

**By-Laws
of
Spring Lakes at the Woodlands Property Owners Association, Inc.**

**Article I
Name, Membership, Applicability, Definitions and Functions**

Section 1. Name. The name of the Corporation is Spring Lakes at the Woodlands Property Owners Association, Inc., (the "Association").

Section 2. Membership. The Association shall have two classes of membership, as is more fully set forth in the Spring Lake at the Woodlands Protective Covenants and Restrictions (the "Declaration"), the Articles of Incorporation and herein as amended, renewed or extended from time to time, the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit or unless further defined herein.

Section 4. Functions. The functions of the Association are those set out in the Declaration, the relevant sections of which are incorporated herein by reference.

**Article II
Association**

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2. Annual Meetings. The initial annual meeting shall be held within eight (8) months from the date the Association is granted a charter by the State of Virginia. Annual meetings shall be set by the Board so as to occur in October of each subsequent year.

Section 3. Special Meetings. The President may call special meetings of the Association. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of the Board of Directors or upon a petition signed by the owners of at least twenty-five per cent (25%) of the lots. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record on the Association's books of each Lot a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Lot, he must have designated by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than forty five (45) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At 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.

Section 7. Voting. The voting right of the Members shall be as set forth in the Declaration and the Articles of Incorporation. Such voting rights are specifically incorporated herein by reference.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated, notarized and filed with the Secretary no later than the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member, or of written revocation, or upon the expiration of one (1) year from the date of the proxy.

Section 9. Quorum. The quorum required for any action which is subject to a vote of the Members at any annual or special meeting of the Association shall be as follows:

(a) The first time a meeting of the Members of the Association is called to vote on (i) an increase in the Maximum Regular Annual Assessment greater than that provided for by subparagraph (a) of Section 3 of Article VII of the Declaration; (ii) a Special Assessment as provided for by Section 4 of Article VII of the Declaration; (iii)

the gift or sale of any parcel of land and improvements thereon designated as a Common Area or Restricted Common Area; (iv) an Amendment to the Declaration; or (v) the termination of the Declaration, the presence at the meeting of Members or proxies entitled to cast thirty percent (30%) of the total vote of the Membership required for such action shall constitute a quorum.

(b) The first time a meeting of the Members of the Association is called to vote on any action proposed to be taken by the Association, other than that described in subparagraph (a) above, the presence at the meeting of Members or proxies entitled to cast fifteen percent (15%) of the total vote of the Membership required for such action shall constitute a quorum.

If the required quorum is not present at any meeting described in paragraphs (a) and (b) above, with the exception of any meeting called to vote on the termination of this Declaration, another meeting or meetings may be called subject to the giving of proper notice and the required quorum at such subsequent meeting or meetings shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 10. Ballots by Mail. When desired by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote for or against each such motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in this Article provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

Article III **Board of Directors**

Section 1. Governance. The Association shall be governed by a Board of Directors consisting of four (4) members. The term of such Directors is to be determined in accordance with the provisions of the Articles of Incorporation of the Association.

Section 2. Election of the Board of Directors.

(a) The Board of Directors shall consist of two classes of Directors, one Director elected by Class "C" Members (the "Class II" Director) and three Directors elected by Class "A" and "B" Members (the "Class I" Directors).

(b) Each Member of Type "A" and "B" Membership classes shall be entitled to as many votes as equals the total number of votes he is entitled to based on his ownership of one (1) or more of the various classifications of property as computed by the formula set out in the Declaration. Each "A" and "B" Member may cast the total number of votes to which he is entitled for each vacancy to be filled by a Class I Director. Cumulative voting shall not be filled by a Class I Director. Cumulative voting shall not

be allowed. Members, except for Class "C" Members, are divided into classes for the purpose of computing voting rights and shall not vote as a class.

Section 3. Nomination of Directors. Directors shall be nominated from the floor and may also be nominated by a Nominating Committee, if such committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 4. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more Directors may be removed, with or without cause, by a majority of the Owners and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than sixty (60) days may be removed by a majority vote of the Directors at a duly held meeting.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Association, shall be filled by a vote of the majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each person so selected shall serve the unexpired portion of the term.

Section 6. Annual Meetings. The annual meeting of the Board of Directors shall immediately follow the annual meeting of the Membership when possible.

Section 7. Regular Meetings. 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.

Section 8. Special Meetings. Special meetings of the Board of Directors shall be held when requested by the President or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph company shall be given at least forty-eight (48) hours before the time set for the meeting.

Section 9. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 10. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting cannot be held because a quorum is not present, a majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time that the original meeting was called. At 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.

Section 11. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority of the Owners.

Section 12. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board of Directors.

Section 13. Executive Session. The Board of Directors may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 14. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 15. Powers. The Board of Directors shall be responsible for the affairs of the Association as set forth herein and in the Articles of Incorporation and the Declaration and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively

by the Members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, all of which are set forth by way of explanation, and shall not act as limitations:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;

(b) making assessments to defray the Association's expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessments;

(c) providing for the operation, care, upkeep and maintenance of all areas which are the maintenance responsibility of the Association;

(d) designating, hiring and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending use restrictions and rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) paying the cost of all services rendered to the Association or its Members which are not directly chargeable to Owners;

(k) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(l) contracting with any person for the performance of various duties and functions. The Board of Directors shall have the power to enter into common

management agreements with trusts, condominiums or other associations. Any and all functions of the Association shall be fully transferable by the Board of Directors, in whole or in part, to any other entity.

Section 16. Management Agent. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The term of any management agreement shall not exceed three (3) years.

