

BYLAWS
OF
SACHEM'S HEAD HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

Name

The name of the Corporation is SACHEM'S HEAD HOMEOWNER'S ASSOCIATION, INC. (the "Corporation").

ARTICLE II

Purpose

The Corporation is a non-profit, non-stock community association formed for the purposes set forth in its Articles of Incorporation.

ARTICLE III

Membership

Section 1. Member. A member is any person who has been accepted to a particular class of membership and whose membership has not been suspended or terminated by the Board of Directors.

Section 2. Classes Of Membership. There shall be two general classes of membership in the Corporation.

The Class A members of the Corporation shall be those persons who are Unit Owners as defined in the Articles of Incorporation.

The Class B member of the Corporation shall be Mid-Atlantic Financial Group, Inc. ("Mid-Atlantic").

ARTICLE IV

Fees

The Board of Directors shall from time to time determine the amount of any fees assessed to members of the Corporation, and shall determine the times at which such fees shall be collected.

ARTICLE V

Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members shall be held on any business day in June which is not a legal holiday. Such annual meetings shall be held for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the members may be called by the President, by a majority of the Board of Directors or upon written request by one-half of the members.

Section 3. Place of Meeting. The Board of Directors may designate any location within the Commonwealth of Virginia as the place for any annual meeting or special meeting.

Section 4. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting (except as a different time is specified herein or in the Articles) either personally or by mail, to each member of the Corporation at his address as shown on the records of the Corporation.

Notice of a member's rights to act on an Amendment of Articles or on a plan of merger or consolidation shall be given, in the manner provided above, not less than 25 nor more than

50 days before the date of the meeting and shall be accompanied by a copy of the proposed amendment or plan of merger or consolidation.

A member may, in writing signed by him, waive notice of any meeting before or after the date of the meeting stated therein. A member who attends a meeting shall be deemed to have had proper notice of such meeting.

Section 5. Informal Action by Members. Any action required or permitted by law to be taken at a meeting of the members of the Corporation 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 of the Corporation, which consent shall be filed with the Secretary of the Corporation as part of the corporate records.

Section 6. Quorum and Manner of Acting. In order to transact business at any annual or special meeting, a quorum must be present. In order to constitute a quorum, a majority of the voting memberships must be present in person or represented by proxy. The act of a majority in interest of the voting members present at a meeting at which a quorum is present shall be the act of the members, unless the act of a greater number if required by law, the Articles, or these Bylaws.

Section 7. Conduct of Meetings. The Directors may make such regulations as they deem advisable for any meeting of the members, including proof of membership in the Corporation, evidence of the right to vote and the appointment and duties of inspectors of votes. Such regulations shall be binding upon the Corporation and its members.

Section 8. Proxies. At all meetings of members, each member may vote by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon termination of such member's membership in the Corporation.

ARTICLE VI

Directors

Section 1. General Powers. The business and affairs of the Corporation shall be managed by its Directors, subject to any requirement set forth by law, the Articles, or these Bylaws.

Section 2. Number and Tenure. The number of Directors shall be one, and may be increased or decreased (but in no event less than one) by a majority vote of the members at an annual meeting or at a special meeting called for that purpose. Any vacancy occurring in the initial or any subsequent Board of Directors may be filled at any meeting of the Board of Directors by the appointment of the Board of Directors. Any director appointed to fill a vacancy shall serve as such until the expiration of the term of the Director whose position he was appointed to fill.

Section 3. Annual Meetings. Annual meetings of the Board of Directors shall be held annually immediately following the annual meeting of the members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without any other notice.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or of a quorum of Directors by giving not less than five days notice to each Director. Such persons calling a special meeting of the Board of Directors may fix any reasonable location as the place for holding such special meeting. Any Director may waive notice of the meeting before or after the time of the meeting stated therein and attendance of a Director at any meeting shall constitute a waiver of notice of such meeting.

