

Bylaws

BYLAWS
OF
WALNEY ROAD HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Definitions

The words in these Bylaws which begin with capital letters (other than words which would be normally capitalized) shall have the following meanings assigned to them.

"Association" shall mean and refer to Walney Road Homeowners Association, Inc., a Virginia nonstock corporation, its successors and assigns. The Association is sometimes referred to herein as the Corporation.

"Board of Directors" shall mean and refer to the Board of Directors of the Association and any board, group or entity of the successor or assign to the Association serving in a comparable capacity to the Board of Directors of the Association.

"Class A Members" shall mean and refer to all Owners except, during the Development Period, the Developer.

"Class B Member" shall mean and refer to the Developer

"Community Facilities" and Common Area shall mean and refer to all real property and the improvements thereon from time to time owned or leased by the Association for the common use and enjoyment of the Members. Such property may (but need not) include any common areas, public, neighborhood or community buildings, community centers and plazas, day care centers, recreational or educational facilities, natural resource facilities, parks and other open space land, lakes and streams, storm water management and drainage facilities, community streets, pathway and bikeway systems, pedestrian facilities, cable television facilities, design amenities and other community facilities and buildings needed in connection with water supply, sewage disposal, gas, electric, or other utility lines, equipment or installations

"Covenants Committee" shall mean and refer to the Architectural Review and Covenants Committee so named and established in accordance with Article V of the Declaration

"Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements recorded by the Developer against the Property as it may from time to time be amended or supplemented.

"Developer" shall mean and refer collectively to M/I Schottenstein Homes, Inc , its successors and assigns, provided, however, that no successor or assignee of the Developer shall have any rights or obligations of the Developer in the Association unless such rights and obligations are specifically set forth in an instrument of succession or assignment designating a party as the Developer or which pass by operation of law.

"Development Period" shall mean and refer to the period commencing on the date of the Declaration and terminating on the earlier of (a) December 31, 2003, (b) four (4) years from the date on which the Developer no longer owns no part of the Property, or (c) the date specified by the Developer in a written notice to the Association.

"Federal Housing Administration" ("FHA") shall mean and refer to that governmental agency of the United States of America so entitled and any agency or regulatory authority of the United States of America which succeeds the Federal Housing Administration.

"Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property which has been subjected to the Declaration and upon which a Dwelling Unit(s) could be constructed in accordance with Fairfax County Zoning Ordinances

"Member" shall mean and refer to the Class A Members and the Class B Member of the Association

"Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots "Mortgage," as used herein, shall include deeds of trust. "First Mortgage" as used herein, shall mean a mortgage with priority over other mortgages As used herein, the term "Mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees As used herein, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government. As used herein, the term "holder" or "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any Lot which is part of the Property but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

"Person" shall mean and refer to any individual, corporation, joint venture, partnership, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other separate legal entity

"Property" shall mean and refer to those certain lands in Fairfax County, Virginia, more particularly described in Exhibit "A" to the Declaration, together with such additional lands as may be subjected to the Declaration.

"Resident" shall mean and refer to (i) each individual occupying any Dwelling Unit pursuant to a lease agreement with the Owner thereof who, if requested by the Board of Directors, has delivered proof of such lease agreement to the Board of Directors; (ii) members of the immediate family of such individual or of an Owner who actually reside within the Property and in the same household with each such individual or Owner, and (iii) any person who has a fixed place of habitation at a Dwelling Unit of any such individual or Owner to which, whenever he is absent, he has the intention of returning.

"Services Assessment" shall mean and refer to the charge or charges imposed upon a section of the Property for services rendered pursuant to Article IV of the Declaration

"Veterans Administration" ("VA") shall mean and refer to that governmental agency of the United States of America so entitled and any agency or authority of the United States of America which succeeds the Veterans Administration

Any words used in these Bylaws which are not specifically defined above shall have the meanings assigned to them in the Declaration unless such a meaning would be manifestly improper or unreasonable in the context in which a word is used.

