

**CHAPTER ONE - Section 1.04 B**

**ARTICLES OF INCORPORATION**

**OF**

**LAKE MONTICELLO OWNERS' ASSOCIATION**

We hereby associate to form a non-stock corporation under the provisions of Chapter 2 of Title 13.1 of the Code of Virginia, and to that end, set forth the following:

1. **Name**

The name of the corporation is

LAKE MONTICELLO OWNERS' ASSOCIATION

2. **Purposes**

The Association is organized and operated not for profit, and no part of the net earnings of the Association shall inure to the benefit of the Association any private person (except to or for the Association). The Association shall be operated exclusively for the promotion of the common good and general welfare of the people of the Lake Monticello community. Subject to the foregoing provisions and in furtherance of its express purposes, the Association has the following specific objectives and no others:

- A. To provide an organizational framework for cohesive community efforts by the residents and property owners of Lake Monticello, a planned community in Fluvanna County, Virginia, who shall, in general, constitute the membership of the Association; to provide for the necessary and convenient operation, administration and government of Lake Monticello as a community; to provide for the common welfare and safety of the residents of Lake Monticello; and to provide for the attainment of cultural, esthetic, recreational and general civic advantages for the members.
- B. To render or provide community services to or for the benefit of persons residing in Lake Monticello, or for the benefit of the building lots therein, and to provide for the general maintenance, care and upkeep of all areas in and about the subdivision; provided, however, that the Association shall not engage in the business of a transportation or transmission company or of a gas, electric light, heat or power company, or undertake any activity permitted to be conducted only by a corporation issuing shares.

- C. To provide recreational facilities and amenities from time to time for the members of the Association, their families and guests, such as golf courses, swimming pools, tennis courts and all types of indoor and outdoor accommodations and recreational facilities.
- D. To make appropriate charges, in the form of dues, levies or assessments, against the members of the Association as compensation for services rendered or provided and to finance all activities of the Association generally; and to enforce collection of such dues, review or assessments as and to the extent provided pursuant to any contract, covenant or agreement of which the Association is a beneficiary or in any other lawful way.
- E. To interpret, apply, administer and enforce, through its Board of Directors or duly authorized committee thereof or other duly authorized representative, the covenants and restrictions affecting the real property in Lake Monticello as and to the extent provided by any presently recorded statements of subdivision establishing portions of the Lake Monticello planned community or as may subsequently be provided by other or further similar statements or by appropriate instruments in writing of any sort. (Reflects amendment of 6/30/90.)
- F. To take conveyance of, hold, own, maintain, operate and exercise full powers as the owner in fee of any property or properties in Lake Monticello or adjacent to it or to which the Association may acquire title or any interest in any fashion.
- G. To own, lease, rent, hire, or otherwise acquire and to use, maintain and operate buildings, facilities, franchises, or real or personal property, necessary, proper, or appropriate to the general cultural, esthetic, recreational and civic purposes of the Association.
- H. To do any and all lawful acts and things which may be necessary, useful, suitable or proper for the furtherance or accomplishment of the purposes and powers of the Association and to exercise all powers possessed by Virginia corporations of similar character.

### 3. **Members**

- A. There shall be one class of voting members comprised of present and future owners of residential building lots and Marina Point condominium units in Lake Monticello. In addition, the Board of Directors shall have the authority to establish other classes of membership comprised of persons, firms, associations or corporations who are not the owners of residential building lots in Lake Monticello; and, the Board shall define the rights, privileges, fees and assessments associated with each class of membership so established. Such additional classes of members, if established, shall not be voting members of the Association. (Reflects amendments of 11/19/77, 9/20/83 and 6/30/90.)

- B. In the event of ownership of a lot or Marina Point condominium unit by two or more persons, a firm, association, corporation, or other entity, no more than two individuals shall be deemed eligible for membership with respect to each residential real property owned. (Reflects amendments of 11/19/77 and 6/30/90.)
  
- C. No member may withdraw, nor may any member transfer or otherwise assign or dispose of his membership, except upon the legal transfer of legal title to his lot or Marina Point condominium unit and upon presentation to the Association of evidence of such transfer in such form as the Board of Directors of the Association may reasonably require. (Reflects amendment of 6/30/90.)
  
