

AMENDED AND RESTATED  
BYLAWS  
FOR  
CASCADES COMMUNITY ASSOCIATION, INC.

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AMENDED AND RESTATED  
BYLAWS  
FOR  
CASCADES COMMUNITY ASSOCIATION, INC.

ARTICLE 1

INTERPRETIVE PROVISIONS

Terms used herein without definition shall have the meanings specified for such terms in Section 13.1-803 of the Virginia nonstock Corporation Act. Definitions, terms and other interpretive provisions set forth in Article 2 of the Articles of Incorporation for Cascades Community Association, Inc. are equally applicable to these Bylaws.

ARTICLE 2

MEETINGS OF MEMBERS

Section 2.1. Annual Meetings. The first annual meeting of the Association shall be held, not later than the first anniversary of the incorporation of the Association, at such time and place as may be fixed by a resolution of the Board of Directors. Subsequent annual meetings of the Association shall be held on weekdays (other than legal holidays recognized as such in Virginia) at least thirty days before the beginning of each fiscal year at such time as may be fixed from time to time by resolutions of the Board of Directors.

Section 2.2. Special Meetings. The Association shall hold a special meeting: (1) upon the call of the President; (2) if so directed by resolution of the Board of Directors; (3) upon a petition presented to the Secretary and signed by members entitled to cast at least ten percent of the total number of votes (excluding the Declarant's votes during the Declarant Control Period); or (4) upon request of the Declarant. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred-eighty days after the date of the first such signature. Such resolution, petition or request must: (1) specify the time and place at which the meeting is to be held; (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.3 hereof, or else specify that the Secretary shall designate the date of the meeting; (3) specify the purposes for which the meeting is to be held; and (4) be delivered to the Secretary. No business other than that stated in such resolution, request or petition shall be transacted at such special meetings.

Section 2.3. Notice of Meetings.

(a) Written notice stating the place, day and time of each annual meeting and, in case of a special meeting, the purposes for which the meeting is called, shall be given by the Secretary to each member entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. The giving of notice in the manner provided in this section and Article 11 hereof shall be considered service of notice.

(b) Notwithstanding the provisions of Subsection (a), notice of a meeting to act on amendment to the Articles of Incorporation, a plan of merger or consolidation or dissolution shall be given in the manner provided above not less than twenty-five nor more than sixty days before the date of the meeting. Any such notice shall be accompanied by a copy of the proposed amendment, plan of merger or consolidation or dissolution. Any such amendment, plan of merger or consolidation or dissolution shall not be effective unless notice of such matter was provided in accordance with this subsection.

Section 2.4. Waiver of Notice of Meetings.

(a) Whenever any notice is required to be given of any meeting of the Association, a waiver thereof in writing signed by a member entitled to such notice, whether given before or after the meeting, shall be equivalent to the giving of such notice to that member and such waiver shall be delivered to the Secretary for inclusion in the minutes or filing with the Association records.

(b) A member who attends a meeting shall be conclusively presumed to have had timely and proper notice of the meeting or to have duly waived notice thereof, unless such member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or at or prior to consideration of the matter subject to objection, in the case of a special meeting.

Section 2.5. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association if members entitled to cast at least ten percent of the total number of votes are present, in person or by proxy, at the beginning of such meeting. Once a member is present at a meeting such member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new Record Date is set for that adjourned meeting.

If at any meeting of the Association a quorum is not present, a majority of the members who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called at such date and place as such members may agree, whereupon the Secretary shall announce the date, time and place at the meeting and make other reasonable efforts to notify all members of such date, time and place.

Section 2.6. Order of Business. Unless otherwise specified in the notice of the meeting, the order of business at all meetings of the Association shall be as follows: (1) roll call (proof of quorum); (2) proof of notice of meeting; (3) reading of minutes of preceding meeting; (4) reports of officers; (5) report of Board of Directors; (6) reports of committees; (7) appointment of inspectors of election (when so required); (8) election of directors (when so required); (9) unfinished business; and (10) new business; provided, however, that balloting for election of directors may commence at any time at the direction of the presiding officer.

Section 2.7. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The President may appoint a parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Act or the Association Documents.

