

BY-LAWS
OF
MILLWOOD ESTATES HOMEOWNERS' ASSOCIATION

ARTICLE I

NAME; OFFICE

The name of the corporation is MILLWOOD ESTATES HOMEOWNERS' ASSOCIATION, a non-stock corporation organized under and pursuant to the laws of the Commonwealth of Virginia. The principal office of the corporation shall be located c/o Scarborough Corporation, 12011 Lee Jackson Memorial Highway, Fairfax, Virginia 22033, but meetings of members, Directors, and committees may be held at such other places within Fairfax County, Virginia, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The following words when used in these By-Laws, or in any amendment to these By-Laws, shall (unless the context clearly indicates otherwise) have the following meanings:

2.1 "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Millwood Estates Homeowners' Association, said Articles of Incorporation being incorporated herein as if fully set forth in these By-Laws.

2.2 "Association" shall mean and refer to Millwood Estates Homeowners' Association, a non-stock corporation organized under and pursuant to the laws of the Commonwealth of Virginia, and its successors and assigns.

2.3 "Board" or "Board of Directors" shall mean and refer to the Board of Directors of Millwood Estates Homeowners' Association.

2.4 "By-Laws" shall mean and refer to these By-Laws adopted by the Board of Directors of Millwood Estates Homeowners' Association.

2.5 "Common Area" shall mean and refer to Parcel

A as identified in the recorded subdivision plat of the Property, and all other real property. including any improvements thereon or thereto, owned by the Association (or designated on any recorded subdivision plat of the Property as intended to be conveyed to the Association) for the common use and enjoyment of the Members of the Association.

2.6 "Declarant" shall mean and refer to Scarborough Corporation, a New Jersey corporation, any assignee of Scarborough Corporation (if an appropriate document is executed and recorded assigning to such assignee all rights reserved to Declarant in the Declaration with respect to all or any portion of the Property and/or Lots), or any entity succeeding to any of Declarant's rights under the Declaration by foreclosure, by acceptance of a deed in lieu of foreclosure, or by any similar proceeding.

2.7 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions, and any amendments thereto duly recorded in the land records of Fairfax County, Virginia, said Declaration being incorporated herein as if fully set forth in these By-Laws.

2.8 "Director" shall mean and refer to a member of the Board of Directors of the Association.

2.9 "Lot" shall mean and refer to a portion of the Property designated as a numbered lot or a lettered out-lot on any plat of subdivision of the Property recorded in the land records of Fairfax County, Virginia, and all improvements on such land.

2.10 "Member" shall mean and refer to every person or entity who holds membership in the Association.

2.11 "Millwood Estates" shall mean and refer to the property that is from time to time subject to the Declaration.

2.12 "Mortgage" shall mean and refer to a first mortgage or a first deed of trust on any Lot or the Common Area, if the Association has been notified in writing of the existence of such mortgage or deed of trust.

2.13 "Mortgagee" shall mean and refer to any person or entity holding a first mortgage or first deed of trust on any Lot or the Common Area, if the Association has been notified in writing of the existence of such mortgage or deed of trust.

2.14 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee

simple title to any Lot which is a part of the Property, but shall exclude those having such interest merely as security for the performance of an obligation, such as any Mortgagee, until such Mortgagee has acquired record title pursuant to foreclosure or any procedure in lieu of foreclosure.

2.15 "Property" shall mean and refer to all of the real property, with improvements thereon or thereto, described on Exhibit A to the Declaration, and all other real property (including the improvements thereon) that may later be subjected to the provisions of the Declaration.

2.16 "Restrictive Covenants" shall mean and refer to the restrictive covenants set forth in Article VI of the Declaration.

ARTICLE III

MEETINGS OF MEMBERS; VOTING

3.1 Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of recordation of the Declaration. Each subsequent annual meeting of the Members shall be held within ten (10) to fourteen (14) months following the previous annual meeting, on such date and at such time as set by the Board of Directors.

3.2 Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon the written request of Members holding at least twenty-five percent (25%) of the votes of the Class A membership or fifty percent (50%) of the votes of the Class B membership.