- D. The members of the Association shall have the right to vote for the election and removal of directors and for such other matters requiring action of members as specified in the Articles of Incorporation or under the Virginia Non-Stock Corporation Act. Except as otherwise provided below, each member shall be entitled to one vote for each lot or Marina Point condominium unit owned of record in Lake Monticello, exercisable in person or by proxy; provided, however, that where any lot or Marina Point condominium unit in Lake Monticello is owned by two or more persons, firms, associations or corporations, all of them shall have one vote in the aggregate with respect to such lot or Marina Point Condominium unit, to be exercised by them as may be provided in the By-Laws. (Reflects amendments of 6/30/90.)

Notwithstanding the foregoing:

- I. Until January 1, 1976, the Developer of Lake Monticello shall have a total number of votes equal to the greater of (A) the number of votes to which it would be entitled under the foregoing provisions of these Articles of Incorporation, or (B) one-half the total number of votes of all other members of the Association, which is equal to one-third of the total number of votes of all members of the Association, including the Developer of Lake Monticello; and
  
  - II. After January 1, 1976, the Developer of Lake Monticello shall have the number of votes determined under clause (A) of subparagraph (I) above.
- E. Voting rights of members may be suspended as provided in the By-Laws for nonpayment of dues, levies or assessments.

4. **Regulation of Internal Affairs**

The following provisions are inserted for the management of the business and for the conduct and the affairs of the Association and for the further definition, limitation, and regulation of the powers of the Association and of its members and Board of Directors.

- A. The initial By-Laws shall be adopted by the Board of Directors, which may alter, amend or repeal the By-Laws or adopt new By-Laws; provided, however, that all By-Laws shall be subject to alteration, amendment or repeal by the members. The By-Laws shall contain all definitions, rules and regulations necessary or proper for the implementation of the purposes of the Association and the provisions of these articles, especially as they relate to membership and enforcement, interpretation and administration of the restrictions and covenants referred to in Article 2 hereof.
  
- B. Directors shall be elected by the members at the annual meeting of the members. Directors shall be of legal age, members of the Association in good standing and not have been convicted of a felony. If a director receives any compensation from the Association or any of its subsidiaries as an employee or as a contractor for supplies or services during his/her term of office on the Board of Directors, he/she shall be disqualified from serving the remainder of his/her term. If the father, mother, brother, sister, spouse, son, daughter, son-in-law or daughter-in-law, sister-in-law or brother-in-law of a director is a full time employee of the Association or any of its subsidiaries or is under any contract with, or regularly provides supplies or services to the Association for pay in excess of \$3,000 in any consecutive twelve (12) month period during a director's term of office on the Board of Directors, he/she shall be disqualified from serving the remainder of his/her term. No person shall be qualified to be a candidate for or to serve on the Board of Directors if he is engaged in, is the owner of, is employed as the agent, officer or employee of a person, corporation or firm engaged in, the business of home construction or buying and selling real estate in the Lake Monticello subdivision. (Reflects amendment of 6/24/95.)

Each Director shall serve for a term of three years. In the event of a vacancy on the Board of Directors, the Director elected to fill such vacancy shall serve for the unexpired balance of the term of the Director who is replaced.

At each meeting of the members for the election of Directors, a quorum being present, those persons duly nominated receiving the greatest number of votes shall be the new Directors. If the election of Directors shall not be held on the day designated for any annual meeting or at any adjournment of such meeting, the Board of Directors shall cause the election to be held at a special meeting of the members as soon as thereafter as conveniently may be. (Reflects amendments of 11/17/84, and 6/24/89.)

- C. The directors may make such regulations as they deem advisable for any meeting of members, in regard to proof of membership in the Association, evidence of the right to vote, the appointment and duties of inspectors of votes, and such other matters concerning the conduct of the meeting as they shall deem fit.
- D. The Association may contract with any other person for the performance, as its agent, of any of the powers, duties, or functions of the Association. (Reflects amendment of 11/19/77.)
- E. **Meetings**

All business meetings of the Board of Directors at which a quorum of directors is present shall be held in sessions open to the LMOA membership except for executive or closed meetings which may be held only for the following purposes and on the following conditions:

1. Discussion or consideration of employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of employees of Lake Monticello, and any legal issues pertaining to an employee.
2. Discussion or consideration of the condition, acquisition or use of real property for Association held property, or of plans for the future which could affect the value of property owned or desirable for ownership by the Association.
3. The protection of the privacy of individuals in personal matters not related to Association business.
4. Discussion concerning a prospective business or industry where no previous announcement has been made of the business' or industry's interest in locating in the community.
5. Consultation with legal counsel and briefings by staff members, consultants or attorneys, pertaining to actual or potential litigation, or other legal matters within the jurisdiction of the Association, and discussion or consideration of such matters without the presence of counsel, staff, consultants or attorneys.
6. Discussion concerning committee responsibilities, committee membership, appointments and relations between committees.
7. Matters concerning security strategy or the deployment of security personnel, or devices affecting Association security, and safety measures to protect the community.