Section 2.8. Record Date to Determine Members; List of Members. The date for determining which Persons are members and therefore entitled to vote ("Record Date") shall be the close of business on the day before the effective date of the notice to the members of the meeting, unless the Board of Directors shall determine otherwise. The Board shall not fix a Record Date more than seventy days before the date of the meeting or other action requiring a determination of the members, nor shall the Board set a Record Date retroactively. At least ten days before each meeting, the Secretary shall make a complete list of members, with the address of each, available for review by the members before and during the meeting. The list shall be current as of the Record Date.

### ARTICLE 3

#### MEMBERSHIP AND VOTING

Section 3.1. Members and Voting Rights. The voting rights of the members of the Association shall be as set forth in Article 4 of the Articles of Incorporation.

Section 3.2. Additional Provisions Governing Voting.

(a) Association Votes. If the Association is an Owner, the Association shall cast its votes with the majority with respect to any Lot it owns and, in any event, such votes shall be counted for the purpose of establishing a quorum.

(b) Multiple-Person Owners. Since a member may be more than one Person, if only one of such Persons is present at a meeting of the Association, that Person shall be entitled to cast the member's votes. If more than one of such Persons is present, the vote appertaining to that member shall be cast only in accordance with unanimous agreement of such Persons, and such agreement shall be conclusively presumed if any of them purports

to cast the vote appertaining to that member without protest being made forthwith to the Person presiding over the meeting by any of the other Persons constituting such member.

(c) Voting Certificate. If a member is not a natural person, the vote by such member may be cast by any natural person authorized by such member. Such natural person must be named in a certificate signed by an authorized officer, partner or trustee of such Person and filed with the Secretary; provided, however, that any vote cast by such natural person on behalf of such member shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote was cast. Such certificate shall be valid until revoked by a subsequent certificate similarly executed and filed. Wherever the approval or disapproval of a member is required by the Association Documents, such approval or disapproval may be made by any Person who would be entitled to cast the vote of such member at any meeting of the Association.

(d) Delinquency. No member may vote at any meeting of the Association or be elected to serve on the Board of Directors if payment by such member of any financial obligation to the Association is delinquent more than sixty days and the amount necessary to bring the account current has not been paid at the time of such meeting or election.

### Section 3.3. Manner of Voting.

(a) At a Meeting. Voting by members at a meeting shall be by voice vote (except for the election of directors which shall be by written ballot) unless the presiding officer determines otherwise or any member present at the meeting, in person or by proxy, requests, and by a Majority Vote the members consent to, a vote by written ballot indicating the name of the member voting, the number of votes appertaining to such member, and the name of the proxy of such ballot if cast by a proxy. There shall be no cumulative voting.

(b) By Referendum. In the sole discretion of the Board of Directors, election of directors requiring a vote of the members may be submitted to a referendum of the members on a ballot, by mail or at polling places. Ballots shall be returned to the Secretary by the date specified on the ballot. The Board of Directors shall determine the method of voting, the form of all ballots, the deadline for return of ballots and the number and location of polling places, if any.

(c) Advisory Referendum. The Board of Directors may include on any ballot questions on which it seeks an advisory vote. Members may suggest questions for an advisory vote which shall be evaluated by the Board for consistency with the exercise of its duties and responsibilities and with the Association Documents. In any advisory vote, each such question on a ballot shall indicate that the vote is for advisory purposes only.

Section 3.4. Proxies. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy how to vote) or uninstructed (leaving how to vote to the proxy's discretion). Only instructed proxies may be granted by any member to the managing agent.

No Person other than the Declarant, a Mortgagee, the managing agent or an Officer shall cast votes as a proxy for more than five Lots not owned by such Person. Proxies shall be in writing, shall be dated, shall be signed by the member or a Person authorized by the member (or in cases where the member is more than one Person by or on behalf of all such Persons), shall be valid for eleven months unless a longer time period is provided in the proxy and shall be filed with Secretary. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from the member.

