

**Articles of Incorporation
of
Spring Lakes at the Woodlands Property Owners Association, Inc.
(A Nonstock Corporation)**

**ARTICLE I
NAME**

The name of the Association shall be:

Spring Lakes at the Woodlands Property Owners Association, Inc.
(the "Association").

**ARTICLE II
PURPOSE**

The Association is organized and shall be operated exclusively as a Homeowners Association within the meaning of Section 528(c) of the Internal Revenue Code of 1986, as amended and a Property Owners' Association under the *Virginia Property Owners' Association Act* within the meaning of Section 55-508 *et seq.* of the *Code of Virginia* (1950) as amended. The Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purpose for which it is formed is to provide for the acquisition, construction, management, maintenance and care of certain real estate and the enforcement of covenants within the planned unit development known as "Spring Lakes at the Woodland" located in Augusta County, Virginia, and being all of Parcel One, containing 252.476 acres, that was acquired by Woodlands Associates, L.L.C. by deed from The Glen Burnie Company dated June 21, 1999, of record in the Clerk's Office of the Circuit Court of Augusta County, Virginia, in Deed Book 1430, Page 292, and such lands lying adjacent thereto that may hereafter be brought into the Association and to provide a means whereby the Members acting together may provide for the ownership, management, maintenance and care of the Open Space, and in connection therewith shall: (a) enforce the Declaration and exercise all of the powers and privileges and perform all of the duties and obligations of the Association; (b) fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the Declaration and By-Laws of the Association; (c) pay all expenses of the Association; (d) subject to the Declaration and By-Laws, acquire, own, hold, provide, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association and exercise or waive any rights in its favor arising under the Declaration; and (e) have and exercise any and all powers, rights and privileges which a corporation organized under Section 13.1-801 *et seq.* of the *Code of Virginia* (1950) as amended (the "*Nonstock Corporation Act*").

No part of the net earnings of the Association shall inure to the benefit of any private individual other than by acquiring, constructing or providing management, maintenance and care of the Open Space and rebate of excess membership dues, fees and assessments.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

1. **Membership.** The Company shall be a Member of the Association, and a creditor who acquires title to the Properties or any portion thereof pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure shall be a Member of the Association. Every Owner, unless otherwise specified, shall be a Member of the Association. Every Owner shall be required to submit the name(s) of his Tenant(s) and the duration of their tenancy to the Secretary of the Association. The Association may issue to each Member a membership card which shall expire upon sale by an Owner of his property in Spring Lakes at the Woodlands. Owners who are exempt from the payment of Assessments shall not be Members of the Association unless otherwise specified herein.

2. **Voting Rights.** The Association shall have two (2) types of regular voting membership and one (1) type of special voting membership which provides the Company, its successors and assigns, with the power to elect a portion of the Board of Directors:

TYPE "A": Type "A" Members shall be all Owners, including the Company, its successors and assigns, of Residential Lots and/or Family Dwelling Units. A Type "A" Member shall be entitled to two (2) votes for each Residential Lot or each Family Dwelling Unit which he owns.

TYPE "B": Type "B" Members shall include all those Owners, including the Company, its successors and assigns, of Unsubdivided Lands and platted Development Unit Parcels held and intended for future development by the Company or a third party. A Type "B" Member shall be entitled to one (1) vote for each One Hundred Dollars (\$100.00) of Annual Assessments paid to the Association. In computing the number of votes to which a Type "B" Member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred Dollars (\$100.00).

TYPE "C": The Type "C" Member shall be the Company, its successors and assigns. The Type "C" Member shall be entitled to elect one member of the Board of Directors, but will have no votes on other matters. Type "C" Membership shall terminate upon conveyance by the Company or its successors or assigns of the entirety of its interest in the property and additions thereto. Type "A" and "B" Members shall elect three member of the Board of Directors.

Payment of Special Assessments shall not entitle Members to additional votes.

When any property entitling the Owner to membership as Type "A" or "B" Members of the Association is owned or recorded in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order

appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the Secretary of the Association, their acts with respect to voting shall have the following effect:

- (a) If only one (1) votes, in person or by proxy, his act shall bind all;
- (b) If more than one (1) votes, in person or by proxy, the act of the majority so voting shall bind all;
- (c) If more than one (1) votes, in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled to its proportionate share of the vote or votes;
- (d) If the instrument or order filed with the Secretary of the Association shows that any tenancy is held in unequal interest, a majority or even split under subparagraphs (b) and (c) immediately above shall be a majority or even split in interest in the property to which the vote(s) is attributable;
- (e) The principals of this paragraph shall apply, insofar as possible, to the execution of proxies, waivers, consents or objections, and for the purpose of ascertaining the presence of a quorum.

