

**ARTICLES OF INCORPORATION
BELVEDERE NEIGHBORHOOD ASSOCIATION, INC.**

The undersigned hereby associates to form a nonstock corporation under the provisions of Chapter 10 of Title 13.1 of the Code of Virginia and, to that end, sets forth the following:

FIRST: The corporate name is Belvedere Neighborhood Association, Inc. (hereinafter referred to as the "Association").

SECOND: The purposes for which the Association is organized are as follows:

The Association is organized and operated not for profit, but to serve as the body through which the property owners of Belvedere, a planned mixed used (single family and multi-family residential and commercial) development in Albemarle County, Virginia (hereinafter referred to as "Belvedere"), may, through their collective efforts, preserve, protect and enhance the value of their property and promote the desirability and attractiveness of Belvedere as a whole.

No part of the revenues of the Association shall inure to the benefit of any member, director or officer of the Association or any private individual (except that reasonable compensation may be paid for services rendered to or for the Association) and the revenues shall be devoted exclusively to the purposes of the Association.

Subject to the above provisions, and in furtherance of its express purposes, the Association has the following specific objectives:

(a) To apply and enforce that certain Belvedere Declaration of Covenants and Restrictions, as amended from time to time (the "Declaration"), which is recorded in the Office of the Clerk of the Circuit Court of Albemarle County, Virginia, and which is appurtenant to and binding upon all lots and other real estate within Belvedere.

(b) To do any and all lawful acts and things and to engage in any and all lawful activities which may be or become necessary, useful or desirable for the furtherance, fostering or attainment of any or all of the purposes for which it is organized.

THIRD: The Owners of the Lots at Belvedere shall be the Members of the Association. The Association shall have four types of Members:

- (i) Type "A" Members shall be all Owners of Residential Lots and Townhouse Lots, other than the Declarant.
- (ii) Type "B" Members shall be all Owners of Multifamily Lots, other than the Declarant.
- (iii) Type "C" Members shall be all Owners of Commercial Lots, other than the Declarant.
- (iv) The Declarant under the Declaration shall be the Type "D" Member.

As of the date of these Articles, only Type "A" and Type "D" Members are in existence. The Type "B" and Type "C" Members will be created when additional properties, designated for multifamily use and commercial use, respectively, are subjected to the terms of the Declaration. The relative voting rights conferred on each type of Member shall be designated in the Association's bylaws, and such voting rights shall be identical to the voting rights described in the Declaration. When any property entitling the Owner to membership as a Type "A," Type "B," Type "C" or Type "D" Member of the Association is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership, or any other manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the Secretary of the Association their acts with respect to voting shall have the following effect:

(a) If only one (1) Owner votes, in person or by proxy, such Owner's act shall bind all;

(b) If more than one (1) Owner votes, in person or by proxy, the act of the majority so voting shall bind all;

(c) If more than one (1) Owner votes, in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled to its proportionate share of the vote or votes.

(d) If the instrument or order filed with the Secretary of the Association shows that any such tenancy is held in unequal interest, a majority or even split under subparagraphs (b) and (c) immediately above shall be a majority or even split in interest in the property to which the vote is attributable.

FOURTH: The Association shall be governed by a Board of Directors consisting of no fewer than three (3) and no more than seven (7) persons, as more fully provided in this Article. There shall be five types of directors and two classes of directors. The classes of directors are:

- (i) Class 1; and
- (ii) Class 2.

Except for the initial term of a director, each director shall serve for a two-year term. Class 1 directors shall be elected in years ending in odd numbers (*e.g.*, 2009, 2011, 2113) and Class 2 directors shall be elected in years ending in even numbers (*e.g.*, 2010, 2012, 2114). The types of directors are:

- (i) Type "A" (one Class 1, one Class 2) Directors, who shall be elected (or removed) only by the Type "A" Members;
- (ii) Type "B" (Class 1) Director, who shall be elected (or removed) only by the Type "B" Members;

- (iii) Type "C" (Class 2) Director, who shall be elected (or removed) only by the Type "C" Members;
- (iv) Type "D" (Class 1) Director, who shall be elected (or removed) only by the Type "D" Member; and
- (v) At Large (one Class 1, one Class 2) Directors, who shall be elected (or removed) by all Members.

Initially there will be only Type "A" Members and the Type "D" Member. The initial directors of the Association are:

- (1) Stanley C. Manoogian, Type "A" (Class 1) Director;
- (2) Andrew C. Holzwarth, Type "A" (Class 2) Director; and
- (3) Robert M. Hauser, Type "D" (Class 1) Director.

When the first Type "B" Member is admitted to the Association, the number of directors shall automatically expand by one (1) and the Type "B" Member(s) shall elect the initial Type "B" (Class 1) Director. When the first Type "C" Member is admitted to the Association, the number of directors shall automatically expand by one (1) and the Type "C" Member(s) shall elect the Type "C" (Class 2) Director. When certificates of occupancy have been issued for residential dwelling units located on at least 200 Residential and/or Townhouse Lots, the number of directors shall automatically expand by two (2) and the Members shall elect the two At Large Directors, one of whom shall be a Class 1 Director and the other shall be a Class 2 Director. As provided in the Declaration, when the Type "D" Member no longer owns any property subject to the Declaration or relinquishes its right to elect a director, the Type "D" Director shall become an At Large Director. In all other respects, the election of directors shall be in accordance with the provisions set forth in the Association's bylaws.