## ARTICLE 4

### BOARD OF DIRECTORS

Section 4.1. Powers and Duties of the Board of Directors. The business and affairs of the Association shall be managed by the Board of Directors elected in accordance with the procedures and for the terms of office set forth in Article 5 of the Articles of Incorporation. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required by the Act or the Association Documents to be exercised and done by the members. The Board of Directors shall delegate to one of its members or to a Person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Section 5.3 hereof), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by any other provision of the Association Documents or by any resolution of the Association that may hereafter be adopted, the Board shall perform the following duties and take the following actions and take the following actions on behalf of the Association:

(1) Provide goods and services to the members in accordance with the Association Documents, and provide for Upkeep of the Common Area and, to the extent provided in the Association Documents, of the Lots.

(2) Designate, hire, dismiss and, where appropriate, compensate the personnel necessary to provide for the Upkeep of the Common Area and, to the extent provided in the Association Documents, of the Lots, and provide goods and services to the members, as well as purchase equipment, supplies and materials to be used by such personnel in the performance of their duties.

(3) Collect the assessments, deposit the proceeds thereof in depositories designated by the Board of Directors and use the proceeds to carry out the Upkeep of the Property to the extent the Association is so authorized by the Association Documents.

(4) Adopt and amend any reasonable Rules and Regulations not inconsistent with the Association Documents.

(5) Open bank accounts on behalf of the Association and designate the signatories thereon.

(6) Enforce the provisions of the Association Documents.

(7) Act with respect to all matters arising out of any eminent domain proceeding affecting the Common Area owned in fee simple by the Association.

(8) Notify the members of any litigation against the Association involving a claim in excess of ten percent of the total annual assessment for Common Expenses.

(9) Obtain and carry insurance against casualties and liabilities, as provided in Article 10 of the Declaration, pay the premiums therefor (**sic**) and adjust and settle any claims thereunder.

(10) Pay the cost of all authorized goods and services rendered to the Association and not billed to Owners of individual Lots or otherwise provided for in Article 6 of the Declaration.

(11) Notify a Mortgagee of any default in paying assessments for Common Expenses by an Owner (which remains uncured for sixty days) or for any other default, simultaneously with the notice sent to the defaulting Owner.

(12) Acquire, hold and dispose of Lots and mortgage the same without the prior approval of the members if such expenditures and hypothecations are included in the budget.

(13) Charge reasonable fees for the use of the Common Area owned in fee simple by the Association and for services.

(14) Suspend the right of any Owner or other occupant of a Lot, and the right of such Person's household or company, guests, employees, customers, tenants, agents and invitees to use the Common Area owned in fee simple by the Association in accordance with Subsection 12.1 (g) of the Declaration.

(15) Prepare an annual budget in accordance with Article 6 of the Declaration.

(16) Adopt an annual budget and make assessments against the Owners to defray the Common Expenses of the Association, establish the means and methods of collecting such assessments from the Owners and establish the period of the installment payment, if any, of the annual assessment for Common Expenses.



(17) Borrow money on behalf of the Association when required for any valid purpose; provided, however, that (except during the Declarant Control Period), either a Majority Vote of members obtained at a meeting held for such purpose or written approval by members entitled to cast more than fifty percent of the total number of votes shall be required to borrow any sum in excess of fifteen percent of the total annual assessment for Common Expenses for that fiscal year and, subject to Section 15.4 of the Declaration, mortgage any of the Common Area owned in fee simple by the Association.

(18) Execute deeds, plats or resubdivision and applications for construction permits, for the Common Area owned in fee simple by the Association, as may be necessary or desirable in the normal course of the orderly development of the Property, at the request of the Declarant.

(19) Dedicate or transfer any portion of the Common Area owned in fee simple by the Association or grant easements, rights-of-way or licenses over and through the Common Area pursuant to Section 3.2 of the Declaration and subject to the restrictions set forth in Section 15.4 of the Declaration.

(20) In its sole discretion, designate certain portions of the Common Area owned in fee simple by the Association as Reserved Common Area, pursuant to Section 3.9 of the Declaration, and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(21) Sign an Association Disclosure Packet or Statement of Common Expenses with respect to a specific Lot within fourteen days of the written request therefore and payment of the appropriate fee from an Owner, a contract purchaser or a Mortgagee.