Section 5. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the

Directors are present at said meeting, a majority of the Directors present may adjourn the meeting without further notice.

Section 6. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors any Director may be reimbursed for his actual expenses incurred in the performance of his duties as Director but nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore.

Section 8. Informal Action by Directors. Any action required or permitted by law to be taken at a meeting of Directors may be taken without a consent in writing setting forth the action so taken shall be signed by a majority of the Directors, which consent shall be filed with the Secretary of the Corporation as part of the corporate records.

Section 9. Removal of Directors. Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of the Class A Membership and the assent of the Class B Membership, if any. The vacancy thus created by such removal shall be filled as provided in Section 2 of this Article VI.

ARTICLE VII

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have, in addition to all other powers specifically granted hereby, power to:

- A. Adopt and publish rules and regulations governing the use of the recreational facilities and Common Area, as defined in the Articles of Incorporation, owned by the Corporation, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

- B. Exercise for the Corporation all powers, duties and authority vested in or delegated to the Corporation and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration; and
- C. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 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 members;
- B. Supervise all officers, agents and employees of the Corporation, and to see that their duties are properly performed;
- C. In accordance with the purposes of the Corporation to:
 - 1. Fix the amount of the fees applicable to each class of membership as hereinafter provided;
 - 2. Provide for the optimal tax treatment of all Corporation assets;
- D. Procure and maintain adequate liability and hazard insurance on property owned or leased by the Corporation;
- E. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- F. Cause the recreational facilities and Common Area of the Corporation to be maintained.

ARTICLE VIII

Officer

Section 1. Officers. The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer. The Board of Directors may elect such other officers, including one or more

Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same persons, except the offices of President and Secretary.

Section 2. Agents. Such agents as may be deemed necessary by the Board of Directors may be elected, appointed or chosen in such manner as may be prescribed by the Board of Directors.

Section 3. Election, Term of Office and Vacancies. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interest of the Corporation will be served thereby.

Section 5. Powers and Duties. The officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors, except as otherwise determined by the Board of Directors. The President shall be chief executive officer of the Corporation.

Section 6. Resignation. 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 the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE IX

Committees

Section 1. Committees of Directors. The Board of Directors by resolution adopted by a majority of the Directors in office, may designate an Executive Committee, which committee, to the extent provided in the resolution, shall have an exercise the authority of the Board of Directors in the management of the affairs of the Corporation; provided, however that no such committee shall have the authority of the Board of Directors as to the following matters: (a) the dissolution, merger or consolidation of the Corporation; (b) the amendment of the Articles of Incorporation of the Corporation; or the sale, lease or exchange of all or substantially all of property of the Corporation; (c) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; (d) the amendment or repeal of these Bylaws of the adoption of new bylaws; (e) the amendment or repeal of any resolution of Board of Directors which by its terms shall not be so amenable or repealable.

Section 2. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Corporation may be designated by a resolution adopted by a majority of Directors present at a meeting of which a quorum is present. Such committee shall perform such duties and have such duties as may be provided in the resolution.

Section 3. Rules. Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE X

Books and Records

The books, records and papers of the Corporation shall, subject to applicable law, be subject to inspection by any member on term and conditions determined by the Board of

Directors. The Articles of Incorporation and the Bylaws of the Corporation shall be available for inspection and purchase by any member.

ARTICLE XI

Construction

In case of any conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control.

ARTICLE XII

Preservation of Non-Profit Status

The business of the Corporation shall be conducted in such a manner as to maximize the Corporation's ability to qualify for tax exemption under Section 501(c) of the Internal Revenue Code or the corresponding provision of any future Internal Revenue law.

ARTICLE XIII

Corporate Seal

The Corporation shall have a seal in circular form of which there may be any number of counterparts, having within its circumference the words: Sachem's Head Homeowner's Association, Inc.

ARTICLE XIV

Amendments

These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted at an annual or special meeting of the members by a majority vote of the Class A Memberships and the assent or the Class B Membership, if any.