ARTICLE II

Offices

Section 2 01 The initial registered office shall be in the County of Fairfax in the Commonwealth of Virginia. The Association may also have offices at such places within the Commonwealth of Virginia as the Board of Directors may, from time to time, determine or the business of the Association may require.

ARTICLE III

Members

Section 3 01. Voting Rights of Members The Association shall have two classes of members in accordance with the provisions of Article VI of the Articles of Incorporation. The rights, privileges and qualifications of each class of members shall be as set out in the Articles of Incorporation, the Declaration and as provided in these Bylaws.

Section 3 02. Annual Meetings. The Association shall hold an annual meeting of the Members each year within one year from the date of incorporation and for the transaction of any business within the powers of the Association. Such annual meeting shall be held in the same month of each year and at a time to be designated by the Board of Directors from time to time. Any business of the Association may be transacted at an annual meeting without being specially designated in the notice of such meeting, except such business as is specifically required by statute, the Articles of Incorporation or the Declaration to be stated in the notice. Any matter requiring the affirmative vote of more than a majority of the Class A Members present at a meeting shall be designated in the notice of such meeting. Failure to hold an annual meeting at the designated time shall not, however, invalidate the corporate existence or affect otherwise valid corporate acts.

Section 3 03. Special Meetings At any time in the interval between annual meetings, special meetings of the Members may be called by the President, the Board of Directors, the Class B Member or by Class A Members having twenty percent (20%) of the votes entitled to be cast by the Class A Members at such meeting.

Section 3 04. Place of Meetings All meetings shall be held at the registered office of the Association, or at such other place within the State of Virginia as is designated by the Board of Directors from time to time.

Section 3 05. Notice of Meetings

(a) Written notice stating the place, day and hour of the annual meeting of the Members and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) no more than sixty (60) days before the date of the meeting (except as a different time is specified below) either personally or by mail, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. In lieu of delivering notice as above, the Association may publish such notice at least once

a week for two successive calendar weeks in a newspaper having a general circulation in the city or county in which the registered office is located, the first publication to be not more than sixty (60) days and the second not less than seven (7) days before the date of the meeting. If notice of the meeting is so published, a notice of the meeting shall also be posted at not less than three (3) conspicuous locations on the Property.

(b) Notice of a Members' meeting to act on an amendment of the Articles of Incorporation or a plan or merger or consolidation shall be delivered or published and posted in the manner required by the laws of Virginia. Such laws currently require such notice not less than twenty-five (25) nor more than sixty (60) days before the date of the meeting.

(c) Notwithstanding the foregoing provision, a waiver of notice in writing, signed by the Member or Members entitled to such notice, whether before or after the holding of the meeting, shall be equivalent to the giving of such notice to such Member(s). A Member who attends a meeting shall be deemed to have had timely and proper notice of the meeting unless he attends for the express purpose of objecting because the meeting is not lawfully called or convened.

Section 3.06. Quorum Unless otherwise provided in the Articles of Incorporation or the Declaration, at any meeting of Members the presence in person or by proxy of Members entitled to cast twenty-five percent (25%) of all of the votes entitled to be cast by the Members shall constitute a quorum. This section shall not affect any requirement under statute, the Declaration or under the Articles of Incorporation of the Association for the vote necessary for the adoption of any measure. In the absence of a quorum, without regard to class, the Members present in person or by proxy, by majority vote taken and without notice other than by announcement, may adjourn the meeting from time to time until a quorum shall attend. In addition, at such a meeting where a quorum of Members is not present the Members present in person or by proxy by majority vote taken without notice other than by announcement may call a further meeting of Members, and at such further meeting the percentages of votes required to constitute a quorum shall each be reduced to one-half (1/2) of the percentage specified above and by proxy may take any action, including, without limitation, the election of directors, which might have been taken at the original meeting had a sufficient number of Members been present.

Section 3.07. Votes Required A majority of the votes cast by the Members without regard to class at a meeting of Members duly called and at which a quorum is present shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, except as otherwise required by the laws of Virginia, the Declaration or the Articles of Incorporation. The Declaration requires the affirmative vote of more than a majority of each class of Members in certain instances.