Each Member may cast the total number of votes to which such Member is entitled for each vacancy to be filled by such Member's class type, and the same number of votes to fill each At Large director position. Cumulative voting shall not be allowed.

In the absence of actual fraud, no contract or other transaction of the Association shall be affected by the fact that any of the directors or officers of the Association are in any way interested in or connected with any other party to such contract or transaction. The fact of membership on the Board of Directors shall not disqualify any director rendering unusual or special services to the Association, or any director who may be an officer, agent or employee rendering services to the Association otherwise than in his capacity as a director, from receiving compensation appropriate to the value of such services; and the Board of Directors may in its discretion cause such compensation to be paid or provided. Any and all directors who are so interested in, or so connected with, such other party or such contract or transaction, may be counted in determining the presence of a quorum and may vote at any meeting of the Board of Directors which shall authorize or ratify any such contract or transaction with like force and effect as if they were not so interested or connected. This paragraph shall in all events be subject to the limitations set forth in Paragraph Second.

FIFTH: The initial Registered Office of the corporation in the Commonwealth of Virginia is to be located in the City of Charlottesville, at 418 East Water Street, Charlottesville, Virginia 22902. The initial Registered Agent at such address for this Corporation shall be Robert J. Kroner, who is a resident of Virginia and a member of the Virginia State Bar.

SIXTH: For purposes of this Article Sixth, the following definitions shall apply:

"Corporation" means this Corporation only and no predecessor entity or other legal entity.

"Expenses" include counsel fees, expert witness fees, and costs of investigation, litigation and appeal, as well as any amounts expended in asserting a claim for indemnification.

"Liability" means the obligation to pay a judgment, settlement, penalty, fine, or other such obligation, including, without limitation, any excise tax assessed with respect to an employee benefit plan.

"Legal Entity" means a corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

"Proceeding" means any threatened, pending, or completed action, suit, proceeding or appeal whether civil, criminal, administrative or investigative and whether formal or informal.

In every instance in which the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of directors or officers of a corporation to the corporation or its members, the directors and officers of this Corporation shall not be liable to the Corporation or its Members.

The Corporation shall indemnify any individual who is, was or is threatened to be made a party to a proceeding (including a proceeding by or in the right of the Corporation or by or on behalf of its Members) because such individual is or was a director or officer of the Corporation or because such individual is or was serving the Corporation, or any other legal entity in any capacity at the request of the Corporation while a director or officer of the Corporation, against all liabilities and reasonable expenses incurred in the proceeding except such liabilities and expenses as are incurred because of such individual's willful misconduct or knowing violation of the criminal law. Service as a director or officer of a legal entity controlled by the Corporation shall be deemed service at the request of the Corporation. The determination that indemnification under this paragraph is permissible and the evaluation as to the reasonableness of expenses in a specific case shall be made, in the case of a director, as provided

by law, and in the case of an officer, as provided in the next paragraph of this Article; provided, however, that if a majority of the directors of the Corporation has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board of Directors and such person. Unless a determination has been made that indemnification is not permissible, the Corporation shall make advances and reimbursements for expenses incurred by a director or officer in a proceeding upon receipt of an undertaking from such director or officer to repay the same if it is ultimately determined that such director or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the director or officer and shall be accepted without reference to such director's or officer's ability to make repayment. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that a director or officer acted in such a manner as to make such director or officer ineligible for indemnification. The Corporation is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its directors or officers to the same extent provided in this paragraph.

The Corporation may, to a lesser extent or to the same extent that it is required to provide indemnification and make advances and reimbursements for expenses to its directors and officers pursuant to the preceding paragraph, provide indemnification and make advances and reimbursements for expenses to its employees and agents, officers, employees and agents of its subsidiaries and predecessor entities, and any person serving any other legal entity in any capacity at the request of the Corporation, and may contract in advance to do so. The determination that indemnification under this paragraph is permissible, the authorization of such

indemnification and the evaluation as to the reasonableness of expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board of Directors, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under the preceding paragraph of this Article shall be limited by the provisions of this paragraph.

The rights of each person entitled to indemnification under this Article Sixth shall inure to the benefit of such person's heirs, executors and administrators. Special legal counsel selected to make determinations under this Article may be counsel for the Corporation. Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Corporation and indemnification under policies of insurance purchased and maintained by the Corporation or others. However, no person shall be entitled to indemnification by the Corporation to the extent such person is indemnified by another, including an insurer. The Corporation is authorized to purchase and maintain insurance against any liability it may have under this Article or to protect any of the persons named above against any liability arising from their service to the Corporation or any other legal entity at the request of the Corporation regardless of the Corporation's power to indemnify against such liability. The provisions of this Article shall not be deemed to preclude the Corporation from entering into contracts otherwise permitted by law with any individuals or legal entities, including those named above. If any provisions of this Article or its application to any person or circumstances are held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article, and to this end the provisions of this Article are severable.

No amendment, modification or repeal of this Article Sixth shall diminish the rights provided hereunder to any person from conduct or events occurring before the adoption of such amendment, modification or repeal.

SEVENTH: The period of existence of the corporation shall be unlimited.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 12th day of February, 2008.



Robert J. Kröner, Incorporator