(22) Do anything else not inconsistent with the Act or the Association Documents.

Section 4.2. Number of Directors. During the Declarant Control Period, the Board of Directors shall consist of not less than three nor more than nine Directors as provided in Section 5.2 (a) of the Articles of Incorporation. After the Declarant Control Period, the Board shall consist of nine directors as provided in Section 5.2 (b) of the Articles of Incorporation.

## ARTICLE 5

### MANAGING AGENT

Section 5.1. Compensation. The Board of Directors may employ for the purpose of administering the Property a managing agent at a compensation to be established by the Board.

Section 5.2. Requirements. The managing agent shall be a bona fide business enterprise, unaffiliated with the Declarant which manages multi-structure commercial projects or common interest communities. Such firm or its principals shall have a minimum of two years experience in real estate community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of the Property. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the Property and shall employ personnel knowledgeable in the areas of insurance, accounting, contract negotiation, labor relations and property management. Otherwise, the managing agent may be a full-time employee of the Association who shall organize, staff, train and administer the in-house personnel solely to manage the Property.

Section 5.3. Duties. The managing agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitation, the duties listed in Paragraphs 4.1 (1), (2), (3), (6), (7), (8), (9), (10), (11), (15), (21) and (22). The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in Paragraphs 4.1 (4), (5), (12), (13), (14), (16), (17), (18), (19) and (20). The managing agent shall perform the obligations, duties and services relating to the management of the Property, the rights or Mortgagees and the maintenance of reserve funds in compliance with the provisions of the Act and the Association Documents.

Section 5.4. Standards. The Board of Directors shall impose appropriate standards of performance upon the managing agent. Unless the managing agent is instructed otherwise by the Board of Directors.

(1) the accrual method of accounting will be employed and expenses required by these Bylaws to be charged to one or more but less than all Owners shall be accounted for and reported separately;

(2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Association shall not be commingled with any other entity's accounts;

(4) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;

(5) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(6) a financial report shall be prepared for the Association at least quarterly, containing: (i) an “income statement” reflecting all income and expense activity for the preceding period on an accrual basis; (ii) an “account activity statement” reflecting all receipt and disbursement activity for the preceding period on a cash basis; (iii) a “account status report” reflecting the status of all accounts in an “actual” versus “projected” (budget) format; (iv) a “balance sheet” reflecting the financial condition of the Association on an unaudited basis; (v) a “budget report” reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and (vi) a “delinquency report” listing all Owners who are delinquent in paying assessments and describing the status of any actions to collect such assessments.

Section 5.5. Limitations. The Board of Directors may employ a managing agent for an initial term not to exceed two years. Any contract with the managing agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than ninety days written notice and with cause on no more than thirty days written notice.

## ARTICLE 6

### OFFICERS

Section 6.1. Designation and Duties of Officers. The principal Officers of the Association shall be the President (who shall also serve as Chairman of the Board of Directors) the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also elect an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The President and Vice President shall be Owners (or an officer, partner, or employee of an Owner) except for those directors designated or elected by the Declarant) and members of the Board of Directors. Any other Officers may, but need not, be Owners, representatives of Owners or directors. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent (if any) inconsistent with the Act or the Association Documents, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the President (or the Board of Directors if the President fails to do so) may appoint another qualified person to act in such Officer’s stead on an interim basis.

Section 6.2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any Officer may hold more than one position; provided, however, that the offices of President, Vice President and Secretary shall be held by three different individuals. Except for death, resignation or removal, the Officers shall hold office until their respective successors shall have been elected by the Board.

Section 6.3. Resignation or Removal of Officers. Any Officer may resign by delivering written notice to the Board of Directors. Unless otherwise specified, such

resignation shall take effect upon the receipt thereof, and acceptance of such resignation shall not be necessary to make it effective. Upon the affirmative vote of a majority of the total number of directors any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 6.4. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The person appointed to fill a vacancy shall serve for the remainder of the term of the Officer such person replaces.

Section 6.5. President. The President shall be the chief executive officer of the Association; preside at all meetings of the Association and of the Board of Directors; have general and active direction of the business of the Association subject to the control of the Board; see to the execution of the resolutions of the Association and the Board of Directors; see that all orders and resolutions of the Board are carried into effect; and, in general, perform all the duties incident to the office of President.

