

BY LAWS
OF THE
STONELEIGH HOME OWNERS ASSOCIATION, Inc.

ARTICLE I - OFFICES

The principal office of the corporation in the State of West Virginia shall be located at 46 Hawick Road, Inwood, West Virginia. The corporation may have such other offices, either within or without the State of West Virginia as the Board of Directors may designate or as the business of the corporation may require from time to time.

ARTICLE II - MEMBERSHIP

Section 1. GENERAL: Every owner of a lot in the subdivision known as Stoneleigh in Berkeley County, West Virginia, may elect to become a member of the Stoneleigh Home Owners Association, Inc., hereinafter referred to as the Association.

Section 2. LOT DEFINITION: A lot in Stoneleigh Subdivision shall be considered to be a lot as shown on the plat of record in the Office of the Clerk of the County Commission of Berkeley County, West Virginia; however, in the event that a single residential structure is improved on more than one lot within Stoneleigh Subdivision as shown on said plat; or, a single owner or owners uses more than one lot as shown on the plat of record as a single residential dwelling, then in the discretion of the Board of Directors, a lot owner may only be assessed and vote as a single lot, unless and until the lot owner(s) conveys the lot to a third party as a severance from the other single residential dwelling from which it is severed.

Section 3. ACTIVE MEMBER STATUS: All members shall be considered as active members as long as any dues, assessments or other charges previously accrued are satisfied. Any person or entity, on becoming a member, shall furnish to the Secretary of the Association a photocopy of the recorded instrument vesting that person or entity with an ownership interest, which instrument shall remain in the files of the Association. All members shall keep the Secretary apprised of their current mailing address and telephone number.

Section 4. VOTING RIGHTS: Active members shall be entitled to one vote per lot. When more than one person or entity holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, and the Secretary shall be notified of such designation prior to any meeting, by the filing of a proxy. In the absence of such advice, the vote allocated to the lot shall be suspended in the event more than one person or entity seeks to exercise the right to vote.

ARTICLE III - MEETINGS

Section 1. ANNUAL MEETING: The first meeting of the Association shall be held to adopt these By Laws, to elect Directors and to conduct such other business as may come before the meeting. Thereafter, the regular annual meeting shall be held at such time and place as may be designated by the Board of Directors during the month of February of each year. The purpose of the regular annual meeting is to elect Directors and to conduct such other business as may come before the meeting. If the election of Directors shall not be held on the day designated for any annual meeting of the members, or at adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

Section 2. SPECIAL MEETINGS: Special meetings of the Association may be called at any time by the President of the Association, or by the Board of Directors, or upon written request from twenty percent (20%) of the membership entitled to vote. Calls for special meetings shall specify the object or purpose for such meeting, and no other business other than that stated in such call shall be transacted at such meeting unless ninety percent (90%) of those members present at the actual meeting consent, whether in person or by proxy.

Section 3. NOTICE OF MEETINGS: Written notice of every annual or special meeting of the Association, stating the time, place and purpose or purposes of the meeting, shall unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the membership books of the Association, with postage thereon prepaid.

Section 4. QUORUM: The presence, either in person or by proxy, of the members constituting a majority of the total membership of the Association shall constitute a quorum for the transaction of business. When a quorum is present, a majority of the members represented shall decide any questions or issues brought before such meeting. When a quorum is not present, the members present or represented shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 5. PROXIES: Any member may cast such member's vote in person or by proxy, but no proxy shall be valid after eleven months from the date of its execution, unless otherwise provided for in the proxy. Proxies shall be filed with the Secretary before or at the time of the meeting.

Section 6. MEMBERSHIP LIST: The Secretary shall make a complete list of the members entitled to vote at each meeting of members or any adjournment thereof, arranged in alphabetical order, with the address of and the number of votes held by each. Such list shall 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.

Section 7. WAIVER OF NOTICE: Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place of the meeting, unless such member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, or which proper notice was not given, is raised before the business is put to a vote.

Section 8. CONDUCT OF MEETINGS: The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring there. The order of business of all meetings of the Association shall be as follows:

1. Roll Call and Determination of Quorum
2. Proof of Meeting Notice or Waiver
3. Reading and Correction of Minutes of Preceding Meeting
4. Reports of Officers
5. Reports of Committees
6. Unfinished Business
7. New Business
8. Adjournment

Section 9. INFORMAL ACTION BY MEMBERS: Unless otherwise provided by law, any action required to be taken at a meeting of the members, or any other action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE IV - BOARD OF DIRECTORS

Section 1. GENERAL POWERS: The business and affairs of the Association shall be managed by its Board of Directors. The Board shall have the powers and duties necessary for the administration of the affairs of the Association. The Board of Directors may do all such acts and things as are not by law or by the Articles of Incorporation, these By Laws or the declaration directed to be exercised or done by the members.

Section 2. NUMBER, TENURE AND QUALIFICATIONS: The number of Directors of the Association shall be five (5). Each Director shall be an active member of the Association. Each Director shall hold office until the next annual meeting of members and until his successor shall have been elected and qualified.

