

BY-LAWS
OF
PEBBLE CREEK PROPERTY OWNERS ASSOCIATION,
a Virginia Nonstock Corporation

ARTICLE I

Meeting of Members

1.1 Place of Meetings. All meetings of the members shall be held at such place within the Commonwealth of Virginia as may be stated in the notice of meeting.

1.2 Annual Meetings. The annual meeting of the members, for the election of Directors and transaction of such other business as may come before the meeting, shall be held in each year on the first Tuesday of April (beginning in 1996), if that day is not a legal holiday. If that day is a legal holiday, the annual meeting shall be held on the next succeeding day not a legal holiday.

1.3 Special Meetings. Special meetings of the members shall be held as provided in the Virginia Nonstock Corporation Act.

1.4 Notice of Meetings. Notice of member's meetings shall be given in compliance with and may be waived as provided in the Virginia Nonstock Corporation Act.

1.5 Quorum.

(A) Class A members holding one-tenth of the Class A votes entitled to be cast represented in person or by proxy shall constitute a quorum of Class A.

(B) The Declarant (as defined in the Articles of Incorporation) must be represented in person by authorized agent or by proxy in order to constitute a quorum of Class B.

(C) A quorum of both Class A and Class B members is required for the conduct of any business at a meeting and for the adoption of any matter voted upon by the members; except that the vote of a majority of the votes entitled to be cast by the Class A members present or represented by proxy at a meeting at which a quorum of Class A members is present shall be sufficient for the adoption of any matter to be voted upon by Class A members only; and the vote of the Class B member present or represented by proxy at a meeting at which a quorum of Class B is present shall be sufficient for the adoption of any matter to be voted upon by Class B only.

(D) Subject to the provisions of paragraph 1.5 (c), at any meeting at which less than a quorum is present, the members present shall have the power only to adjourn the meeting.

1.6 Record Date. The secretary of the Association shall close the membership books on the date which is seventy (70) days prior to the date of the meeting or action requiring a determination of members. The secretary shall make the appropriate adjustments in the voting rights of members as mandated by the Articles of Incorporation at least ten (10) days before the meeting or action requiring a determination of members. The secretary shall maintain a list of members at the office of the Association, or in the event the Association does not have an office, at the office of the secretary for a period of ten (10) days prior to the meeting or action requiring a determination of members. The list of members shall be subject to inspection by any member during said ten day period during usual business hours subject to and as required by the provisions of the Virginia Nohstock Corporation Act.

1.7 Chairman of Meetings. The President shall preside over all meetings of the members. If he is not present, a Vice President shall preside, or, if none be present, a meeting chairman shall be elected by the members. The Secretary of the Association shall act as secretary of all the meetings, if he be present. If he is not present, the Chairman shall appoint a secretary of the meeting.

1.8 Inspectors. An appropriate number of inspectors for any meeting of members may be appointed by the chairman of such meeting. Inspectors so appointed shall open and close the polls, shall receive and take charge of proxies and ballots, and shall decide all questions as to the qualifications of voters, validity of proxies and ballots, and the number of votes properly cast.

1.9 Rules of Order. All meetings of members of the Association shall be governed by Robert's Rules of Order; provided however that the members may adopt other, modified or additional rules for any given meetings.

ARTICLE 2

Directors

2.1 General Powers. The property, affairs and business of the Association shall be managed under the direction of the Board of Directors, and, except as otherwise expressly provided by law, the Articles of Incorporation or these by-laws, all of the powers of the Association shall be vested in such Board.

2.2 Term of Office. At the first annual meeting of the members, the Class A members, the Class B member and the Declarant, if eligible, shall elect one director for a term of three years, and one director for a term of two years, and one director for a term of one year. At each annual meeting thereafter, the members shall elect one director for a

term of three years in accordance with the Articles of Incorporation. When the Board of Directors is expanded as set forth in the Articles of Incorporation, the terms shall be staggered in a manner to be determined by the Board of Directors.

2.3 Quorum of Meetings of Board of Directors. A majority of the number of directors elected and serving at the time of any meeting shall constitute a quorum for the transaction of business. The act of a majority of directors present at a meeting at which a quorum is present shall be the act of the board of directors. Less than a quorum may adjourn any meeting. The members of the Board of Directors may participate in any regular or special meeting by, or conduct a meeting through the use of, any means of communication by which all directors may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting for purposes of establishing a quorum and for all other purposes.

2.4 Meetings of Directors. An annual meeting of the Board of Directors shall be held as soon as practicable after the adjournment of the annual meeting of members at the same place as such annual meeting of members was held. Other meetings of the Board of Directors shall be held at places within or without the Commonwealth of Virginia and at times fixed by resolution of the Board, or upon call of the President. The Secretary or officer performing the Secretary's duties shall give not less than seventy-two hours' notice by letter, telegraph or facsimile of all meetings of the Board of Directors, provided that notice need not be given of the annual meeting or of regular meetings held at times and places fixed in accordance with these by-laws. Meetings may be held at any time without notice if all of the directors are present, or if those not present waive notice in writing either before or after the meeting. The notice of meetings of the Board need not state the purpose of the meeting. The Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other. A written record shall be made of the action taken at any meeting. The directors may act without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors as provided in the Virginia Nonstock Corporation Act.