3.3 Notice of Meetings. Unless otherwise provided in the Declaration, Articles of Incorporation, or elsewhere in these By-Laws, written notice of each meeting of the Members shall be given by or at the direction of the secretary to each Member entitled to vote at such meeting. Each such notice shall be hand delivered or mailed, postage prepaid, not less than ten (10), nor more than fifty (50), days before the date of such meeting, addressed to the Member at his address as it appears on the books of the Association. Such notice shall specify the date, time, and place of the meeting and, in the case of a special meeting, the purpose of the meeting.

3.4 Quorum. Unless otherwise provided in the Declaration, Articles of Incorporation, or elsewhere in these By-Laws, the presence at a meeting of Members (or of proxies) entitled to cast at least twenty-five percent (25%) of the votes

of each class of membership shall constitute a quorum for any action. If the required quorum is not present at any meeting, another meeting may be called, subject to the notice requirements set forth in Section 3.3 above, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Additionally, if such quorum shall not be present or represented at any meeting, the meeting may be adjourned from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.5 Proxies. Each Member entitled to vote may vote in person or by proxy executed in writing by the Member or his authorized attorney-in-fact. No proxy shall be valid after eleven (11) months unless otherwise provided in the proxy. Additionally, each proxy shall be revocable (unless otherwise provided therein) and shall automatically be deemed invalid upon conveyance by a Member of his Lot.

3.6 Voting. Unless otherwise set forth in the Declaration, Articles of Incorporation, or elsewhere in these By-Laws, a majority of the votes cast by each class of the Members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon. No cumulative voting shall be permitted at any meeting, or in any vote, of the Members.

ARTICLE IV

BOARD OF DIRECTORS

4.1 Number. Until the first annual meeting of the Association, the affairs of the Association shall be managed by a board of three (3) Directors, who need not be Members of the Association or residents of the Property. Thereafter, the affairs of the Association shall be managed by a board of five (5) Directors, who need not be Members of the Association or residents of the Property.

4.2 Term of Office. At the first annual meeting, the Members shall elect two (2) Directors for terms of three years, two (2) Directors for terms of two years, and one (1) Director for a term of one year. At each annual meeting thereafter, the Members shall elect, in alternate years, either one or two Directors for terms of three years to fill the vacancies created by the expiration of the terms of the previous Directors.

4.3 Compensation. No Director shall receive compensation for any service he renders to the Association in his

capacity as a Director. Notwithstanding the foregoing, each Director shall be reimbursed for the actual reasonable expenses incurred by him in the performance of his duties as a Director.

4.4 Indemnification. Each Director, in consideration of his services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, to which he may be a party by reason of his past or present role as a Director of the Association, unless such action, suit or proceeding was a result of his gross negligence or willful misconduct.

4.5 Nomination and Election of Directors; Removal

4.5(1) Nominations; Nominating Committee

4.5(1)(a) Nomination for election to the Board of Directors shall be made by the Nominating Committee. Nominations may also be made by any Member at the annual meeting.

4.5(1)(b) The Nominating Committee shall consist of three (3) persons, one of whom shall be a member of the Board of Directors whose term is not then expiring or, if it is expiring, who is not a candidate for re-election. The Nominating Committee shall be appointed by the Board of Directors no less than sixty (60) days prior to each annual meeting of the Members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations (from among Members or non-members) for election to the Board of Directions as it shall, in its discretion, determine; provided, that in no event shall it nominate for election a fewer number of candidates than the number of vacancies that are to be filled at such annual meeting.

4.5(1)(c) Notwithstanding the foregoing terms of this Section 4.5(1), (i) no Member may be nominated to be a member of the Board of Directors if such Member is delinquent in the payment of any assessment for a period of thirty (30) days or more, and (ii) no person may be nominated to be a member of the Board of Directors unless such person has indicated in writing his willingness to become a candidate.

4.5(2) Election. Election to the Board of Directors shall be by secret written ballot. At each such election the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to cast under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. As set forth in Section 3.6 of these By-Laws, cumulative voting is not

permitted.

4.5(3) Removal; Vacancy. Any Director may be removed from the Board, with or without cause, by a majority vote of each class of Members. In the event of the death, resignation or removal of a Director, a successor shall be selected by the remaining Directors to serve until the next annual meeting of the Association, at which time a new Director shall be elected to serve for the unexpired term of his predecessor.

4.6 Meetings of Directors

4.6(1) Regular Meetings. Regular meetings of the Board of Directors shall be held at least once in each calendar year at a place, date and time as may be fixed from time to time by resolution of the Board. Additionally, the Board of Directors shall be required to meet within fifteen (15) days following the annual meeting of the Association for the purpose of electing officers of the Association.

