

BY-LAWS
OF
HUNGARY CREEK RECREATION ASSOCIATION, INC.

ARTICLE I

The name of the Association shall be Hungary Creek Recreation Association, Incorporated, hereinafter referred to as the Association.

ARTICLE II - PURPOSES

The purpose for which the Association has been formed is to conduct a community association exclusively for general and community purposes and not for profit. The primary purposes of the organization are to provide recreational facilities and activities for its members.

ARTICLE III - MEMBERSHIP

Section I. The number of members shall be limited to five hundred (500), which may be changed by majority vote of the Board of Directors. At no time shall the membership exceed five hundred (500) active members.

Section II. Election to membership except for the initial subscribers shall be conferred by majority quorum vote of the Board of Directors. A prerequisite to being elected membership will be that such person shall deposit with the application the initiation fee.

Section III. A member of the association shall be a family unit, which family unit shall consist of all persons living together in a single residence.

In the event that a family unit is divided either by separation, divorce or any other reason, the Association must be notified of the person or persons retaining membership.

The Board of Directors shall be empowered to restrict, suspend, terminate, curtail or otherwise affect the rights of any member for good cause by a majority vote upon terms and conditions set forth in the By Laws of the Association.

The official records of the Association shall be conclusive as to the right of members to participate in the activities of the Association including the right to vote.

Membership in the Association will be divided into classes with the following rights and privileges.

Class A Membership shall consist of persons who became members of the Association prior to November 1, 1975, by execution of a loan agreement with the Association. Class A members may sell their loan agreements to the Association at the original price paid for such loan agreement provided that such sale is approved by the Board of Directors. Class A membership is transferable, as a class C membership, to another person upon prior approval of the Board of Directors.

Class B Membership shall consist of persons who became members of the Association after November 1, 1975, but before April 1, 1980, by execution of a loan agreement with the association. Class B members may sell their loan agreement to the Association at a price not to exceed an amount decreasing 10% per year from the original amount paid on such terms and conditions as may be approved by the Board of Directors.

Class C Membership shall consist of persons becoming members of the Association after April 1, 1980, who purchase a nonrefundable certificate of membership.

Class D Membership shall consist of members who, for a fee established by the Board of Directors pay such fee for the privilege of using the recreational facility for one year only.

All members shall be entitled to one vote except that class "D" members shall not have the right to vote.

Section IV. The members may transfer the Loan Agreement and membership to another person with the prior approval by the Board of Directors. The Loan Agreement purchased prior to November 1, 1975, may be sold to the Association at the same price the member originally paid for the Loan Agreement if approved by the Board of Directors. November 1, 1975 and thereafter, all Loan Agreements obtained by purchase or by transfer will have a decreasing value as such....decrease 10% of the original face value each year for ten (10) years from the date of issuance. All transfers of the Loan Agreements shall be recorded in the official records. Membership Certificates are not transferable.

Section V. Transfer Guarantee. If a member moves beyond a twenty-five (25) mile radius of the location of the real estate in which the Association facilities are located, such person may sell his Loan Agreement to the Association under guarantee. The Association guarantees to purchase the Loan Agreement at the original purchase price paid by the owner within a period not to exceed ninety (90) days after such person actually establishes residence in his new home.

Section VI. The holder of a membership in the Association shall be the same person who is the legal owner of the Loan Agreement as it appears in the official records of the Association. The official records are the direct responsibility of the Secretary, who may designate another Board Member to maintain them. Each active member of the Association twenty (20) days prior to any called meeting of the Association shall be entitled to one vote in such meeting. In the absence of the member, the member's spouse may vote in the place of the member.

Section VII. Memberships purchased after May 9, 1974 and before November 1, 1975, are subject to forfeiture of an amount equal to the prevailing Association dues on the redemption or transfer value of the Loan Agreement prior to two paying years as an active member. After November 1, 1975, all new memberships, either by transfer or by purchase, will pay the current years dues when the membership is issued.

Section VIII. Upon full membership of the Association, inactive memberships will be subject to redemption at their current value at the discretion of the Board of Directors.

Section IX. Effective April 1, 1980, no Loan Agreements will be issued. All new members are required to purchase a Membership Certificate at a non-refundable price set by the Board of Directors and pay the annual dues. Failure, in any year, to pay dues will result in forfeiture of membership.

ARTICLE IV - CAPITAL IMPROVEMENTS

Section I. No capital improvement exceeding 10% of the Annual Budget or requiring an assessment shall be undertaken except when such assessment or improvement is approved by a majority vote of the active members presented at a called meeting of the membership. Notice of such meetings of the membership shall include the fact that a vote will be taken upon an improvement or assessment of the membership for capital improvements.