ARTICLE 3

Officers

3.1 Election of Officers; Terms. The officers of the Association shall consist of a President, a Secretary and a Treasurer. Other officers, including vice-presidents and assistant and subordinate officers, may from time to time be elected by the Board of Directors. All officers shall hold office until the next annual meeting of the Board of Directors and until their successors are elected. Any two or more offices may be held by the same person, except that the same person may not hold the offices of President and Secretary concurrently.

3.2 Removal of Officers; Vacancies. Any officers of the Association may be removed summarily with or without cause, at any time, by the Board of Directors. Vacancies may be filled by the Board of Directors.

3.3 Powers and Duties of the President. It shall be the duty of the president when present to preside at members' meetings and at all meetings of the Board of Directors. The president, subject to the approval of the Board of Directors, shall appoint and remove, employ and discharge, and fix the compensation of all agents and employees of the Association other than officers appointed by the Board. The president shall sign or countersign all notes, drafts or bills of exchange, acceptances, and other instruments, for the payment of money duly drawn by the treasurer. He shall submit a report of the operations of this Association for each year to the directors at their last regular meeting in such year, or at a special meeting called for that purpose before the annual meeting of members, and to the members at their annual meeting, and from time to time he shall report to the directors all matters within his knowledge which the interest of this Association may require to be brought to their notice. In general, he shall perform all duties incident to his office and such other duties as may be prescribed by the Board of Directors from time to time.

3.4 Powers and Duties of the Vice President or Vice Presidents. The vice presidents of this Association shall generally assist the president and shall perform such duties as may be assigned by the Board of Directors from time to time. In the event of the death, resignation, absence or inability to act of the president, the designated senior vice president (if more than one) shall assume and discharge pro tempore the powers and duties of the president of this Association.

3.5 Powers and Duties of the Secretary. The secretary shall be ex officio secretary of the Board of Directors. He shall keep the minutes of all meetings of the Board of Directors and members. He shall have charge of the Association's books and records. He shall keep in safe custody the seal of the Association, and when authorized by the Board of Directors shall affix the seal to any instrument requiring the same. He shall keep a record of all current and former members. He shall give and serve all notices to the members and directors. In general, he shall perform all the duties incident to his office and such other duties as may be assigned to him by the president or by the Board of Directors from time to time.

3.6 Powers and Duties of the Treasurer. The treasurer shall have the care and custody of and be responsible for all the funds, securities, evidences of indebtedness and other valuable documents of the Association, and deposit all such funds in the name of the Association in such banks, or trust companies, or other depositories, or in such safe deposit vaults as the Board of Directors may designate. The treasurer and/or those other persons designated by the Board of Directors shall sign, make, and endorse in the name of the Association all checks, notes, drafts, bills of exchange, acceptances and other instruments for the payment of money, and payout and dispose of same and receipt therefor. The treasurer shall render a statement of the condition of the finances of the Association of each regular meeting of the Board of Directors, and at such other times as shall be required of

him, and a full financial report at the annual meeting of the members. The treasurer shall keep at the office of the Association full and accurate books of account of all its business and transactions and such other books of account as the Board of Directors may require, and shall exhibit the same to any director of the Association upon application therefor. In general, he shall perform all the duties incident to his office and such other duties as from time to time may be assigned to him by the president or by the Board of Directors from time to time.

3.7 Compensation. Directors and officers shall be reimbursed by the Association for all expenses incurred by them in the performance of the duties as a director or officer on behalf of the Association.

ARTICLE 4

Miscellaneous provisions

4.1 Checks, Notes and Drafts. Checks, notes, drafts and other orders for the payment of money shall be signed by such persons as the Board of Directors from time to time may authorize. When the Board of Directors so authorizes, however, the signature of any such person may be a facsimile.

4.2 Amendment of By-Laws. Unless proscribed by the Articles of Incorporation, these by-laws may be amended or altered at any meeting of the Board of Directors by affirmative vote of a majority of the directors.

4.3 Seal. The seal of the Association shall consist of a flat-faced circular die, of which there may be any number of counterparts, on which there shall be engraved the word "Seal" and the name of the Association.

IN WITNESS WHEREOF, the undersigned Secretary of Pebble Creek Property Owners Association hereby certifies that the foregoing bylaws of Pebble Creek Property Owners Association were adopted at the organizational meeting of the initial Board of Directors of Pebble Creek Property Owners Association, a Virginia Nonstock Corporation held in the County of Hanover on _____, ____ 1995.