon the conveyance to individual purchasers (other than any successor or assignee of all or a substantial portion of the Developer's business of developing the Ashcroft subdivision) of sixty-six and two-thirds percent (66-2/3%) of the Lots in Ashcroft, or at such earlier date as the Developer shall give the Association written notice that it no longer desires to be a Class B member, Class B membership shall be converted to Class A membership, and Class B membership shall cease to exist.

ARTICLE III. RIGHTS AND PRIVILEGES OF MEMBERS

Section 3.01. Use of Amenities. Members shall be entitled to full use of all facilities and amenities, provided from time to time by the Association in accordance with the provisions of these By-laws and such rules and regulations as may be adopted from time to time by the Board of Directors. The Board of Directors or its designated representative may suspend a member's right to use the facilities and amenities of the Association for a violation of the rules and regulations established by the Board of Directors or for the nonpayment of assessment imposed pursuant to Article VIII.

Section 3.02. Guest Privileges. Except as may otherwise be provided in these By-laws, guest privileges shall be extended in accordance with the following provisions:

(a) The spouse and dependents of a member under the age of twenty-one shall be entitled to unlimited guest privileges.

(b) Guests of members shall be entitled to such use of the facilities of the Association as may be granted from time to time by the Board of Directors, in accordance with applicable rules and regulations.

(c) Members shall be responsible for all debts and acts committed by their guests.

(d) The Board of Directors may, on special occasions, make available to the general public such portion of the Association's facilities, and on such terms and conditions, as the Board of Directors may determine.

(e) The Developer (as herein defined) shall have the right to issue temporary guest cards without the consent of the Association, for use of the facilities of the Association in promoting the sale of lots in the Ashcroft subdivision, and for other bona fide business reasons in connection therewith.

Section 3.03. Charges. The Board of Directors may establish use charges from time to time for the various facilities and amenities provided by the Association, and may provide for the payment of such charges either in cash or by credit, provided, however, there shall be no charge for the use of the facilities by the Developer pursuant to Section 3.02(e).

ARTICLE IV. MEETINGS OF MEMBERS

Section 4.01. Annual Meetings. The annual meeting of the members of the Association, for the purpose of electing directors for the ensuing year and for the transaction of such other business as may properly come before the meeting, shall be held each year on such date and at such time and place as the Board of Directors may from time to time determine.

Section 4.02. Special Meeting. A special meeting of members may be called at any time by the President or by the Board of Directors, or by members having one-twentieth of the votes entitled to be cast at such meeting.

Section 4.03. Place of Meetings. Each meeting of the members shall be held at such place in the County of Albemarle or the City of Charlottesville, Virginia as may be designated in the notice of such meeting.

Section 4.04. Notice of Waivers. Written notice of each meeting of the members shall be given, by or at the direction of the officer or other person calling the meeting. Such notice shall state the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called. A copy thereof shall be delivered to the residence if owner-occupied or mailed if the owner is not in residence, not less than ten days, nor more than fifty days before such meeting, to each member entitled to vote at such meeting; and, if mailed, it shall be directed to such member at his or her address as it appears on the records of the Association. In the case where a Lot is owned jointly by two or more persons, notice to any one of such joint owners shall be sufficient to satisfy the requirements of this Section. Notice of any adjourned or recessed meeting need not be given. (Amended 6-13-96)

Section 4.05. Quorum. Except as otherwise provided by law, at any meeting of the members, the presence in person or by proxy of members holding ten percent (10%) of the votes

entitled to be cast at such meeting shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the members present in person or represented by proxy and entitled to vote may adjourn the meeting from time to time and from place to place until a quorum is obtained.

Section 4.06. Organization. At every meeting of the members, the President, or some person appointed by him or her, or, in the absence of the President, a person chosen by a majority vote of the members present in person or by proxy and entitled to vote, shall act as chairman of the meeting. The Secretary, or in the discretion of the chairman any person designated by him or her, shall act as secretary of the meeting.