ARTICLE IV
BOARD OF DIRECTORS

1. The number of directors constituting the initial Board of Directors is two (2), and their names and addresses are as follows:

George W. Lester, II	14 East Liberty Street P. O. Drawer 4991 Martinsville, VA 24115
Thomas Montgomery	504 Locust Avenue Waynesboro, VA 22980

Except for the initial Board of Directors, the number of directors shall be as established by the By-Laws, or in the absence of such a by-laws, shall be four (4).

- 2. The term of office for a director shall be one year.
- 3. Requirements and qualifications for directors shall be as set forth in the By-Laws.

ARTICLE V
DEFINITIONS

Except as expressly defined herein, all capitalized terms used herein shall have the meanings set forth in the Declaration or in the By-Laws of this Association.

ARTICLE VI
REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Association, which is located in the City of Staunton, Virginia, is: 9 S. Augusta Street, P. O. Box 2366, Staunton, VA 24402-2366. The name of the initial registered agent of the Association is Philip H. Miller, who is a resident of Augusta County, Virginia, and a member of the Virginia State Bar, whose business address is identical with the registered office.

ARTICLE VII
INDEMNIFICATION

1. **Definitions.** For purposes of this Article the following definitions shall apply:

(a) "Association" means this Association only and no predecessor entity or other legal entity;

(b) "Expenses" include counsel fees, expert witness fees and costs of investigation, litigation and appeal, as well as any amount expended in asserting a claim for indemnification;

(c) "Liability" means the obligation to pay a judgment, settlement, penalty, fine or other such obligation, including, without limitation, any excise tax assessed with respect to an employee benefit plan;

(d) "Legal Entity" means a corporation, partnership, joint venture, trust, employee benefit plan or other enterprise;

(e) "Predecessor Entity" means a legal entity the existence of which ceased upon its acquisition by the Association in a merger or otherwise; and

(f) "Proceeding" means any threatened, pending or completed action, suit, proceeding or appeal whether civil, criminal, administrative or investigative and whether formal or informal.

2. **Limit on Liability.** In every instance in which the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of directors or officers of a corporation to the corporation of its Members, the directors and officers of this Association shall not be liable to the Association or its Members.

3. **Indemnification of Directors and Officers.** The Association shall indemnify any individual who is, was or is threatened to be made a party to a Proceeding (including a Proceeding by or in the right of the Association or by or on behalf of its Members) because such

individual is or was a director or officer of the Association or because such individual is or was a director or officer of the Association or because such individual is or was serving the Association, or any other Legal Entity in any capacity at the request of the Association while a director or officer of the Association, against all Liabilities and reasonable Expenses incurred in the Proceeding except such Liabilities and Expenses as are incurred because of such individual's willful misconduct or knowing violation of the criminal law. Service as a director or officer of a Legal Entity controlled by the Association shall be deemed service at the request of the Association. The determination that indemnification under this Section 7.3 is permissible and the evaluation as to the reasonableness of Expenses in a specific case shall be made, in the case of a director, as provided by law, and in the case of an officer, as provided in Section 7.4 of this Article; provided, however, that if a majority of the directors of the Association has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board of Directors and such person. Unless a determination has been made that indemnification is not permissible, the Association shall make advances and reimbursements for expenses incurred by a director or officer in a Proceeding upon receipt of an undertaking from such director or officer to repay the same if it is ultimately determined that such director or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured, general obligation of the director or officer and shall be accepted without reference to such director's or officer's ability to make repayment. The termination of a Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that a director or officer acted in such a manner as to make such director or officer ineligible for indemnification. The Association is authorized to contract in advance to indemnify and make advances and reimbursements for Expenses to any of its directors or officers to the same extent provided in this Section.