ARTICLE V - MEMBERSHIP MEETINGS

Section I. At least one regular meeting of the membership of the Association shall be held in Henrico County or a place designated by the Board of Directors. The meeting shall be to receive a financial statement of the Association and such other business as may properly come before the Association and to elect new members of the Board of Directors, as provided for by these By-Laws and such other business as may properly come before the Association.

Section II. A special meeting of the membership may be called at any time by the Board of Directors, and shall be called by the President on written request of not fewer than twenty-five percent (25%) of the active members.

Section III. A quorum at any regular or special meeting shall consist of five percent (5%) of the active members.

Section IV. Adult active members unable to attend a regular or special meeting may submit absentee ballots on business matters to be voted upon by members in attendance at said meetings regarding By-Law amendments and

election of Directors, provided such absentee ballots are submitted to the Secretary within 24 hours prior of the meeting in which business defined above is acted upon by the assembled Association members.

ARTICLE VI - BOARD OF DIRECTORS

Section I. The affairs of the Association shall be managed by the Board of Directors consisting of twenty-one (21) active members.

Section II. The Directors shall have full authority to perform all acts necessary to the management of the Association, so long as such acts are not inconsistent with these By-Laws. A majority vote of the membership present voting at any called meeting of the membership may direct the Directors to take such actions as is deemed appropriate in such resolution.

Section III. At the membership meeting, seven (7) directors shall be elected to serve a term of three years. A nomination committee shall present a full slate of candidates for vacancies on the Board of Directors and nominations shall be accepted from the floor. In voting for Directors, each active member shall be entitled to cast one vote for one nominee for each existing vacancy. No member shall cast more than one vote for any one nominee in a single ballot. The nominees receiving the highest number of votes shall be declared elected. Tie votes shall be resolved by another ballot.

Section IV. Any Officer or Director of the Association may be removed from office or from the Board of Directors by the affirmative vote of two-thirds (2/3) of the active members present at a special meeting of the membership which shall be called for this sole purpose.

Section V. In addition to the Directors elected at the membership meeting, the members shall elect Alternates to the Board of Directors. When a vacancy occurs on the Board due to resignation or removal of the Director, an alternate shall fill the vacancy. Should an alternate fill a position on the Board of Directors, his term shall last until the next membership meeting. The Board can appoint a member to the Board if there are no Alternates, until the next membership meeting.

Section VI. The Board of Directors may, by majority affirmative vote of the full Board of Directors at any meeting of the Board of Directors, deny the use of the Association's facilities to any member or member family for a period of not more than three (3) months, but only for cause and after providing the individual an opportunity for a hearing. The Board of Directors, by majority vote of the full Board may expel any member. Upon such expulsion, the Association shall buy such person's Loan Agreement for the value of the Loan Agreement at time of expulsion. Cause for suspension or expulsion shall, in general, consist of violation of these By-Laws or of the rules of the Association, or conduct unbecoming a lady or gentleman, or such other factors as shall appear to the Board of Directors to involve the welfare of the Association.

ARTICLE VII - DIRECTOR MEETINGS

Section I. Regular meetings of the Board of Directors shall be held at such intervals and at such times and places, as the Directors may deem necessary. The minimum number of meetings shall be at least one per month for the entire year.

Section II. A special meeting of the Board of Directors may be called at any time by the President, and shall be called by the President on the request of no fewer than one-third (1/3) of the Directors.

Section III. A majority of the Directors shall constitute a quorum at any meeting of the Board of Directors.

Section IV. Board members must attend a majority of the Board meetings in a pool year, defined as the period from annual meeting to annual meeting, or risk removal from the Board of Directors.

ARTICLE VIII - OFFICERS

Section I. The officers of the Association shall be a President, a Vice-President, Treasurer, and a Secretary, all of whom shall be elected by the Directors and all whom shall be serving on the Board of Directors. The officers shall be elected by the Board of Directors and shall serve until their successors have been duly elected.

Section II. The President shall preside at all meetings of the membership and at all meetings of the Board of Directors. He shall perform such other duties as customarily pertain to the office of the President. He shall appoint, subject to confirmation of the Board of Directors, all standing and special committees, designating the chairman of each, and subject to the direction of the Board of Directors, shall serve as the authorized agent of the Association in the signing of contracts and all similar actions. He shall be, ex-officio, a member of all committees.