Section 6.6. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other director 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 by the Board of Directors or by the President.

Section 6.7. Secretary. The Secretary shall: keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board may direct and as may be required by Section 13.1-932 of the Act; give or cause to be given all notices required to be given by the Association; give each member notice of each assessment against such member's Lot as soon as practicable after assessment is made; give each member notice and a copy of the Rules and Regulations or amendment thereof; maintain a register setting forth the place to which all notices to members, and Mortgagees hereunder shall be delivered; give notice to each member of any dedication, conveyance and transfer by the Association of any Property or of any easement or other estate or interest therein; file or cause to be filed the annual report required by Section 13.1-936 of the Act; make it possible for any member to inspect and copy at reasonable times and by appointment the records of the Association; and, in general, perform all the duties incident to the office of Secretary.

Section 6.8. Treasurer. The Treasurer shall be responsible for Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare or cause to be prepared all required financial data, including the Statement of Common Expenses required by Section 6.6. of the Declaration; deposit all monies and other valuable effects in the name of the Board of Directors or the Association, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of Treasurer.

## ARTICLE 7

### COMMITTEES

Section 7.1. Covenants Committee. The Board of Directors shall establish a Covenants Committee as set forth in Article 9 of the Declaration.

Section 7.2. Other Committees. The Board of Directors may create and abolish from time to time such other committees consisting of two or more persons as the Board may deem appropriate to aid in the administration of the affairs of the Association. Such committees shall have the powers and duties fixed by resolution of the Board from time to time. The Board shall appoint the chair of each committee, and may either appoint the other members thereof or leave such appointment to the committee chair.

## ARTICLE 8

### MEETINGS OF BOARD OF DIRECTORS AND COMMITTEES

Section 8.1. Types of Meetings. The first (organizational) meeting of the Board of Directors following an annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be determined by a majority of the directors to elect Officers, appoint committee members and establish the manner of operation of the Board for the ensuing year. 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; provided, however, that after the Declarant Control Period, such meetings shall be held at least quarterly during each fiscal year. Special meetings of the Board of Directors may be called by the President, and shall be called by the President or Secretary upon the written request of at least two directors. Meetings of the Covenants Committee or any other committee or subcommittee of the Association shall be held on an as needed basis. All meetings of the Board of Directors or any Committee shall be open to members as observers, except that the President or presiding officer or chairman of a committee may call the board or committee into executive session on sensitive matters such a personnel, litigation strategy or hearings with respect to violations of the Association Documents. Any final action taken in executive session shall be recorded in the minutes. The Board of Directors or any committee may hold their meetings in the Commonwealth of Virginia or outside the state as the Board may from time to time determine.

Section 8.2. Notice. Notice of meetings shall be given to each director or committee member, as appropriate, personally or by mail, telegraph or telephone, orally or in writing, at least three business days prior to the day named for such meeting. Such notice shall state the place, day and time and, in the case of special meetings, the purpose thereof. No notice of the organizational meeting of the Board of Directors shall be necessary if such meeting is held immediately following the annual meeting.

Section 8.3. Waiver of Notice. Any director or committee member, as appropriate, may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute a waiver of notice of the time, place and purpose of such meeting, unless the director or committee member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened and so notifies the person conducting the meeting at or prior to the commencement of the meeting or at or prior to consideration of the matter subject to objection, in the case of a special meeting. If all directors or committee members, as appropriate, are present at any meeting of the Board of Directors or committee member, no notice shall be required and any business may be transacted at such meeting.

Section 8.4. Quorum. At all meetings of the Board of Directors or a committee a majority of the total number of directors or committee members, as appropriate, shall constitute a quorum for the transaction of business, and a Majority Vote while a quorum is present shall constitute the decision of the Board of Directors, unless provided otherwise in the Act, the Articles of Incorporation or the Bylaws. If at any meeting there is less than a quorum present, a majority of those present may adjourn or recess the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director or committee member, as appropriate, who participates in a meeting by any means of communication by which all directors or committee members may simultaneously hear each other during the meeting shall be deemed present at the meeting for all purposes.