4.6(2) Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any Director, after not less than three (3) days' written notice either mailed or personally delivered to each Director. Such notice shall be deemed given when actually received.

4.6(3) Quorum. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business. Every act or decision of a majority of the Directors present at a meeting at which proper notice is given and at which a quorum is present shall be regarded as the act of the Board.

4.6(4) Action without Meeting. The Board of Directors shall have the right to take any action which they could take at a meeting by obtaining the written approval of all Directors in lieu of holding such meeting. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

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

4.7(1) Adopt and publish rules and regulations ("Rules and Regulations") governing the use of the Common Area and facilities and the personal conduct of the Members and their guests on the Common Area, and to establish penalties for infractions of such Rules and Regulations.

4.7(2) Suspend the voting rights of any Member and

the right of such Member to use the recreational facilities, if any, during any period in which such Member is in default in the payment of any assessment or charge provided for in the Declaration for a period of at least thirty (30) days. Such rights may also be suspended after ten days' prior written notice and a hearing, for a period not to exceed sixty (60) days, for infraction of the Rules and Regulations.

4.7(3) Exercise for the Association all powers, duties and authority vested in or given to the Association by the Declaration, Articles of Incorporation, or these By-Laws, if not expressly reserved to the Members by any other provisions of such documents.

4.7(4) Declare the office of a member of the Board of Directors to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board.

4.7(5) Employ such agents, contractors or employees as the Board of Directors deems necessary, and to prescribe their duties.

4.8 Duties The Board of Directors shall have the following duties:

4.8(1) To cause to be kept a complete record of its acts and the corporate affairs of the Association, and to present a statement of its acts and the affairs of the Association to the Members at the annual meeting of the Association, or at any special meeting of the Association, when such statement is requested in writing at least ten (10) days in advance by at least one-fourth (1/4) of the Class A Members who are entitled to vote.

4.8(2) To supervise all officers, agents, employees and committees of the Association, and to see that their duties are properly performed.

4.8(3) As more fully set forth in the Declaration:

4.8(3) (a) to fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period; and

4.8(3) (b) to send written notice of each assessment to each Owner at least thirty (30) days in advance of each annual assessment period.

4.8(4) To issue, or cause an appropriate officer

to issue, upon demand by any authorized person, a certificate setting forth the status of assessments against any Lot. A reasonable charge may be made by the Board for the issuance of such certificates. A properly executed certificate as to the status of assessments on a Lot is binding on the Association as of the date of such certificates issuance.

4.8(5) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance, on the Common Area, specifically including any risks associated with any storm water management systems.

4.8(6) To cause all officers or employees having fiscal responsibilities to be bonded, and to secure liability insurance covering the acts or omissions of Directors, officers, committee members, and employees, as the Board shall deem appropriate.

4.8(7) To cause the Common Area to be maintained in accordance with standards adopted by the Board.

4.8(8) To perform all other duties required by the Declaration, the Articles of Incorporation, or these By-Laws to be performed by the Board of Directors.

ARTICLE V

OFFICERS

5.1 Enumeration of Offices. The Association shall have a president, who shall at all times be a member of the Board of Directors, a vice president, a secretary, and a treasurer. Additionally, the Association may have such other offices as the Board of Directors may from time to time determine to be necessary or desirable.

5.2 Election of Officers. The initial officers of the Association shall be elected by the Board of Directors at its first meeting. Regular election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members, as set forth in section 4.6(1) of these Articles of Incorporation.

5.3 Term. The officers of the Association shall be elected annually by the Board, and each shall hold office for one year, unless he earlier resigns or is removed.

5.4 Special Appointments. The Board may elect such other officers as the Board deems necessary or desirable, 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.

5.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. 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 receipt of such notice or at any later time specified in such notice.

5.6 Vacancies. A vacancy in any office may be filled by the Board of Directors at any meeting of the Board at which a quorum is present. The officer elected to fill such vacancy shall serve for the remainder of the term of the officer he replaces.

5.7 Multiple Offices. The offices of secretary and treasurer may be held by the same person. Except with respect to any person holding the offices of secretary and treasurer at the time, no person shall simultaneously hold more than one office, except for special offices created pursuant to Section 5.4 above.

