

BYLAWS
OF
HIGHGATE OWNERS ASSOCIATION

ARTICLE I
PURPOSE

1.1 Association. HIGHGATE OWNERS ASSOCIATION ("Association") is a non-profit corporation, organized under the Virginia Nonstock Corporation Act, with its principal office at the address of its Registered Agent on file with the Secretary of State of the Commonwealth of Virginia. These Bylaws are adopted for the administration, regulation and management of the affairs of the Association.

1.2 Purpose. The purposes for which the Association is formed are (a) to provide for the maintenance, preservation and architectural control of the Lots and Common Areas within that certain property situated in Arlington County, Virginia (the "Property"), as said Property is described in that certain Declaration of Covenants and Restrictions (the "Declaration"), as amended from time to time, recorded among the Land Records of Arlington County, Virginia, (b) to promote the general health, safety and welfare of the residents within the residential community created at the Property, and (c) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, and all Supplementary Declarations thereto applicable to all or any part of the Property subjected to the Declaration, as amended from time to time as provided therein.

1.3 Terms Defined in Declaration. Terms used in these Bylaws which are defined in the Declaration shall have the same meaning and definition as in the Declaration. The Declaration is hereby incorporated herein and made a part hereof.

1.4 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Virginia Nonstock Corporation Act, the Declaration, and the Articles of Incorporation of the Association filed with the Virginia State Corporation Commission, as any of the foregoing may be amended from time to time.

ARTICLE II
OFFICES OF THE ASSOCIATION

2.1 Principal Office. The Board of Directors, in its discretion, may fix and may change from time to time, the location of the principal office of the Association.

2.2 Registered Office and Agent. The Virginia Nonstock Corporation Act requires that the Association have and continuously maintain in the Commonwealth of Virginia a registered office and a registered agent whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association, but may be changed by the Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by the Virginia Nonstock Corporation Act.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to the Declaration shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for such membership. Where more than one person holds interest in any Lot, all such persons shall be Members.

3.2 Voting Rights. The Association shall have two classes of voting memberships:

Class A. Class A Members shall be all Owners, *with the exception of the Developer*, and Class A Members shall be entitled to one (1) vote for each Lot owned; *provided, however, that the Developer shall become a Class A Member after the conversion of the Class B membership to a Class A membership in accordance with the Declaration and this Section 3.2 and shall thereafter be entitled to one (1) vote for each Lot owned.*

Class B. *The Class B Member shall be the Developer, or any successor or assignee (i) to whom the Developer assigns any or all of its rights as Developer pursuant to the Declaration by assignment recorded among the Land Records of Arlington County, Virginia or (ii) who is a purchaser at foreclosure with respect to the Developer's interest in the Property or a grantee in a deed in lieu of foreclosure from the Developer, provided that such purchaser or grantee is an Institutional Lender and is the mortgagee, creditor or beneficiary under the instrument being foreclosed or giving rise to the deed in lieu of foreclosure. Such assignment shall only operate as to the land which is owned by such successor or assign and which is specifically identified in the instrument of assignment. The Class B Member shall be entitled to three (3) votes for each Lot in which it owns a fee or undivided fee interest. The Class B membership and Class B voting rights shall be converted to a Class A membership with Class A voting rights, upon the earlier to occur of the following events:*

(a) when at least seventy-five percent (75%) of the Lots at the Property have been conveyed by the Developer to individuals or entities other than the Developer or an assignee or successor to the Developer as described hereinabove; or

(b) five (5) years following the settlement on the sale of the first Lot to an Owner other than the Developer or an assignee or successor to the Developer as described hereinabove;

Provided, however, that in the event of the annexation of additional properties pursuant to the Declaration, the Class B membership shall be revived with respect to those Lots contained in the annexed property, which Class B membership shall cease and be converted to Class A membership with Class A voting rights upon the earlier to occur of the following events:

(a) when at least seventy-five percent (75%) of the Lots in such annexed property have been conveyed by the Developer to individuals or entities other than the Developer or an assignee or successor to the Developer as described hereinabove; or

(b) five (5) years after the date of recordation of the Supplementary Declaration subjecting such annexed property to the provisions of the Declaration.

ARTICLE IV MEETINGS OF THE MEMBERS

4.1 Place of Meetings. Meetings of the Association shall be held at such place within Arlington County, Virginia, as the Board of Directors shall determine.