Section 8.5. Conduct of Meetings. The President shall preside over meetings of the Board of Directors and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at the meetings. The chairman of a committee shall preside over the meeting of the committee and may appoint any member of committee to keep minutes. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors or committee when not in conflict with the Act or the Association Documents.

Section 8.6. Action Without Meeting. Any action by the Board of Directors or a committee required or permitted to be taken at any meeting may be taken without a meeting if a consent in writing setting forth the action taken shall be signed either before or after such action is taken by all of the Directors or committee members, as appropriate. Any such written consent shall have the same force and effect as a unanimous vote and shall be filed with the minutes of the Board of Directors or committee.

## ARTICLE 9

### FIDUCIARY DUTIES

Section 9.1. Execution of Documents. Unless otherwise provided in the resolution of the Board of Directors: (1) all agreements, contracts, deeds, leases, checks and other

instruments of the Association for expenditures or obligations in excess of one-tenth of one percent of the total annual assessment for Common Expenses for that fiscal year, and all checks drawn upon reserve accounts, shall be executed by an two persons designated by the Board of Directors; and (2) all such instruments for expenditures or obligations of one-tenth of one percent or less of the total annual assessment for Common Expenses for that fiscal year, except from reserve accounts, may be executed by any one person designated by the Board of Directors. Any Officer of the Association may be designated by Board resolution to sign a Statement of Common Expenses or an Association Disclosure Packet on behalf of the Association.

Section 9.2.     Conflicts of Interest.

(a)     Rule and Exceptions. Each director or Officer shall exercise such director's or Officer's powers and duties in good faith and in the best interests of the Association. No contract or other transaction between the Association and any of its directors or Officers, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors or Officers of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because of such relationship or because any such director or Officer is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction or because such director's or Officer's vote is counted for such purpose if any of the following conditions exist: (1) the material facts of the transaction and the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a majority of directors entitled to vote on the transaction, but in no event may such a transaction be authorized, approved or ratified by a single director; (2) the material facts of the transaction and the common directorate or interest is disclosed or known to all of the members entitled to vote on the matter, and the members who are entitled to be counted in a vote on the transaction approve or ratify the contract or transaction by a majority of the total number of votes entitled to be cast; or (3) the contract or transaction is commercially reasonable to the Association in view of all the facts known to any director or Officer at the time such contract or transaction is authorized, ratified, approved or executed.

(b)     Vote Not Counted. Any common or interested directors or Officers may be counted in determining the presence of a quorum of any meeting of the Board of Directors, a committee thereof, or the members which authorizes, approves or ratifies any contract or transaction, but such director's vote shall not be counted with respect to any matter as to which such director would have a conflict or interest; such director may vote, however, at the meeting to authorize any other contract or transaction.

Section 9.3.     Liability and Indemnification.

(a)     No Personal Liability. The directors, Officers and members of the Covenants Committee shall not be liable to the Association or any member for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad

faith. Directors and Officers shall have no personal liability with respect to any contract made by them on behalf of the Association. No member shall be liable for the contract or tort liability of the Association by reason of ownership or membership therein. Every agreement made by the Board of Directors, the Officers or the managing agent on behalf of the Association shall, if obtainable, provide that the directors, the Officers or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder.

(b) Indemnification. The Association shall indemnify the directors, Officers and members of the Covenants Committee to the extent that it is contemplated a nonstock corporation may indemnify its directors, officers and employees pursuant to Sections 13.1-875 through 13.1-883 of the Act; provided, however, that before the Association uses association funds for indemnification, all insurance proceeds must be obtained and applied toward such indemnification.

(c) Directors and Officers Liability Insurance. The Association shall have the power, pursuant to Article 10 of the Declaration, to purchase and maintain insurance on behalf of any person who is or was a director, Officer or member of the Covenants Committee against any liability asserted against such person and incurred by such person in such capacity or arising out of such person's status as such, whether or not the Association would have the power of this section. Further, the availability of the Association's indemnity shall not relieve any insurer of any liability under an insurance policy held by the Association.