Section 17. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities without the approval of the Members of the Association; provided, however, the Board of Directors shall obtain membership approval in the same manner as for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving or adding amenities, and the total amount of such borrowing exceeds or would exceed Five Thousand Dollars (\$5,000.00) outstanding debt at any one time.

Article IV **Officers**

Section 1. Officers. The officers of the Association shall be a President, Secretary and Treasurer. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The President shall be elected from among the members of the Board of Directors. No other officer must be a Director.

Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association shall be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties that are incident to the office of the president of a corporation organized under the Virginia Nonstock Corporation Act.

Section 5. Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President.

He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Virginia law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or in the managing agent in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall also act in the President's absence and shall have all powers, duties and responsibilities of the President when so acting.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the 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.

Article V **Committees**

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by the Board of Directors are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Cluster Homes Committee. A committee shall be created to maintain the driveways and yards in cluster home communities. The committee members shall be elected by the lot owners in the cluster home communities and shall have the power to impose a special assessment against all lot owners in the cluster home communities for the expense of maintaining the driveways and yards for all lots in the cluster home communities. Such assessment shall be in addition to all other assessments imposed by the Association. Cluster home communities shall be designated as such at the time of the creation of the lots within such communities by recordation of a plat with such designation and shall be considered a special class of members of the Association with respect to maintenance of the driveways and yards within their communities. Special regulations may be created with respect to the Cluster Home Committee at the time of creation of the cluster home communities.

Section 3. Townhouse and Duplex Committee. A committee shall be created to maintain the alleys, driveways, yards, common areas and the exterior of all structures in townhouse and duplex communities. The committee members shall be elected by the lot owners in the townhouse and duplex communities and shall have the power to impose a special assessment against all lot owners in the townhouse and duplex communities for the expense of maintaining the alleys, driveways, yards, common areas and the exterior of all structures in townhouse and duplex communities. Such assessment shall be in addition to all other assessments imposed by the Association. Townhouse and duplex communities shall be designated as such at the time of the creation of the lots within such communities by recordation of a plat with such designation and shall be considered a special class of members of the Association with respect to maintenance of the alleys, driveways, yards, common areas and the exterior of all structures within their communities. Special regulations may be created with respect to the Townhouse and Duplex Committee at the time of creation of the townhouse and duplex communities.

Article VI **Miscellaneous**

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 2. Parliamentary Rules. Roberts Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Virginia law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the person presiding over the proceeding.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Virginia law, the Articles of Incorporation, the Declaration and these By-Laws, the provisions of Virginia law, the Declaration, the Articles of Incorporation and the By-Laws (in that order) shall prevail.

Section 4. Amendment by the Directors. The Board of Directors by a majority vote thereof shall have the power to make, alter, amend or repeal the By-Laws of the Association at any regular or special meeting of the Board. This power shall not be exercised by the Executive Committee or any other committee of directors.

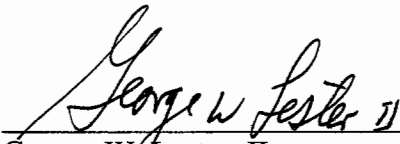
Section 5. Amendment by the Members. At any annual or special meeting, By-Laws may be adopted, and all By-Laws shall be subject to amendment, alteration or repeal by a majority of all Members entitled to vote. Pursuant to resolution adopted by a majority of the Members entitled to vote, the Members may provide that certain By-Laws adopted, approved or designated by them may not be amended, altered or repealed, except by a certain specified vote of the Members.

Section 6. Termination. Termination of the Association shall be as set forth in the Declaration.

Section 7. Gender/Number. The masculine gender shall be deemed to include the feminine gender, the singular shall include the plural and vice versa, wherever the context so requires.

Section 8. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of a conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the Directors of the Association, have hereunto set our hands this 14 day of December, 1999.

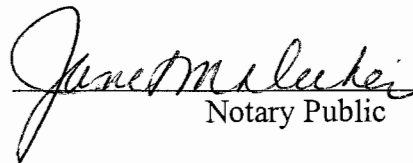


George W. Lester, II

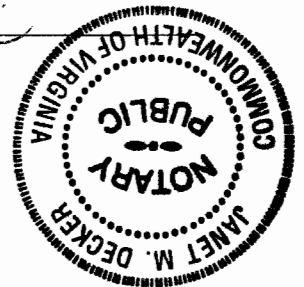
STATE OF VIRGINIA AT LARGE
CITY/COUNTY OF MARTINSVILLE, to-wit:

On this 14th day of December, 1999, before me, a Notary Public, personally appeared George W. Lester, II, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged that they executed the same for the purposes therein contained.

My commission expires: 3/31/00



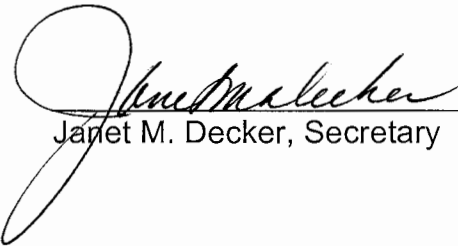
Notary Public



AMENDMENT
BY-LAWS
SPRING LAKE AT THE WOODLANDS
PROPERTY OWNERS' ASSOCIATION, INC.

At the Annual meeting of the members of Spring Lake at the Woodlands Property Owner's Association, Inc., held August 28, 2000, at the offices of The Lester Group, Inc., 14 E. Liberty Street, Martinsville, VA , at 10:00 a.m., the following amendment was proposed and unanimously passed:

Article III, Section 1. The board of Directors be increased from 4 directors to 5 directors to create an odd number of directors and prevent tie votes.


Janet M. Decker, Secretary