Section 4.07. Business and Order of Business. At each meeting of the members, such business may be transacted as may properly be brought before such meeting, whether or not such business is stated in the notice of the meeting or in a waiver of notice thereof, except as otherwise by law or by these By-laws expressly provided. The order of business of all meetings of members shall be as determined by the chairman of the meeting, but such order of business may be changed by vote of a majority vote of the members present in person or by proxy and entitled to vote at the meeting.

Section 4.08. Voting Rights.

(a) Except as otherwise provided by law, by the Articles of Incorporation, or by these By-laws, each member shall be entitled to vote upon matters to be voted upon by the members, and shall be entitled to the number of votes set forth in Section 4.08(b).

(b) The different classes of members of the Association shall have the following voting rights:

(1) Class A. Class A members shall be entitled to one vote for each Lot owned of record in Ashcroft.

(2) Class B. The Developer, as the sole Class B member, shall have a number of votes determined as follows:

(i) Until the Class B membership is converted into Class A membership, the Developer shall have a total number of votes equal to two times the number of votes of all other members of the Association; and

(ii) After the Class B membership is converted into Class A membership, the Developer shall have the number of votes as determined under subparagraph b(1) of this subsection.

(c) Any member entitled to vote may vote either in person or by proxy duly appointed by an instrument in writing subscribed by such member and delivered to the secretary of the meeting.

(d) In the case of any Lot owned by two or more persons, more than one of whom is a member of the Association; the vote attributable to such Lot may be exercised in person or by proxy by any of such members. If more than one of such members owning a single Lot shall undertake to exercise the vote attributable thereto at any meeting and they are unable to

agree as to how the vote is to be cast, the vote shall be disregarded for all purposes.

(e) If a quorum is present, the affirmative vote of a majority in voting power of the members represented at the meeting and entitled to vote on the subject matter shall be the act of the members, unless the vote of a greater number is required by law.

Section 4.09. Action Without a Meeting. Any action required to be taken at a meeting of the members, or which may be taken at any meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote.

ARTICLE V. DIRECTORS

Section 5.01. General Powers. The affairs of the Association shall be managed by the Board of Directors, and all corporate powers shall be exercised by the Board of Directors, except as otherwise expressly required by the Articles of Incorporation, by these By-laws, or by law.

Section 5.02. Number. Term of Office and Qualifications. Until changed by an amendment to these By-laws, the Board of Directors shall be composed of six people, to be elected in the manner provided in these By-laws. Initially, two directors shall be elected for a one-year term; two directors shall be elected for a two-year term; and two directors shall be elected for a three-year term. Upon the expiration of the initial term, each director shall be elected for a three-year term. Each director shall hold office until the annual meeting next following his or her election and until his or her successor shall have been elected, or until his or her sooner death, resignation or removal. No decrease in the number of directors by amendment to these By-laws shall have the effect of shortening the term of any incumbent director. Directors need not be members.

Section 5.03. Election of Directors. Directors shall be elected at each annual meeting of the members, or, if the election of directors shall not be held on the day designated for any annual meeting or any adjournment of such meeting, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as may be feasible. In any election of directors, a quorum being present, the persons receiving the greatest number of votes shall be the directors.

Section 5.04. Removal. Any director either may be removed at any time, with or without cause, by such vote as would suffice for his or her election, taken in person or by proxy at a special meeting of the members called expressly for that purpose, at which a quorum shall be present.

Section 5.05. Organization. At each meeting of the Board of Directors, the President, or, in his or her absence, a director chosen by the majority of the directors present, shall act as chairman of the meeting. The Secretary, or in the discretion of the chairman any person appointed by him or her, shall act as secretary of the meeting.