4.2 Annual Meetings. The first annual meeting of the Association shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Association shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m.; provided, however, the date of the first annual meeting after the conversion of the Class B membership to Class A membership in accordance with Section 3.2 hereof may be set by the Board of Directors and the annual meeting of the Association shall take place on the same day of the same month thereafter at the hour of 7:00 p.m., so long as such annual meeting is held within ninety (90) days after the close of the Association's fiscal year. If the day set for the annual meeting of the Association is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. At such meetings, the Members may transact business of the Association as may properly come before the meeting.

4.3 Special Meetings. Special meetings of the Association may be called at any time by the President, or by the Board of Directors, upon written request of the Members to which at least twenty-five percent (25%) of the

Class A votes in the Association are allocated.

4.4 Notice of Meetings. Written notice of each meeting of the Association shall be given by, or at the direction of, the President or Secretary of the Association by hand delivery or by mailing a copy of such notice, postage prepaid, or a combination thereof, not less than ten (10) days, nor more than sixty (60) days, before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association in writing for the purpose of notices. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

4.5 Quorum. The presence at a meeting of Members of the Association entitled to cast, or of proxies entitled to cast, twenty-five percent (25%) of the outstanding Class A votes in the Association *and the representation by presence or proxy of the Class B membership, so long as it shall exist*, shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. An affirmative vote of a majority of the votes present at which a quorum is in attendance in person or by proxies shall be necessary to transact business and to adopt decisions binding on all Members.

If such quorum shall not be present or represented by proxy at any meeting, no action may be taken which requires the vote of a quorum of Members. At the next duly called meeting of the membership after failure of the attending membership at the previous meeting to constitute a quorum, the quorum requirement shall be at least fifteen percent (15%) of the outstanding Class A votes *and the representation by presence or proxy of the Class B membership, so long as it shall exist*, provided that in order for the reduced quorum to apply, the purpose of the meeting recited in the notice given to all Members is the same as the purpose recited in the notice of the preceding meeting at which no quorum was present.

4.6 Proxies. At all meetings of the Association, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association at or before the time of such meeting. Proxies may be given only to other Members of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot. No proxy shall extend beyond a period of sixty (60) days.

4.7 Voting List. At least ten (10) days before each meeting, a complete list of the Members, with the address of each, shall be compiled by the Secretary of the Association. During that ten (10) day period prior to the meeting, the list of Members shall be subject to inspection by any Member at any time during usual business hours at the Association's office. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting for the purposes thereof. The original record of Members shall be prima facie evidence as to who are the Members entitled to examine such list or records or to vote at any meeting of Members.

4.8 Voting. The vote for any Lot, the ownership of which is held by more than one Owner, may be exercised by any one of them, unless an objection or protest by any other holder of an interest in the Lot is made prior to the completion of the vote, in which case the vote for such Lot shall be exercised as the persons holding such interest shall determine between themselves. Should the joint owners of a Lot be unable, prior to the completion of a vote, to agree upon how they will vote on any issue, the vote of such membership for that Lot on such issue shall not be counted, but the membership whose vote is in dispute shall be counted as present at the meeting for quorum purposes if the objection or protest is lodged at such meeting. *Except in the case of the Class B voting rights, in no event shall more than one (1) vote be cast with respect to any Lot.*

ARTICLE V
THE BOARD OF DIRECTORS

5.1 The Board of Directors During the Developer's Class B Membership Period. *Initially, three (3) Directors shall be selected by the Developer, acting in its sole discretion, and shall serve at the pleasure of the Developer until the conversion of the Class B membership to Class A membership as provided for in Section 3.2 hereof, unless the Developer shall elect to surrender this right to select Directors at any earlier time. The names of the initial Directors selected by the Developer are set forth in the Articles of Incorporation.*

Not later than sixty (60) days after the Class B membership is converted to Class A membership, the Board shall call a special meeting for the purpose of electing five (5) Directors to serve until the next annual meeting of the Association. Upon such election, the initial Directors selected by the Developer shall submit their resignations.

5.2 The Board of Directors After the Developer's Class B Membership Period. At the first annual meeting of the Association after the said conversion of the Developer's Class B membership to a Class A membership, and at each annual meeting of the Association thereafter, Directors shall be elected.

The initial terms of the elected Directors shall be fixed as follows: initially, the term of two Directors shall be fixed at one (1) year; the term of two Directors shall be fixed at two (2) years; and the term of one Director shall be fixed at three (3) years. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. Directors shall continue in office until their successors have been elected, unless a Director resigns, is removed or becomes disqualified to be a Director.