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

5.8(1) President. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out, and shall sign all leases, mortgages, deeds and other written instruments to which the Association is a party. Additionally, the president shall perform such other duties as are prescribed by the Board of Directors.

5.8(2) Vice President. The vice president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

5.8(3) Secretary. The secretary shall (a) record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members, (b) keep the corporate seal of the Association, (c) serve notice of meetings of the Board of Directors and of the Members, d) keep appropriate current records showing the names of the Members of the Association and their addresses, and (e) perform such other duties as are required by the Board of Directors.

5.8(4) Treasurer. The treasurer shall (a) receive and deposit in appropriate bank accounts all monies of

the Association, (b) disburse such funds as directed by resolution of the Board of Directors, (c) sign all checks and promissory notes of the Association, (d) keep proper books of account, and (e) prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of such budget and statement to each of the Members.

5.9 Indemnification. Each officer, in consideration of his services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, to which he may be a party by reason of his past or present role as an officer of the Association, unless such action, suit or proceeding was a result of his gross negligence or willful misconduct.

ARTICLE VI

COMMITTEES

6.1 Architectural Review Committee. The Board of Directors shall appoint the Architectural Review Committee, as provided in Section 5.2 of the Declaration, which shall have the duties, functions and powers set forth in Article V of the Declaration. Each member of the Architectural Review Committee, in consideration of his services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, to which he may be a party by reason of his past or present role as a member of the Architectural Review Committee, unless such action, suit or proceeding was a result of his gross negligence or willful misconduct.

6.2 Nominating Committee. The Nominating Committee shall have the duties and shall be appointed by the Board of Directors as provided in Section 4.5(1) of these By-Laws.

6.3 The Board of Directors shall have the power and authority to appoint such other committees as it, in its discretion, deems necessary or desirable.

ARTICLE VII

BOOKS AND RECORDS

The books, records, and papers of the Association shall be subject to inspection by any Member during reasonable

business hours. The Declaration, Articles of Incorporation, and By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association. Additional copies of the Declaration, Articles of Incorporation and By-Laws may be purchased from the Association at a reasonable cost to be fixed by the Board of Directors.

ARTICLE VIII

ASSESSMENTS; FISCAL YEAR

8.1 Assessments. As more fully set forth in the Declaration, each Member is obligated to pay to the Association annual and special assessments in amounts to be fixed according to the provisions of the Declaration, which assessments are secured by a continuing lien on the Lot against which such assessments are made. Any assessment not paid on or prior to the due date shall be delinquent, and any assessment not paid within thirty (30) days following the due date shall bear interest at the rate of two percent (2%) per month until paid. In addition, the Association, in its discretion, may take any or all of the other remedies provided for in the Declaration, including bringing an action against the Owner personally obligated to pay such assessment, or an action to foreclose the lien against the delinquent Lot. Interest, costs, and reasonable attorneys' fees of the Association incurred in any such action (or, if any such action is not actually brought, in preparation for such action) shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for such assessments by non-use of the Common Area or abandonment of his Lot.

8.2 Fiscal Year. The fiscal year of the Association shall begin on January 1 and end on December 31 of each year, except that the first fiscal year of the Association shall begin on the date of issuance of a certificate of incorporation for the Association by the Commonwealth of Virginia. Notwithstanding the foregoing, the Board of Directors shall have the power to change the fiscal year of the Association.

ARTICLE IX

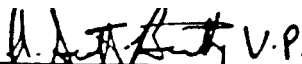
AMENDMENTS; CONFLICTS

9.1 These By-Laws may be amended by the affirmative vote of a majority of each class of the Members present in person or by proxy at a meeting duly called for such purpose, except that until such time as Declarant's Class B membership is

converted to a Class A membership, any such amendment shall require the approval of the Federal Housing Administration or the Veterans Administration.

9.2 If there is any conflict between the provisions of the Declaration, the Articles of Incorporation, the By-Laws, or any of the Rules and Regulations adopted pursuant to the terms of such documents, the provisions of the documents earlier mentioned in this sentence shall govern.


IN WITNESS WHEREOF, we, the initial Directors of the Association, have adopted these By-Laws as the By-Laws of Millwood Estates Homeowners' Association this 21st day of April, 1986.

 V.P.

A. Scott Beatty



Brandi F. Sowers



Richard D. DiBella