Section 9.4. Compensation of Directors and Officers. No salary or other compensation shall be paid by the Association to any director or Officer of the Association for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by such director or Officer of other services to the Association nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or Officer.

## ARTICLE 10

### BOOKS AND RECORDS

Section 10.1. Maintenance. The Association shall keep books and records as required by Section 13.1-932 of the Act and Section 55-510 of the Virginia Property Owners' Association Act. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least one a year by an auditor retained by the Board of Directors who shall not be an Owner or an occupant of a Lot. The cost of such audit shall be a Common Expense. The Association shall also file and maintain the annual reports required to be filed with the Virginia State Corporation Commission by Section 13.1-936 of the Act.

Section 10.2. Availability. The books and records of the Association shall be available for examination by the members, their attorneys, accountants, Mortgagees and



authorized agents during general business hours on business days at the times and in the manner established by the Board of Directors for the general knowledge of the members in accordance with Section 13.1-933 of the Act and Section 55-510 of the Virginia Property Owners' Association Act. The list of members required by Section 2.8 hereof shall be available for inspection for a period of ten days prior to the meeting and at the meeting. Pursuant to Section 13.3 of the Declaration, all Mortgagees or their representatives shall have the right to examine the books and records of the Association on the same terms and conditions as the members and Owners. The Board of Directors may fix from time to time a reasonable charge to cover the direct and indirect costs of providing any documents to a member, or Mortgagee.

Section 10.3. Accounting Report. Within one hundred twenty days after the end of each fiscal year, the Board of Directors shall make available to all members and to each Mortgagee requesting the same, an itemized 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 over or short of the actual expenditures plus reserves.

Section 10.4. Fiscal Year. The first fiscal year of the Association shall begin on the date of incorporation and end on the last day of December, unless otherwise determined by the Board of Directors. Each subsequent fiscal year shall commence on January 1 and end on December 31, unless otherwise determined by the Board of Directors.

## ARTICLE 11

### NOTICES

Except as specifically provided otherwise in the Act or the Association Documents, all notices, demands, bills, statements or other communications under the Association Documents shall be in writing and shall be deemed to have been duly given if delivered personally or by telegraph, teletype or other form of wire or by private carrier or sent by United States mail, postage prepaid pursuant to Section 13.1-810 of the Act, or if notification is of a default or hearing, lien, sent by registered or certified United States mail, return receipt requested, postage prepaid: (1) if to a member, at the address which the member shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such member; (2) if to the Association, the Board of Directors or to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the members pursuant to this section; or (3) if to a Mortgagee, at the address indicated by the Mortgagee in a written notice to the Association. If mailed, such notice shall be deemed to be given when deposited in the United States Mail addressed to the member's address shown in the Association records. If a Lot is owned by more than one Person, each such Person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder, otherwise, the Person receiving the notice shall have the responsibility for notifying the other Persons comprising the Owner.

## ARTICLE 12

### AMENDMENTS

These Bylaws may be amended by a Majority Vote of the members if the proposed amendment has been inserted in the notice of meeting or all of the members are present in person or by proxy. Except for Articles 4 and 12 and Sections 2.2, 2.5 and 9.3 hereof, these Bylaws may also be amended by a Majority Vote of the Board of Directors; provided, however, that the proposed amendment has been inserted in the notice of the meeting. The Board of Directors shall send any amendment to the members within thirty days after adoption. No amendment to these Bylaws may diminish or impair the rights of the Declarant under the Bylaws without the prior written consent of the Declarant. No amendment to these Bylaws may diminish or impair the rights of the Mortgagees under the Bylaws.

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of Cascades Community Association, Inc., a Virginia nonstock corporation; and

That the foregoing Amended and Restated Bylaws constitute the Bylaws of the Association as duly developed by a Majority Vote of the members on November 1, 1990.

IN WITNESS WHEREOF, I have hereunder subscribed my name and affixed the seal of the corporation this 1<sup>st</sup> day of November, 1990.

Patricia P. Harper

Date: 11-1-90

Exhibit A to the Bylaws

CASCADES COMMUNITY ASSOCIATION, INC.