3 08. Proxy Voting 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) Such proxies may be granted by any Owner in favor of only another Owner, a member of the Board of Directors, the Developer, the managing agent or such unit owner's Mortgagee, or additionally in the case of a non-resident Owner, the Owner's lessee, attorney or rental agent. No person other than the managing agent or a member of the Board of Directors shall cast votes as a proxy for more than one unit not owned by such person. There are no restrictions on the number of uninstructed proxy ballots which can be cast by a member of the Board of Directors or the managing agent. Proxies shall be duly executed in writing, shall be witnessed, shall contain the full name and address of the witness, shall be dated, shall be signed by a person having authority at the time of the execution thereof to execute deeds on behalf of that person, shall be valid only for the particular meeting designated therein and any continuation thereof, and must be filed with the Secretary. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such unit. Except with respect to proxies in favor of a lessee or Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred and eighty days after the execution thereof.

Section 3 09 Alternative Voting Procedures Notwithstanding any other provision of these Bylaws, to the extent permitted by the laws of Virginia, any vote to be taken of the Members upon a stated proposal or for the election of directors may be taken by mail, and the number of votes necessary for passage of the proposal or election as a director shall be the same as if the vote were taken at a meeting.

Section 3 10 Fixing of Record Date For the purpose of determining The Members entitled to notice of, or to vote at any annual or special meeting of the Members, or any adjournment thereof, or in order to make a determination of the Members for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of Members such date in any case to be not more than sixty (60) days and not less than ten (10) days prior to the date on which the particular action requiring such determination of Members is to be taken. If no record date is fixed for the determination of Members entitled to notice or to vote at a meeting of Members, the date on which notice of the meeting is mailed shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

ARTICLE IV

Board of Directors

Section 4 01 Powers. The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors may exercise all the powers of the Association, except such as are, by the laws of Virginia, the Articles of Incorporation, the Declaration or these Bylaws, conferred upon or reserved to the Members. The Board of Directors may employ, at rates of compensation which are ordinary, reasonable and customary for the services performed a manager, an independent contractor and such other employees as they deem necessary, and to prescribe their duties. The Board of Directors may appoint such committees as it deems appropriate in carrying out its duties.

Section 4 02 Duties It shall be the duties 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 Members, or at any special meeting when such statement is requested in writing by Class A Members who are entitled to cast one-fourth (1/4) of the outstanding votes;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the Annual Assessments against each Lot at least thirty (30) days in advance of each annual assessment period,

(2) fix the Services Assessment against each Lot in any section of property requiring such services, and

(3) send written notice of each assessment to every Owner subject thereto

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment,

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association,

(f) cause all officers or employees having fiscal responsibilities to be bonded in an amount which shall not be less than the sum of three month's assessments on all units in the Association, plus the Association's reserve funds.

(g) cause the Community Facilities to be maintained; and

(h) appoint a Covenants Committee as provided in the Declaration.

Section 4.03. Number and Composition of Board. The initial Board of Directors shall consist of three (3) members appointed by the Developer. At the first annual meeting after Class B membership has terminated, the Board of Directors shall be expanded to consist of five (5) members. Until the Class B membership and the Class B voting rights expire, the Board shall consist of appointed Directors. Thereafter, all Directors shall be elected by the Association.

Section 4.04 Appointed Directors. Appointed Directors shall be appointed by the Developer and shall serve one year terms or until their successor is appointed. Such appointed Directors may be reappointed and they need not be Members of the Association. The Developer shall appoint three (3) Directors until such time as the Class B membership expires.

Section 4.05 Elected Directors. At the first annual meeting following the termination of Class B membership, Directors shall be elected for staggered terms as follows, two (2) Directors shall be elected for one (1) year terms, two (2) Directors shall be elected for two (2) year terms and one (1) Director shall be elected for a three (3) year term. Thereafter, all Directors shall be elected for three (3) year terms.

Section 4.06 Vacancies and 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 of Directors and shall serve for the unexpired term of his predecessor, subject to removal, however, by vote of the Members of the Association. Notwithstanding the foregoing during the Development Period, none of the directors appointed by the Developer shall be removed without the prior written consent of the Developer.