Section 3. ELECTION OF DIRECTORS: Nominations for election to the Board of Directors shall be made by the members. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes. Each member shall vote for five Directors. Cumulative voting shall not be permitted.

Section 4. REMOVAL OF DIRECTORS; VACANCIES: Directors may be removed and vacancies on the Board may be filled as follows:

1. By the Members: Any Director may be removed by a majority vote of the members, with or without cause, at any regular or special meeting of the membership. A successor to any Director removed may then and there be elected to fill the vacancy created. Any Director whose removal was proposed by the members shall be given at least ten (10) days notice of the date and purpose of the meeting and shall be given an opportunity to be heard at the meeting.
2. By the Board: Any Director who has three consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment for more than thirty days may be removed by a majority vote of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board. In the event of death, disability or resignation of a Director, a vacancy may be declared by the Board, and it may appoint a successor.

Section 5. RENUMERATION: No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 6. MEETING: The annual meeting of the Board of Directors shall be held immediately following and at the time and place of the annual meeting of the Association. Regular meetings shall be held not less than bi-monthly, at a time and place as the Board may determine, such time and place to be set at the previous meeting. Special meetings may be held at such time and place as the Board may determine. Special meetings of the Board may be called by the President at any time, and shall be called by the Secretary upon the written request of two (2) Directors. All meetings of the Board are open to active members of the Association who may observe all proceedings and address the Board only upon the invitation of the President.

Section 7. NOTICE: Notice of any special meeting of the Board and the purpose of the meeting shall be given at least four (4) days prior to such meeting by written notice to be delivered personally or by mail to each member of the Association.

Section 8. 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 an act of the Board. Each Director shall have one vote.

Section 9. WAIVER OF NOTICE: The transactions of any meeting of the Board, however called and noticed or whenever held, shall be as valid as those taken at a meeting held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 10. TELEPHONE PARTICIPATION: One or more Directors may participate in any regular or special meeting of the Board by telephone conference call and those Directors so participating shall be counted for quorum purposes.

Section 11. SPECIFIC POWERS AND DUTIES: Without limiting the generality of powers and duties set forth in Section 1 above, the Board of Directors shall be empowered and shall have the powers and duties as follows:

1. To administer and enforce the covenants, rights, reservations, restrictions, uses, limitations, obligations and all other provisions set forth in the instruments of conveyance of each lot.
2. To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Stoneleigh Subdivision, with the right to amend same from time to time. A copy of such rules and regulations shall be delivered to or mailed to each member promptly after adoption.
3. To keep in good order, condition, and repair all the common area and all items of personal property, if any, used in the enjoyment of the common area. No approval of the members is required for expenditures for these purposes.
4. To fix, determine, levy and collect the prorated annual assessments to be paid by each of the members towards the gross expenses of the Association, and to adjust, decrease, or increase the amount of the assessments, and to credit any excess of assessments over expenses and cash reserves to the members against the next succeeding assessment period.
5. To levy and collect special assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All special assessments shall be in statement form and shall set forth in detail the various expenses for which the assessments are being made.
6. To levy and collect default assessments for violation of the Stoneleigh covenants or rules and regulations or because the Association has incurred expenses on behalf of a member of the Stoneleigh Subdivision.
7. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner.

8. To employ anyone and to enter into contracts within the scope of their duties and powers.
9. To retain legal counsel for legal action by the Association, as deemed advisable by the Board.
10. To establish a bank account for the operating account of the Association and for all separate funds which are required or may be deemed advisable by the Board.
11. To cause to be kept and maintained full and accurate books and records showing all receipts, expenses or disbursements and to permit examination thereof by members or their mortgagees at convenient hours.
12. To appoint members of the Association to standing and special committees, and to select the chair of the several committees.
13. To act as an appellate agency for the decision of any committee. An appeal will only be heard if the appellant can demonstrate to the satisfaction of the Board that the issue in question before the Board was handled in an arbitrary, capricious or bad faith manner.

Section 12. ACCOUNTS AND REPORTS: The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

1. Accrual accounting, as defined by generally accepted accounting principles, shall be employed.
2. Accounting and controls should conform with established AICPA guidelines and principles. A segregation of accounting duties should be maintained and disbursements by check shall require two signatures. Petty cash disbursements shall be limited to twenty-five dollars and under.
3. No remuneration shall be accepted by the Board of Directors or by Officers of the Association from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or other wise; anything received of value shall benefit the Association.
4. Any financial or other interest which a Director or Officer of the Association may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors.
5. Commencing at the end of the first fiscal year of the Association and continuing on an annual basis thereafter, financial reports shall be prepared for the members containing:
 - a. An income statement reflecting all income and expense activity for the preceding fiscal year on an accrual basis.
 - b. A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed to the members.
 - c. An account status report reflecting the status of all accounts in an "actual" versus "approved" budget format with a budget report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or

ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts) shall be prepared for the Board periodically and available to all members on an annual basis.