Section 5.06. Place of Meeting. The Board of Directors may hold its meetings at such place or places with the County of Albemarle or the City of Charlottesville, Virginia as the Board of Directors may from time to time by resolution determine, or (unless contrary to

resolution of the Board of Directors), at such place as shall be specified in the respective notices or waivers of notice thereof.

Section 5.07. Annual Meetings. The Board of Directors may meet, without notice of such meeting, for the purpose or organization, the election of officers and the transaction of other business, on the same day as, at the place at which, and as soon as practicable after each annual election of directors is held. Such annual meeting may be held at any other time or place specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or in a waiver of notice thereof.

Section 5.08. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as may be fixed from time to time by action of the Board of Directors. Unless required by resolution of the Board of Directors, notice of any meeting need not be given.

Section 5.09. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the President, or by any two or *more* directors. Notice of each such meeting shall be mailed to each director, at his or her residence or usual place of business, at least three days before the date on which the meeting is to be held; or such notice shall be delivered to each director personally or by telephone not later than twenty-four hours before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Notice of any adjourned or recessed meeting of the directors need not be given.

Section 5.10. Quorum and Manner of Acting. Three directors and the secretary or four directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum is obtained. The directors shall act only as a Board and the individual directors shall have no power as such. The Secretary shall be entitled to vote only when the presence of the Secretary is necessary to constitute a quorum.

Section 5.11. Resignations. Any director may resign at any time, orally, or in writing, by notifying the President or the Secretary. Such resignations shall take effect at the time therein specified; and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.12. Vacancies. Any vacancy in the Board of Directors, caused by death, resignation, removal, disqualification, or any other cause (other than an increase by more than two in the number of directors), may be filled for the unexpired term by the majority vote of the remaining directors then in office, though less than a quorum, at any regular or special meeting of the Board of Directors.

Section 5.13. Action Without a Meeting. Any action which may be taken at any meeting of the directors may also be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors. Such consent shall have the same force and effect as a unanimous vote.

Section 5.14. Nominating Committee. The Board of Directors shall appoint a Nominating Committee at least sixty (60) days prior to the annual meeting, consisting of at least

three (3) members, who shall nominate qualified persons for election to the Board of Directors for any vacancy that may occur. This committee shall serve at the pleasure of the Board of Directors.

ARTICLE VI. OFFICERS

Section 6.01. Officers. The Officers of the Association shall be a President, Treasurer and Secretary, and where elected, one or more Vice Presidents, and the holders of such other offices as may be established in accordance with the provisions of Section 6.03. Any two or more offices may be held by the same person; provided only, that the same person shall not hold the offices of both President and Secretary.

Section 6.02. Election. Term and Qualifications. The officers shall be elected annually by the Board of Directors, as soon as practicable after the annual election of directors in each year. Each officer shall hold office until his or her successor shall have been duly chosen and shall qualify, or until his or her death, resignation or removal in the manner hereinafter provided. The President shall be chosen from among the directors, but no other officer need be a director.

Section 6.03. Subordinate Officers. The Board of Directors may from time to time establish officers in addition to those designated in Section 6.01 with such duties as are provided in these By-laws, or as they may from time to time determine.

Section 6.04. Removal. Any officer may be removed, either with or without cause, by resolution declaring such removal to be in the best interests of the Association and adopted at any regular or special meeting of the Board of Directors by a majority of the directors then in office.

Section 6.05. Resignations. Any officer may resign at any time by giving oral or written notice to the Board of Directors or the President or the Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later time therein specified; and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term by the Board of Directors.

Section 6.07. President. The President shall be the chief executive and administrative officer of the Association and have general supervision of the business of the Association, subject, however, to the control of the Board of Directors and shall have such other powers and authorities as are conferred upon him or her by these By-laws.

Section 6.08. Vice Presidents. The Vice Presidents shall perform such duties as from time to time may be assigned to them by the Board of Directors, and shall have other such powers and authorities as are conferred upon them by these By-laws.

