

BYLAWS
OF
PIEDMONT HILLS
HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Identity

These are the Bylaws of the Piedmont Hills Homeowners Association, Inc. (the Association). The provisions of these Bylaws are applicable to Piedmont Hills, and the terms and provisions hereof are expressly subject to those terms, provisions, conditions and authorizations contained in the Articles of Incorporation and the Declaration of Covenants, Reservations, Restrictions and Easements (the Declaration) which have been recorded in the Clerk's Office of the Circuit Court of the County of Spotsylvania, Virginia, in Deed Book 930, at Page 124, as amended from time to time. Reference is hereby made to Article I of the Declaration for the meaning of certain initially capitalized terms used herein.

ARTICLE II

Meeting of Members

Section 1. Annual Meetings. Members shall hold an annual meeting. The first annual meeting shall take place within 12 months following the recordation of the Declaration.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by any member of the Board of Directors, or upon written request of the Members who are

entitled to vote having 15 percent of all the votes of the Class A and Class B membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Chairman of the Board of Directors or such other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days but not more than 60 days before such meeting to each Member entitled to vote at such meeting. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting was called. Such notice shall be addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Notice to act on an amendment of the Articles of Incorporation or on a plan or merger of consolidation or dissolution shall be delivered or sent in the manner provided above, at least 25 days but not more than 60 days before such meeting, to each Member entitled to vote at such meeting.

Section 4. Quorum. Subject to the provisions of the Declaration, the presence at the meeting of Members, or proxies, entitled to cast at least 50 percent of all the votes of those Members who are entitled to vote shall constitute a quorum until the Declarant is no longer a Member. When the Declarant is no longer a Member, the presence at the meeting of Members or of proxies entitled to cast 10 percent of all the votes of those Members who are entitled to vote shall constitute a quorum.

Section 5. Proxies. At all meetings of Members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his lot.

ARTICLE III

Board of Directors

Section 1. Number and Qualification. The number of Directors of the Association shall not be less than three. Until the first annual meeting, the affairs of the Association shall be managed by a Board of four Directors, who need not be Members of the Association. At the first annual meeting, the number of Directors shall be increased to five. Directors shall be elected, and at least one of the Directors shall be a member of the Association.

Section 2. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a

meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 5. Meeting by Telephone. The Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other. A written record shall be made of any action taken at any such meeting.

ARTICLE IV

Nomination, Election and Term of Directors

Section 1. Nomination. Nomination for election to the Board of Directors may be made by any member of the Board of Directors or by a nomination committee appointed by the Board of Directors, or by any member of the Association at the annual meeting. The nominees may be Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Term. Directors shall be elected for a one year term. Each Director shall hold office until the election of a successor.

ARTICLE V

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held immediately after the annual meeting of the members, and at such other times as the Board of Directors may determine, but at least as often as quarterly. Notice of regular meetings other than the regular annual meeting shall be given to each Director at least two days prior to the meeting, at his residence or business address or by delivering such notice to him or by telephoning or telegraphing it to him. Any such notice shall contain the time and place of the meeting, but need not contain the purpose of the meeting. Meetings may be held without notice if all Directors are present or those not present waive notice before or after the meeting.

Section 2. Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than two days notice to each Director, given as set forth in Section 1 of this Article V.

Section 3. Quorum. A majority of the number of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI

Powers and Duties of the Board of Directors

The Board of Directors shall have all of the powers necessary for the administration of the affairs of the Association, including:

(a) The power to adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof provided, however, that such rules and regulations shall not be in conflict with the Declaration.

(b) The power to adopt rules and regulations clarifying the Declaration, and the power to adopt procedural rules and regulations to implement the Declaration, so long as such rules and regulations do not conflict with the Declaration.

(c) The power to suspend the voting rights and, if applicable, the power to suspend a Member's right to use the recreational facilities, if any, during any period in which such Member shall be in default in any payment of any assessments levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty days for infraction of published rules and regulations;

(d) The power to employ a manager, maintenance personnel and such other employees as they deem necessary, and to prescribe their duties:

(e) Declare the office of a member of the Board of Directors to be vacant if such member shall be absent from three consecutive meetings (regular or special) of the Board of Directors; and

(f) All other powers necessary to implement and effectuate the objectives set forth in the Declaration and in the Rules promulgated thereunder.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Member, or at any special meeting when such statement is requested in writing by one-fourth of the Class A Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) Establish the means and methods of collection assessments from the Owners;

(d) Conduct the business of the Association so that it shall qualify for tax exemption under the Internal Revenue Code;

(e) Procure and maintain adequate liability and hazard insurance on property owned or leased by the Association; and

(f) Implement and effectuate any other objectives set forth in the Declaration or rules promulgated hereunder.

(g) Establish an annual budget for the Association and fix the amount of the annual assessment, subject to the terms and conditions of the Declaration.

(h) Distribute to the members copies of the rules and regulations adopted by the Directors from time to time.

(i) Cause the Association to abide by the requirements of the Property Owners' Association Act (Code of Virginia, 1950, as amended, Section 55-508 et seq.).

ARTICLE VII

Officers

Section 1. Enumeration of Officers. The officers of the Association shall be a President, who shall at all times be a member of the Board of Directors, a Vice-President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution elect.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following such annual meeting of the Members.

Section 3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one year unless he or she sooner resign, or shall be removed or otherwise be disqualified to serve.

Section 4. Vacancies. A vacancy in the office may be filled by appointment of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 5. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices

except in the case of special offices created pursuant to Section 1 of this Article.

Section 6. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the membership and the Board of Directors; shall see that orders and resolutions of the Board are carried out; and shall have general management and control of the affairs of the corporation.

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notices of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as are required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; shall prepare annual financial statements of the Association; if so directed by the

Board of Directors, shall cause an annual audit or review of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the Board of Directors for adoption.

ARTICLE VIII

Committees

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration, and may appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member on terms and conditions determined by the Board of Directors. The Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at such place as may be designated by the Board of Directors, and copies shall be available for purchase by the members at reasonable cost.

ARTICLE X

Assessments

As more fully provided in the Declaration, each Owner is obligated to pay the Association annual and special assessments which, together with interest thereon and costs of collection thereof (including reasonable attorneys fees), are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days after the due date, shall bear interest from the date of delinquency at the rate provided in the Declaration and the Association may bring an action at law against the Owner personally obligated to pay the same or may foreclose the lien against the property subject to the assessment, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or by abandonment of his Lot.

ARTICLE XI

Corporate Seal

The seal of the Association shall be a flat-faced circular die (of such there may be any number of counterparts) with the words "CORPORATE SEAL" engraved thereon.

ARTICLE XII

Fiscal Year

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XIII

Borrowings

The issuance of any note of the Association and the delivery of any deed of trust or other security interest in the Common Area or other assets of the Association must be approved by two-thirds of the Class A members of the Association and, if applicable, the Class B member.

ARTICLE XIV

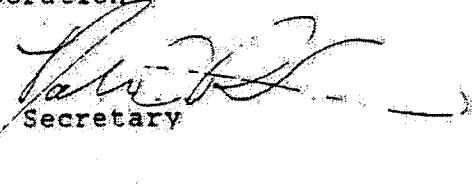
Amendments

Section 1. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted at an annual or special meeting of the Directors by a majority vote. The Directors shall distribute to the members in writing any changes to the Bylaws promptly after adoption.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

PIEDMONT HILLS HOMEOWNERS'
ASSOCIATION, INC., a Virginia
Corporation

BY:


Secretary

bv1awph.crd