The number of Directors and their terms may be changed by amendment to these Bylaws in accordance with the provisions of Article IX hereof, provided that the number of Directors shall not be reduced below three (3) nor be increased to more than seven (7).

5.3 Qualifications/Nomination. Except for Directors appointed by the Developer, elected Directors must be an Owner of a Lot within the Property or be an officer of a corporate Owner of a Lot, or a partner in a partnership owning a Lot, or a trustee of a Trust owning a Lot within the Property. If a Director ceases to be an Owner of a Lot, or a corporate officer, partner or a trustee of an entity which owns a Lot, such Director's term as Director shall immediately terminate, and a new Director shall be selected as promptly as possible by the remaining Directors to take such Director's place. A Director may be reelected, and there shall be no limit as to the number of terms a Director may serve.

Nomination for election to the Board of Directors shall be made by a nominating committee appointed by the Board of Directors. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more other Members of the Association. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may only be made from among the Members.

5.4 Election. *So long as Class B membership exists, the Developer shall be entitled to appoint four (4) members of the Board of Directors.* Election of all other members of the Board of Directors shall be by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. The one (1) person receiving the largest number of votes will be elected for the initial three (3) year term and the two (2) persons receiving the next largest numbers of votes shall each be elected for the initial two (2) year term and the two (2) persons receiving the next largest numbers of votes shall each be elected for the initial one (1) year term. Cumulative voting is not permitted.

5.5 Resignation/Removal of Directors. Any Director may resign at any time by giving written notice to the Secretary of the Association, stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective. *Except for Directors appointed by the Developer, which Directors*

may be removed only by the Developer so long as the Class B membership exists, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association.

5.6 Vacancies in Directors. Any vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors; *provided, however, that so long as the Class B membership exists, any vacancy occurring in a Directorship appointed by the Developer shall be filled by appointment by the Developer.* A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his or her predecessor in office. A Directorship to be filled by reason of an increase in the number of Directors shall be filled only by vote of the membership.

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

ARTICLE VI MEETINGS OF THE BOARD OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held as the needs of the Association dictate, but at least quarterly upon not less than five (5) days written notice, at such place and hour as may be fixed from time to time by resolution of the Board.

6.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, upon not less than three (3) days notice to each Director.

6.3 Purpose of Meetings. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

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

6.5 Proxies. A Director shall not be entitled to vote by proxy at any meeting of the Directors.

6.6 Waiver of Notice. A Director may waive any notice before or after the date and time stated in the notice, and such waiver shall be equivalent to the giving of such notice. The waiver shall be in writing, signed by the Director entitled to the notice, and filed with the minutes or corporate records. A Director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the Director, at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

6.7 Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Powers. The Board of Directors shall have the power to:

(a) administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration; and

(b) establish, make and enforce compliance with such reasonable rules and regulations as may be necessary to govern the use of the Common Areas and facilities located thereon as provided in the Declaration, and

the personal conduct of the Members and their guests thereon, and the right to amend the same from time to time, and establish penalties for the violation of same; and

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration; and

(d) acquire, own, hold, improve, maintain, manage, lease, pledge, convey, transfer, or dedicate real or personal property for the benefit of the Members in connection with the affairs of the Association, except the acquisition, mortgaging, or disposal of Common Areas which shall be subject to the provisions of the Declaration; and

(e) fix, levy, and collect assessments as provided in the Declaration; and

(f) hire and terminate a managing agent or such other employees as they deem necessary, and to prescribe their duties. All of the powers and duties granted to the Board hereunder may be delegated to a managing agent; provided however that such delegation shall not relieve the Board of Directors of any responsibility therefor; and

(g) enter into, make, perform, enforce and vacate contracts, agreements, licenses, leases, easements and/or rights-of-way over and across the Common Areas as provided in the Declaration; and

(h) participate in mergers and consolidations with other corporations as provided in the Declaration.

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Association, or at any special meeting when such statement is requested in writing by Members representing at least twenty-five percent (25%) of the votes of the Class A membership; and

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

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

(i) establish the annual operating budget for the Association which shall provide, without limitation, for the management, operation and maintenance of all Common Areas and other areas for which the Association is responsible; and

(ii) fix the amount of the Annual Assessments and the maximum Annual Assessment rate; and

(iii) fix the amount of any Capital Improvement Assessments, Restoration Assessments, Utility Assessments and any other Special Assessments pursuant to the Declaration.