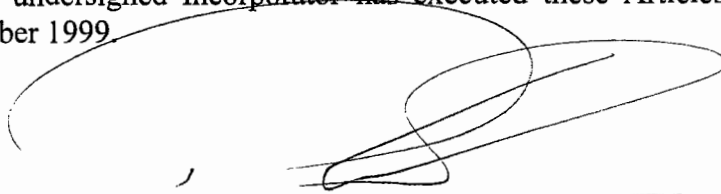
4. **Indemnification of Others.** The Association may, to a lesser extent or to the same extent that it is required to provide indemnification and make advances and reimbursements for Expenses to its directors and officers pursuant to Section 3 of this Article, provide indemnification and make advances and reimbursements for Expenses to its employees and agents, the directors, officers, employees and agents of its subsidiaries and predecessor entities, and any person serving any other Legal Entity in any capacity at the request of the Association, and may contract in advance to do so. The determination that indemnification under this Section 4 is permissible, the authorization of such indemnification and the evaluation as to the reasonableness of Expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board of Directors, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under Section 3 of this Article shall be limited by the provisions of this Section 4.

5. **Miscellaneous.** The rights of each person entitled to indemnification under this Article VII shall inure to the benefit of such person's heirs, executors and administrators. Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by Legal Entities other than the Association and indemnification under policies of insurance purchased and maintained by the Association or others. However, no

person shall be entitled to indemnification by the Association to the extent such person is indemnified by another, including an insurer. The Association is authorized to purchase and maintain insurance against any Liability it may have under this Article or to protect any of the persons named above against any Liability arising from their service to the Association or any other Legal Entity at the request of the Association regardless of the Association's power to indemnify against such Liability. The provisions of this Article shall not be deemed to preclude the Association from entering into contracts otherwise permitted by law with any individuals or Legal Entities, including those named above. If any provision of this Article or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article, and to this end the provisions of this Article are severable.

6. **Amendments.** No amendment, modification or repeal of this Article shall diminish the rights provided hereunder to any person arising from conduct of events occurring before the adoption of such amendment, modification or repeal.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the Commonwealth of Virginia, the undersigned Incorporator has executed these Articles of Incorporation this 30th day of November 1999

A large, stylized handwritten signature in black ink, appearing to read 'Philip H. Miller', is written over a horizontal line. The signature is somewhat circular and loops around itself.

Philip H. Miller, Incorporator

**Articles of Amendment
for
Spring Lakes at the Woodlands Property Owners Association, Inc.**

The Board of Directors of Spring Lakes at the Woodlands Property Owners Association, Inc. (hereinafter the "corporation") unanimously approved the changes to the Articles of Incorporation set forth below and recommended changes to the members of the corporation to be considered at its annual meeting held on March 23, 2005, for adoption.

The corporation notified the Members of the corporation entitled to vote of the date, time and place of the annual meeting in accordance with Section 13.1- 842 of the Code of Virginia, which notice stated, *inter alia*, that the purpose of the meeting was to consider the changes set forth below.

The Members of the corporation approved the changes set forth below at the annual meeting as recommended by the Board of Directors by a vote of more than three-fourths of the members.

Accordingly the Articles of Incorporation of the corporation are hereby amended as follows:

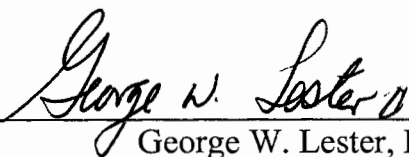
First: Type "B" voting rights under Article V Membership and Voting Rights in the Association are hereby amended to read as follows:

TYPE "B": Type "B" Members shall be Woodlands Associates, LLC, its successors and assigns (the "Company.") The Company shall have 1,707 votes, (a number equal to three times the total number of Type A members [569] projected when the real estate described above has been fully developed.) less the number of votes held by Type A Members when the vote is taken. In the event additional real estate is added to the development, the votes of the Type B Member shall be increased by three times the number of Type A votes that would be appurtenant to any lots created from such real

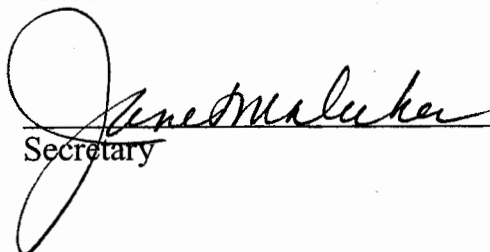
estate if such real estate were fully developed under the applicable zoning regulations.

Second: In all other respects the Articles of Incorporation are reaffirmed.

Dated: 4/20/05


George W. Lester, II, President

Attest:


Secretary