Section 13. HEARING PROCEDURE: The Board shall not impose a default assessment, suspend voting, or suspend any rights of a member of the Association or an owner in the Stoneleigh Subdivision for violations of rules and regulations of the Association or of the covenants and restrictions of the Stoneleigh Subdivision unless and until the following procedure is followed:

1. Demand: Written demand to cease and desist from the alleged violation shall be served upon the alleged violator specifying: (a) the alleged violation; (b) the action required to abate the violation; and (c) a time period, not less than ten days, during which the violation may be abated without further sanction, if such violation is a continuing one or a statement that any additional similar violation may result in the imposition of a sanction after notice and hearing, if the violation is not continuing.
2. Notice: At any time within twelve months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Board. The notice shall contain: (a) the nature of the alleged violation; (b) the time and place of the hearing, which time shall not be less than ten days from the giving of the notice; (c) an invitation to attend the hearing and produce any statement, evidence, and witness on the alleged violator's behalf; and (d) the proposed sanction to be imposed.
3. Hearing: The hearing shall be held pursuant to this notice affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. Written and oral evidence may be presented. The presenting party shall provide copies of any written evidence to the other party or parties. The decision of the Board shall be final.

These procedures shall not be necessary in order to impose any sanction or penalty for nonpayment of a delinquent assessment.

ARTICLE V - OFFICERS

Section 1. ENUMERATION: The Officers of the Association shall be a president, a vice-president, a secretary and a treasurer, each of whom shall be elected by the Board of Directors. Officers of the Association shall be members in active member status but are not required to be members of the Board of Directors. The Board shall have the power to elect such other officers as the Board from time to time by resolution create.

Section 2. ELECTION AND TERM OF OFFICE: The Officers of the Association to be elected by the Board shall be elected annually by the Board at the first meeting of the Board held after each annual meeting of the members. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officers shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have removed in the manner hereinafter provided.

Section 3. REMOVAL: Any Officer or agent may be removed by the Board of Directors whenever in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an Officer or agent shall not of itself create contract rights.

Section 4. VACANCIES: A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. PRESIDENT: The president shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He or she shall, when present, preside at all meetings of the members and of the Board. He or she may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Board, certificates for shares of the Association, any deeds, mortgages, bonds, contracts, or other instrument which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these By Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time.

Section 6. VICE-PRESIDENT: In the absence of the President or in event of his death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all of the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board.

Section 7. SECRETARY: The Secretary shall: (a) keep the minutes of the proceedings of the members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with provisions of the By Laws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; (e) sign with President, certificates for shares of the Association, the issuance of which shall have been authorized by resolution of the Board; (f) have general charge of the membership books of the Association; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board.

Section 8. TREASURER: The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit such monies in the name of the Association in such banks, trust companies or other depositories; (c) supervise the preparation of the annual budget of the Association; (d) issue all checks in payment of bills duly authorized by the President; (e) prepare all necessary financial statements; and (f) in general perform all of the duties as from time to time may be assigned to him or her by the President or by the Board. If required by the Board of Directors, the treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

ARTICLE VI - COMMITTEES

Section 1. STANDING COMMITTEES: The Standing Committees of the Association shall be:

Architectural Review Committee

Section 2. OTHER COMMITTEES: Other committees may be established by action of the Board of Directors of the Association. Such committees may include: Welcoming Committee and/or Beautification Committee.

Section 3. SELECTION: The Board of Directors shall select all members and chairs of the several committees. Officers and Directors of the Association may serve concurrently as committee chair or members of any committee. The chair of the Architectural Review Committee shall be a Director.

Section 4. FUNCTIONS: Committees shall be responsible for planning, budgeting, and carrying out programs in their respective areas for the interests of the members of the Association, under such guidelines as may be established by the Board of Directors. The Board may also assign or direct specific actions of the Committees when necessary.

ARTICLE VII - INDEMNIFICATION

Section 1. INDEMNIFICATION: The Association shall indemnify every Director and Officer, or former Director or Officer, and their respective successors, personal representatives, and heirs, against all loss, costs, and expenses, including counsel fees, reasonably incurred by such person in connection with any action, suit, or proceeding to which such person may be made a party by reason of such person's being or having been a Director or Officer of the Association, except as to matters as to which such person shall be finally adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct in the performance of such person's duty to the Association. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of such person's duties as such Director or Officer. The foregoing rights shall not be exclusive of other rights to which such Director or Officer may be entitled. All liability, loss, damage, cost, and expense arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

ARTICLE VIII - MISCELLANEOUS

Section 1. FISCAL YEAR: The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. CORPORATE SEAL: The Association shall have a seal in circular form having within its circumference the words:

“Stoneleigh Home Owners Association, Inc.”

Section 3. CONFLICTS OF DOCUMENTS: In the case of any conflict between the Articles of Incorporation and these By Laws, the Articles shall control.

ARTICLE IX - ADOPTION AND AMENDMENT OF BY LAWS

Section 1. ADOPTION: These By Laws will be adopted at the first annual meeting of the members of the Association by a two-thirds (2/3) vote of the members in active status present (whether in person or by proxy) and voting.

Section 2. AMENDMENT: These By Laws may be amended, altered or repealed by a two-thirds (2/3) vote of the members in active status present (whether in person or by proxy) and voting at any annual or special meeting of the members of the Association.

ADOPTED at the annual meeting of the Association on _____, 2004.