(d) collect all assessments as levied by the Board of Directors from the Owners as are authorized in the Declaration. From the assessments collected, provide for the maintenance, repair and replacement of the Common Areas as required by the Declaration, maintain all policies of insurance and provide for such other expenses, together with the establishment of necessary reserves as are required by the Declaration or are deemed necessary by the Board of Directors in their discretion; and

(e) prepare, record and foreclose the lien against any Lot for which assessments are not paid or bring an action at law against the Owner personally obligated to pay the same; and

(f) establish a reasonable late fee, an interest rate, and other penalties for non-payment of assessments in accordance with the Declaration, as the Board, in its discretion, may determine from time to time and uniformly applied; and

(g) procure and maintain adequate liability insurance and hazard insurance on insurable improvements located on the Common Areas in accordance with the Declaration and such other insurance policies as the Board deems necessary or advisable; and

(h) keep in good order, condition and repair all of the Common Areas and other areas for which the Association is responsible in accordance with the Declaration; and

(i) institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or an Owner on matters affecting the Property; and

(j) enjoin or seek damages from, or assess penalties and assessments against individual Owners for violation(s) of the provisions of the Declaration, the Bylaws, the Articles or the Book of Resolutions of the Association as more fully provided for in the Declaration; and

(k) suspend the right of an Owner to vote and such Owner's other membership rights for non-payment of assessments; and file a lien against a Lot as provided in the Declaration; and

(l) furnish upon demand and for a reasonable charge, a certificate to an Owner or such Owner's First Mortgagee signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of the assessments on a Lot is binding on the Association as of the date of its issuance; and

(m) cause all officers or employees having fiscal responsibilities to be bonded, in accordance with the Declaration; and

(n) enter upon a Lot when necessary without being guilty of trespass in the performance of its duties as outlined in the Declaration; and

(o) borrow money, provided such security as is necessary, provided that such borrowing has the prior written approval of at least sixty-seven percent (67%) of the Class A Members who are entitled to vote *and the Class B Member, so long as the Class B membership shall exist*; and

(p) exercise any other powers conferred by the Declaration, Articles or Bylaws; and

(q) exercise all other powers necessary for the proper governing and operation of the Association.

7.3 Committees. The Board of Directors shall appoint a nominating committee, as provided in these Bylaws, and any other committees as deemed appropriate by the Board of Directors in carrying out its purposes.

ARTICLE VIII OFFICERS AND THEIR DUTIES

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

8.2 Election of Officers. The election of officers shall take place at the first regular meeting of the Board of Directors following each annual meeting of the Association.

8.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are appointed, whichever is later unless he or she shall sooner resign, or be removed, or otherwise disqualified to serve.

8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

8.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board whenever in the Board's judgment the best interest of the Association will be served thereby.

8.6 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 or she replaces.

8.7 Multiple Officers. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 8.4 hereof.

8.8 Duties. The duties of the officers are as follows:

(a) President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall direct, supervise, coordinate and have general control over the affairs of the Association, and shall have the powers generally attributable to the chief executive officer of the corporation. The President shall preside at all meetings of the Board of Directors.

(b) Vice President. The Vice President may act in the place of the President in the case of the President's absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Directors or by the President.

(c) Secretary. The Secretary shall be the custodian of the records and the seal of the Association; shall see that all notices are duly given in accordance with the provisions of these Bylaws and the Declaration and as required by law; shall see that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of the Board of Directors; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform such other duties as may, from time to time, be assigned by the Board of Directors or by the President.

(d) Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds of the Association; shall deposit all such funds in the name of the Association in such depositories as shall be designated by the Board of Directors; shall cause such funds to be disbursed in payment of valid obligations of the Association; shall keep correct and complete financial records and books of account and records of financial transactions and of the financial condition of the Association, and shall submit such reports thereof as the Board of Directors may, from time to time, require; shall cause an annual audit of the Association's books to be made by an accountant at the completion of each fiscal year, if so directed by the Board of Directors or if requested to do so by a First Mortgagee in accordance with Section 10.3 hereof; and shall prepare an annual budget and a statement of income and expenditures to be presented at the Association's annual meeting and such other duties as may from time to time be assigned by the Board of Directors or by the President.