Section 6.09. Treasurer. Except as may otherwise be specifically provided by the Board of Directors, the Treasurer shall have the custody of, and be responsible for, all funds of the Association, keep a full and adequate account of all money received and disbursed by him or her for the account of the Association; and shall, in general, perform all the duties incident to the office of Treasurer.

Section 6.10. Secretary. The secretary shall act as Secretary of all meetings of the members and of the Board of Directors and shall keep the minutes thereof; shall see that all notices required to be given by the Association are duly given; and shall, in general, perform all the duties incident to the office of Secretary.

ARTICLE VII. ARCHITECTURAL REVIEW COMMITTEE

Section 7.01. Purpose. The Architectural Review Committee shall regulate the external design, size, appearance, use, location, and maintenance of structures and improvements in Ashcroft so as to preserve and enhance values, to maintain a harmonious relationship among structures and the natural vegetation and topography, and to conserve existing natural amenities and ecological areas.

Section 7.02. Powers. The Architectural Review Committee shall have the rights and powers as provided for in the Declaration and these By-laws, and as are necessary or convenient to give effect to its purposes as provided for in Section 7.01.

Section 7.03. Appointment, Number of Members and Qualifications. The Architectural Review Committee shall consist of six (6) members who shall be appointed by the Board. Initially, two members shall be appointed for a one year term; two members shall be appointed for a two year term; and two members shall be appointed for a three year term. Upon the expiration of the initial term each member shall be appointed for three year terms by the Board of Directors and shall serve at its pleasure. Members of the Board of Directors may also serve on the Architectural Review Committee. No member shall be eligible to be elected for more than two consecutive terms.

Section 7.04. Policy Statement. The Architectural Review Committee shall publish, and may from time to time revise and update, a statement of the general policies and criteria which will be followed by it in passing upon plans submitted by members, and such other rules and regulations as it shall deem necessary or convenient to accomplish its purposes.

Section 7.05. Organization. The Architectural Review Committee may adopt such rules and regulations as it may deem proper for the conduct of its business and the formalization of its determinations. A formal record of its proceedings shall be kept.

Section 7.06. Procedure. In the event the Architectural Review Committee fails to approve, modify or disapprove in writing a request for approval of plans and specifications, within sixty (60) days after plans, specifications, or other appropriate materials have been submitted to it for review in accordance with adopted procedures, the plans and specifications shall be deemed approved. Any member may appeal an adverse decision of the Architectural Review Committee to the Board of Directors, who may reverse or modify such decision by a two-thirds (2/3) vote of the directors.

Section 7.07. Fees. No fee shall be assessed except for a building plan. A fee of not more than \$50.00 may be assessed by the Architectural Review Committee against any member submitting a building plan for approval, which fee shall be payable into the general funds of the Association.

Section 7.08. Compensation. Members of the Architectural Review Committee who are not members of the Board of Directors shall be entitled to such compensation, if any, as may be fixed by the Board of Directors.

ARTICLE VIII. ASSESSMENTS

Section 8.01. Initial Charge. The Original Purchaser from the Developer of each lot in Ashcroft shall pay to the Association an initial charge of \$5,000 effective January 1, 2004 to December 31, 2004. For each year thereafter, the initial charge will be indexed from this base amount using the Consumer Price Index (as determined at September 30 of each year) published by the Bureau of Labor Statistics. The initial charge shall be payable at the time of closing of the original purchase and shall be used for the operating and future reserves for anticipated capital improvements. The Developer will be responsible for passing on the payment to the Association within thirty (30) days of closing. The purpose of the initial charge is to defray in part the cost to the Association of providing, improving, using, maintaining and operating buildings, facilities and common roads, which are necessary to provide services to new Members and are related to the purposes of the Association. (Amended 3-11-99; 12-2-03)

Section 8.02. General Assessment. In accordance with the provisions of the Declaration, the Board of Directors shall from time to time establish for each Lot a uniform rate of assessment. The Board of Directors shall determine such annual general assessment as is deemed necessary for the adequate performance by the Association of its functions.