Section III. The Vice-President, in absence or disability of the President, shall act in his stead. He shall be, ex-officio, a member of all committees.

Section IV. The Treasurer shall have custody of all funds of the Association. He shall provide and maintain full and complete records of the assets and liabilities of the Association and make disbursements as specified in Article X, Section II. He shall prepare and submit at each regular meeting of the Board of Directors and at the meetings of the members, a financial statement of the condition of the Association. He shall prepare such tax reports and returns as local, state, and federal agencies may require. He may, at the discretion of the Directors, be the chairman of the Finance Committee. The Board may approve the assignment of the designated functions of the Treasurer to a qualified Firm/Person. The Board may approve compensation to the Treasurer or external Firm/Person, based on the assignment of the functions.

Section V. The Secretary shall prepare and maintain full minutes of all meetings of the members and of the Board of Directors. He or she shall cause written notice of any annual or special meeting of the members to be delivered or mailed at least ten (ten) days before the date of the meeting to each member of record on the closing day of the official records for such meeting at the address of such member appearing on the records of the Association. He or she shall prepare and file all reports and documents required by the Virginia State Corporation Commission.

Section VI. Any officer of the Association may be removed from office by the vote of two-thirds (2/3) of the full Board of Directors at a regular or special meeting of the Board of Directors.

Section VII. When an officer is absent or otherwise unable to perform the duties of his office, the Board of Directors may designate another member of the Board to act temporarily in his place.

ARTICLE IX - COMMITTEES

Section I. The Board of Directors shall organize as they deem necessary committees to carry on the affairs of the Association.

ARTICLE X - PROPERTY AND FINANCE

Section I. The Directors shall approve and authorize in an annual budget or a supplement of amendments thereto, amounts of expenditures and obligations to be incurred by the officers of the Association.

Section II. All disbursements of funds of the Association and all payments made by the Association shall be made by means of checks bearing signatures of two of the following five individuals: President, Vice-President, Treasurer, Secretary, and Board appointed Assistant Treasurer. Concession stand and required disbursement from the daily cash fund or Manager's checking account may be made to appropriate vendors by a designated responsible employee or Board Member of the Association in accordance with the procedures, documentation, and verification as required by the President and Treasurer of the Association. The Manager's checking account shall contain no more than \$1000 at anytime, and shall require one signature from either the Manager, Assistant Manager, or concession Board Member.

Section III. Real property of the Association may be transferred only upon approval of the majority of the members.

Section IV. The funds of the Association shall be deposited only in national banks, or trust companies operating in accordance with the laws of the Commonwealth of Virginia and only in an institution the deposits of which are insured by the Federal Deposit Insurance Association.

Section V. The Directors will procure for the President, Vice President, Treasurer, and Secretary, an adequate surety bond.

Section VI. The funds of the Association may be invested only in obligations of the United States Government or Federally insured financial institutions. They may not be loaned to or invested with any Officer, Director, or Member of the Association, to or with any other person, agency or government instrumentality.

Section VII. The books of the Association shall be available for inspection by the members at reasonable times and places. The Board of Directors shall cause the books of the Association to be audited annually by auditors selected by the Board of Directors who shall neither be Directors nor Officers of the Association, and the report of the auditors shall be available to the members.

ARTICLE XI - USE PRIVILEGES

Section I. Annual fees will be due and must be postmarked no later than April 15th. The Board of Directors, at their discretion, may assess additional charge for late payment of discounts for early payments.

Section II. Rules and regulations governing the use of the facilities of the Association and provisions for enforcing those rules and regulations shall be promulgated by the Rules Committee, with the approval of the Board of Directors. An initial set of rules shall be provided and made available for inspection by the members prior to opening of the facilities. Subsequent changes shall be published and distributed, as deemed by the Rules Committee.

ARTICLE XII - LIQUIDATION

Section I. The liquidation or dissolution of the Association shall require a two-thirds (2/3) vote of the active members. The vote shall be cast in person at a stated meeting called by the Board. All assets, upon liquidation, shall be distributed equally among holders of Loan Agreements.

ARTICLE XIII - BY LAW CHANGES

Section I. Members present at a duly called meeting may amend, modify, reject, or alter these By-Laws, provided the proposed text of each amendment (1) bearing the signatures of at least thirty (30) active members or (2) as recommended by Board By-Laws Committee has been made available to the Secretary or the Association at least twenty (20) days before the meeting, for inclusion in the meeting notice.

ARTICLE XIV

These By-Laws become effective May 4, 2008