8. All decisions made and voted in Executive Session shall be reported in open session at the next open session meeting and recorded in the minutes. (Reflects amendment of 6/25/88.)

5. **Indemnification**

- A. Except as and to the extent hereinafter provided, the Association shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association), by reason of the fact that he is or was a director or officer of the Association or is or was serving at the request of the Association as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against the following: expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.
- B. Except as and to the extent hereinafter provided, the Association shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against the following: expenses (including attorneys' fees) actually and reasonably incurred by him in connection with defense or settlement of such action or suit.
- C. No such person shall be entitled to be thus indemnified: (I) in relation to any such action, suit or proceeding referred to in paragraphs (A) and (B) above, unless he acted in good faith and in the manner he reasonably believed to be in or not opposed to the best interests of the Association or (II) as to any action, suit or proceeding referred to in paragraph (B) above, if he shall have been adjudged to be liable for negligent or misconduct in the performance of his duties to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine that despite the adjudication of liability such person is reasonably entitled to indemnity.
- D. The Association may indemnify any person who is or was an employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise to the extent and under the circumstances provided above with respect to a person who is or was a director or officer of the Association.
- E. To the extent that such person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs (A) and (B) above, he shall be indemnified against expenses (including attorneys' fees) actually and

reasonably incurred by him in connection therewith.

- F. Any indemnification under the paragraphs above (unless ordered by a court) shall be made by the Association only as authorized in each specific case, upon a determination that indemnification of the director, officer, employee or agent, as the case may be, is proper in the circumstances because such person has met the applicable standard of conduct set forth above. Such determination is made by (I) the Board of Directors, by a majority vote of the quorum of disinterested directors, or (II) if such a quorum is not obtainable, or, even, if obtainable a quorum of disinterested directors so directs, by independent legal counsel which may be counsel customarily retained by the Association in a written opinion, or (III) by the members. In making any such determination, the directors shall be entitled to, and shall be fully protected if they, rely as to all questions of law upon, and cause the Association to act in accordance with, the written opinion of independent counsel selected for such purpose by, or in a manner designated by, the Board of Directors (which may be counsel customarily retained by the Association), stating whether such settlement is in the best interests of the Association and whether such indemnification is lawful and is authorized by these Articles of Incorporation.
- G. Expenses incurred in defending an action, suit or proceeding, whether civil, administrative or investigative, may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors of the Association in the manner provided above upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.
- H. Every reference in this Article to a director or officer shall include his heirs and personal representatives. The right to indemnification provided by this Article is in addition to, and is not exclusive of, any other rights of reimbursement or indemnification to which the persons indemnified hereby may be entitled.

6. **Registered Office and Registered Agent**

The post office address of the initial registered office is Court Square Building, Charlottesville, Virginia. The name of the city in which the initial registered office is located is the City of Charlottesville. The name of its initial registered agent is Robert E. Stroud, who is a resident of Virginia and a member of the Virginia State Bar, and whose business office is the same as the registered office of the Association.

7. Directors

- (a) The number of directors constituting the initial Board of Directors may be increased or decreased from time to time by amendment to the By-Laws.
- (b) The names and addresses of the persons who are to serve as the initial directors are:

Harry D. Faulconer	711-713 National Bank Building Charlottesville, Virginia
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James W. Faulconer	711-713 National Bank Building Charlottesville, Virginia
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Jack W. Sanford	711-713 National Bank Building Charlottesville, Virginia
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Walter E. Faulconer	711-713 National Bank Building Charlottesville, Virginia
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C.D. Hammer	711-113 National Bank Building Charlottesville, Virginia
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Dated: June 25, 1971

Signature  
William J. Strickland

Signature  
Robert E. Stroud

Signature  
Sara W. Heywood

This reproduced text of the Articles of Incorporation of the Lake Monticello Owners' Association reflects amendments adopted through **June 24, 1995**.