Section 8.03. Special Assessments for Capital Improvements. In addition to the initial charge and annual general assessments authorized above, the Association may levy in any assessment year, for that year and for not more than the next five succeeding years, a special assessment against all Lots upon the affirmative vote of a majority in voting power of the Class A members of the Association, who are present in person or by proxy at a meeting called for that purpose at which a quorum is present. Any special assessment so levied may be used for the purpose of defraying, in whole or in part, the cost of acquisition, construction, reconstruction, repair or replacement of any capital improvement related to the purpose of the Association. (amended 12-2-03)

Section 8.04. Due Dates and Collection of Assessments.

(a) Annual Assessments. The annual assessments provided for herein shall commence with respect to any Lot other than those owned by the Developer on the first day of the month following conveyance of the Lot to an owner who is not the Developer, and with respect to Lots owned by the Developer on March 3, 1982, or the earlier termination of the exemption provided for in Section 8.05(3). The initial annual assessment on any Lot shall be adjusted as of the date the Lot is conveyed to an owner other than the Developer according to the number of whole months remaining in the fiscal year.

(b) Special Assessments. The special assessments provided for above shall commence as provided in the authorization for the respective assessments.

(c) Remedies. The Association shall be entitled to collect assessments owing it by legal process in any case where it is so provided by contract or covenant to which the Association is a party or of which it is a beneficiary, or in such manner as provided for in the

Declaration.

Section 8.05. Exempt Property. The following property shall be exempt from any assessments, dues and charges of the Association: (1) all property dedicated to and accepted by any public or quasi public body or authority or any public utility; (2) all Common Areas; and (3) until March 31, 1982, all Lots owned by the Developer and held for sale to the public, provided, such exemption for Lots owned by the Developer shall be applicable only so long as the annual assessment against other Lots does not exceed \$180.00, and the Developer pays the Association such amounts as are necessary to offset any operating deficit of the Association. In no event shall the Developer have any obligation to offset any operating deficit of the Association after the exemption for Lots owned by it expires on March 31, 1982.

ARTICLE IX. CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

Section 9.01. Execution of Contracts and Other Documents. The Board of Directors, except as by law or by these By-laws otherwise require, may authorize any officer or officers, agent or agents, in the name of and on behalf of the Association to enter into any contract or execute any deed or other instrument, and any such authority may be general or confined to specific instances.

Section 9.02. Checks, Drafts, Etc. All checks, drafts, and other orders for payment of money out of the funds of the Association shall be signed on behalf of the Association in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 9.03. Deposits. The funds of the Association not otherwise employed shall be deposited to the order of the Association in such banks or other depositories as the Board of Directors may from time to time select.

Section 9.04. Maintenance Contract. The Board of Directors shall have the authority, in its discretion, to arrange to have the maintenance and care taking functions of the Association, or any part thereof, performed for the Association by a third party or parties pursuant to contract. Any such third party may be a member of or may be controlled by one or more members of the Association.

ARTICLE X. MISCELLANEOUS

Section 10.01. Seal. The corporate seal shall contain the name of the Association, the year of its creation, and the words "Corporate Seal, Virginia" and shall be in such form as may be approved by the Board of Directors.

Section 10.02. Fiscal Year. The fiscal year of the Association shall end on the last day of December in each year.

ARTICLE XI. AMENDMENTS

Section 11.01. By the Directors. The Board of Directors by a majority vote thereof shall have the power to make, alter, amend or repeal the By-laws of the Association at any regular or special meeting of the Board.

Section 11.02. By the Members. All By-laws shall be subject to amendment, alteration

or repeal, by a majority of the members entitled to vote. Pursuant to resolution adopted by a majority of the members entitled to vote, the members may provide that certain By-laws by them adopted, approved or designated may not be amended, altered or repealed except by certain specified vote of the members.