ARTICLE IX AMENDMENTS

For a period of three (3) years after recordation of the Declaration, the Developer may unilaterally make any amendment to these Bylaws which is required by any of the Federal Mortgage Agencies or Arlington County, Virginia, as a condition of approval of the Declaration, the Articles of Incorporation of the Association or these Bylaws. After such three (3) year period, or to make any material amendment to these Bylaws which is not required by the Federal Mortgage Agencies or Arlington County, Virginia, the consent of a least sixty-seven percent (67%) of

the Class A Members *and the consent of the Class B Member, so long as the Class B membership exists*, shall be required and, subject to the provisions of Article XI, Section 2 of the Declaration, the consent of at least fifty-one percent (51%) of the First Mortgagees shall be required. "Material" amendments shall be those described in Article VIII, Section 1 of the Declaration. Subject to the rights of the Developer set forth in Article IX, Section 4 of the Declaration, any non-material amendment to these Bylaws, after such three (3) year period, may be made at any annual or special meeting of the Association by a vote of sixty-seven percent (67%) of the Members.

ARTICLE X MISCELLANEOUS

10.1 Proof of Ownership/Voter Designation. Every person becoming an Owner of a Lot shall immediately furnish to the Board of Directors a photocopy of the recorded instrument vesting in that person such ownership, which instrument shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor shall he or she be entitled to vote at any annual or special meeting of the Association unless this requirement is first met.

Prior to each annual meeting or special meeting of the Association, any corporation, partnership or trust owning a Lot shall advise the Secretary of the Association which of its officers, partners or trustees are designated to vote that Lot's vote.

10.2 Character of Association. This Association is not organized for profit. No Member, member of the Board of Directors, or officer shall receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be distributed to, or inure to the benefit of, any Director, officers or Members. A reasonable salary may be paid to any Member who is in the employ of the Association for his or her services as such employee, and that any Member, Manager, Director, or officer may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

10.3 Inspection of Records/Audit. The Association shall make available to Owners and their mortgagees, current copies of the Declaration, Articles of Incorporation, Bylaws and the Book of Resolutions governing the Property and the books, records and financial statements of the Association. "Available" means available for inspection upon request during normal business hours or other reasonable circumstances at the office of the Association where copies may be purchased at reasonable cost.

Upon ten (10) days prior written notice to the Association, and upon payment of a reasonable fee, any Owner or such Owner's First Mortgagee shall be furnished a statement of his or her accounting, setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

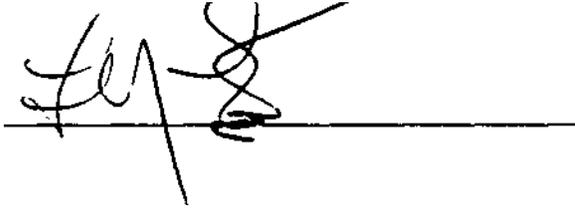
The Association shall also be required to make available to prospective purchasers, or to Owners who are the contract sellers of Lots, within fourteen (14) days of a written request and payment of a reasonable fee therefor, current copies of the Declaration, Bylaws, Articles of Incorporation, and Book of Resolutions governing the Property and the most recent annual financial statement of the Association, if such statement is prepared.

10.4 Indemnification. The Association shall indemnify every present and former Director, officer, agent, or employee against loss, costs, and expenses, including attorneys' fees reasonably incurred in connection with any action, suit or proceeding in which such person may be made a party by reason of being, or having been such Director, officer, agent or employee of the Association, except as to matters concerning which such person shall be finally adjudged to be liable for gross negligence, willful misconduct or fraud. Any such indemnification shall be limited to and may only be paid out of the insurance proceeds provided by an insurer furnishing Officers and Directors Errors and Omissions insurance coverage or similar protection and any other insurance protecting the Association from liability because of the negligent acts of its servants, including insurance covering motor vehicles or public liability, property damage, medical and other similar coverage, it being the intent and purpose of this Section 10.4 to limit all payments or settlements in indemnification to the actual proceeds of insurance policies received by the Association, provided, however, any deductible shall be paid by the Association. In the event of a settlement, the settlement shall be approved by the Board of Directors, and paid by the insurance carrier out of the insurance proceeds.

10.5 Corporate Seal. The Board of Directors shall adopt a seal which shall have inscribed thereon the name of the Association and the words "Commonwealth of Virginia" and the year of incorporation.

10.6 Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, unless changed by the Board of Directors. The first year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 24th day of July, 1990.

A handwritten signature in black ink, appearing to be "John S.", written over a horizontal line.

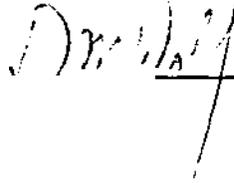
HIGHGATE OWNERS-ASSOCIATION
By:

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Highgate Owners Association, a Virginia corporation.

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a Meeting of the Board of Directors thereof, held on the 24th day of July 1990.

A handwritten signature in black ink, appearing to be "D. M. H. A.", written over a horizontal line.

Secretary