Section 4.07 Compensation. No officer or Director of the Association shall receive compensation from the Association for any service he may render to the Association as a Director. However, any officer or Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4 08 Action by the Board of Directors.

(a) Regular Meetings. Except as permitted by this Section, all actions, matters or resolutions approved or disapproved by the Board of Directors shall be by vote of the Directors taken at a regular meeting. Regular meetings of the Board of Directors shall be held monthly without notice.

(b) Emergency Meetings or Action by the Board of Directors. In the event of an emergency (as determined by the unanimous consent of the Board of Directors) requiring immediate action by the Board of Directors, the Board of Directors may act by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other and participation by such means shall constitute presence in person at such meeting. Such meetings may be called by the President of the Association or by a majority of the Directors.

(c) Time and Place of Meeting. Each meeting of the Board of Directors shall be held at such time and at such place within the State of Virginia as the person or persons calling the meeting may designate or at such other place outside the State of Virginia as may be agreed upon by all of the Directors.

(d) Action Without a Meeting. To the extent permitted by the laws of Virginia, 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 4 09. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business.

ARTICLE V

Officers and Their Duties

Section 5 01 Enumeration of Officers. The officers of this Association shall be a president, who shall be a Director, a vice president, a secretary, and a treasurer, and such other officers and assistant officers as may from time to time be deemed necessary by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary.

Section 5 02. Election of Officers The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 5.03 Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year until his successor is elected and qualified unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve

Section 5 04 Special Appointments Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective

Section 5.06 Vacancies A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces

Section 5 07 Duties of the President The President shall be the chief operating officer of the Association, shall be available at all meetings of the Members and the Board of Directors, shall have general and active operating management of the business of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall act as chairman at meetings of the Board of Directors He shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the Association, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association

Section 5 08 Duties of the Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one vice president, the Vice Presidents in the order designated by the Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 5 09 Duties of the Secretary and Assistant Secretaries The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members and shall record or cause to be recorded all the proceedings of the meetings of the Association and of the Board of Directors in a book to be kept for that purpose He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors,

and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall have custody of the corporate seal of the Association and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Association and to attest the affixing by his signature. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe

Section 5.10 Duties of the Treasurer and Assistant Treasurers. The Treasurer shall have the custody of the Associations' funds and securities and shall keep or cause to be kept fully and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall disburse or cause to be disbursed the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Association. The Treasurer shall cause an annual audit 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 issuance and expenditures to be prescribed to the membership at its regular annual meeting and shall file a copy of each in the records of the Association. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and have such other powers as the Board of Directors may from time to time prescribe

ARTICLE VI

Finance

Section 6 01 Checks, Drafts, Etc All checks, drafts, and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Association, shall unless otherwise provided by resolution of the Board of Directors, be signed by two

officers of the Association, one of whom shall be the President or a Vice President and the other of whom shall be the Treasurer or an Assistant Treasurer.

Section 6 02. Fiscal Year. The fiscal year of the Association shall be the twelve calendar months period ending December 31 of each year, unless otherwise provided by the Board of Directors

Section 6 03 Carryover of Unused Funds The Association shall not be obligated to spend in any calendar year all the sums collected in such year and may carry forward, as surplus, any balance remaining; nor shall the Association be obligated to apply any such surpluses to the reduction of the amount of the assessments in the succeeding year, but may carry forward from year to year such surplus as the Board of Directors in its absolute discretion may determine to be desirable for the greater financial security of the Corporation and the effectuation of its purposes.