ASSOCIATION DISCLOSURE PACKET

TO: \_\_\_\_\_

FROM: Cascades Community Association, Inc.  
State of Incorporation: Virginia  
Name and Address of Registered Agent: Robert M. Diamond  
3110 Fairview Park Drive, Suite 1400  
Falls Church, Virginia 22042

RE: Lot No. \_\_\_\_\_, Cascades  
Loudoun County/Fairfax County, Virginia

DATE: \_\_\_\_\_, 19\_\_

In accordance with Section 55-512 of the Virginia Property Owners' Act, as amended, we hereby certify that based on the best knowledge and belief of the Association the information set forth below is accurate as of the date hereof.

A. The status of assessments and mandatory fees or charges with respect to the Lot is as follows:

Current assessment due \_\_\_\_\_ \$ \_\_\_\_\_

Assessment in arrears \_\_\_\_\_ \$ \_\_\_\_\_

Other fees or charges due \_\_\_\_\_ \$ \_\_\_\_\_

Fees or charges in arrears \_\_\_\_\_ \$ \_\_\_\_\_

TOTAL DUE \$ \_\_\_\_\_

Known assessments, fees and charges  
for the current fiscal year not  
yet due \$ \_\_\_\_\_

The Association levies annual assessments (which may be payable in equal periodic installments) to pay Common Expenses. Additional assessments may also be levied for the same purpose. A fee of \_\_\_\_\_ Dollars is currently charged by the Association for the preparation of an Association Disclosure Packet (such as this one). A late charge of \_\_\_\_\_ Dollars is currently applied to any assessment or installment thereof not paid within ten days after the date it becomes due. There are no other fees or charges imposed by the Association or any other entity or facility except:

[Fill in if applicable, i.e., Separate Recreation Charges]

B. Attached is a statement of capital expenditures made or anticipated for the current and two succeeding fiscal years, to the extent such information is available.

C. As of the date hereof, there is an outstanding balance in the reserve for the replacement funds (reserve accounts) of approximately \$\_\_\_\_\_. Of that balance, the following amounts, if any, have been designated by the Board of Directors for the following specific projects.

[Fill in if applicable.]

D. Attached is (1) a copy or summary of the current operating budget, and (2) a copy or summary of the income and expense statement for the year ended \_\_\_\_\_, 19\_\_\_\_, the most recent fiscal year for which such statement is available.

E. There are no unsatisfied judgments against the Association nor any pending suits (other than collection cases) in which the Association is a party or which could or would have a material impact on the Association or which relates to the Lot referenced above, except as follows:

[Fill in status and nature if applicable.]

F. The Association holds hazard, property damage and liability insurance policies covering the Common Area as required by the Declaration in the following amounts: \_\_\_\_\_ hazard and property damage; \_\_\_\_\_ liability. The Association also maintains fidelity bonds in the amount of \_\_\_\_\_. It is suggested that each Owner obtain insurance covering property damage to such Owner's Lot and personal property contained therein as well as insurance covering personal liability. In addition, certain Owners may be required to maintain certain minimum insurance coverages. You are urged to review Article 10 of the Declaration and to consult with your insurance agent. Copies of the insurance policies are available for inspection or information is obtainable as follows:

[Fill in Contact for Insurance Information.]

G. The Association has not given notice to the Owner of the Lot and has no knowledge of whether improvements or alterations made to the Lot or uses made of the Lot or Common Areas assigned to the Lot, if any, are in violation of the Association Documents except as follows:

[Fill in if applicable.]

H. Attached is a copy of the Declaration, Articles of Incorporation, Bylaws, Rules and Regulations and Design Standards of the Association (to the extent such documents exist), including all amendments.

The Association contact for questions regarding this Disclosure Packet is

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(Name, Address and Telephone Number)

NOTE: Pursuant to Section 1.3 of the Declaration, upon acquiring title to a Lot each new Owner shall immediately give written notice to the Secretary of the Association stating name and address of such new Owner and the number or address of the Lot. If a new Owner gives such notice within thirty days after acquiring title to a Lot, there will be no charge for adding such Owner's name to the Association records. After thirty days there will be a charge of \_\_\_\_\_ Dollars assessed against such Owner to cover the administrative costs of record keeping.