Section 6 04. Annual Audit. The Association shall cause an annual audit of the Association books to be made by a public accountant at the end of every fiscal year. Such audit shall be available to all Members and First Mortgagees within 120 days of the fiscal year end

ARTICLE VII

Miscellaneous

Section 7 01 Books and Records The books, records and papers of the Association (pursuant to the Virginia Property Owners Association Act) shall at all times, during reasonable business hours, be subject to inspection by any Member The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost

Section 7.02 Seal The Board of Directors may provide a suitable seal, bearing the name of the Association which shall be in the charge of the Secretary The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof

Section 7 03 Indemnification The members of the Board of Directors and officers of the Association shall not be personally liable to the Association, Owners or others for any mistake or judgment or for any acts or omissions made in good faith acting as such Board members or officers individually or collectively. Each member of the Board of Directors and each officer shall be indemnified by the Association against all expenses and liabilities,

including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, or any settlement thereof, by reason of his being or having been a member of the Board of Directors or an officer of the Association, whether or not he is a member of the Board of Directors or an officer at the time such expenses are incurred, except in such cases wherein the member of the Board of Directors or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association

Section 7 04 Amendments. Any and all provisions of these Bylaws may be altered or repealed and new Bylaws may be adopted at any annual meeting of the Members, or at any special meeting called for that purpose by a majority vote of the Members; provided, however, no amendment or change shall be effective without the consent of the Class B Member during the Development Period. Amendment of the Bylaws is subject to specific provisions contained in the Articles of Incorporation and the Declaration

Section 7 05 Consistency of Articles of Incorporation and Bylaws. These Bylaws shall be construed and interpreted in a manner which is consistent with the terms and provisions of the Articles of Incorporation and the Declaration. The terms and provisions of the Articles of Incorporation and the Declaration shall be controlling over any inconsistent provision contained in these Bylaws

ARTICLE VIII

Management, etc.

Section 8 01 Repair and Replacement Reserve. Subject to the provisions of the Declaration limiting the Association's right to impose assessments on Owners, the Board of Directors shall obtain from owners contributions to capital on a regular basis, which contributions will be used to establish a replacement and repair reserve. Such contributions shall be paid monthly or at such time as regular assessments are due and be in an amount to be designated from time to time by the Board of Directors. Such funds shall be conclusively deemed to be a common expense. Such funds shall be deposited in an account with a lending institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. Such funds also may, in the discretion of the Board of Directors, be invested in Money Market Funds which, although they themselves are not guaranteed by the United States Government, invest solely in United States Government securities (or in State bonds which are backed in principal by the State)

The replacement reserve may be expended only for the purpose of the replacement and repair of the property of the Community Facilities.

Section 8.02. Management Agent The Board of Directors may, but shall not be required to, employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors, which rate shall be a rate which is ordinary, reasonable, and customary for such services, to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) day's written notice thereof to the other party and without cause upon ninety (90) days' written notice to the other party. The term of any such management agreement shall not exceed one year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

Provided that any Lot subject to these Bylaws is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration, or guaranteed by the Veterans Administration, and, provided further, that FHA and/or VA standards and regulations prohibit self-management of the Association, then no such self-management shall be undertaken by the Association without the prior written consent and approval of FHA or VA, as well as First Mortgagees.

ARTICLE IX

Rights of First Mortgagees

Section 9 01. Written notice of meetings of the Members shall be delivered in accordance with Article III, Section 3.05 to all First Mortgagees who file a written request with the Secretary.

Section 9 02 Upon written request to the Secretary, the books and records of the Association, pursuant to Section 55-510, Code of Virginia, 1950 as amended, shall be available for examination by a First Mortgagee and its duly authorized agents or attorneys during normal business hours after reasonable notice and for purposes reasonably related to its interest

Section 9 03 Upon written request to the Secretary, a First Mortgagee may obtain written notification of the lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Unit Owners Association.

Section 9 04. A First Mortgagee shall be entitled to receive a copy of the budget and financial statement of the Association upon written request delivered to the Secretary.

IN WITNESS WHEREOF, we being all of the Directors of Walney Road Homeowners Association, Inc. have hereunto set our hands this 27th day of FEBRUARY, 1997.

R.C. MOEN

J. Manderfield

M. Kingsley

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of Walney Road Homeowners Association, Inc., a Virginia non-stock, non-profit corporation, and,

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the 27th day of FEBRUARY, 1997


Secretary

(CORPORATE SEAL)