

SUNSET FARMS PROPERTY OWNERS ASSOCIATION
BY-LAWS
Version 2.0 -- Approved January 23, 2011

Article 1 - Name of Organization

These By-Laws apply to the organization known as the **Sunset Farms Property Owners Association** (referred to herein as “**SFPOA**” or the “**Association**”), defined in the “Sunset Farms Covenants, Restrictions”, dated October 1, 1988 (referred to herein as “Covenants”), Section 9. The Covenants are the defining legal document that imposes, by deed, common covenants and restrictions on all property owners in the Sunset Farms Subdivision.

These By-Laws are the statements of rules, regulations and procedures duly approved and adopted by the property owners for conducting the business of the SFPOA.

In the event of any conflict between the Covenants and Restrictions and these By-Laws, the Covenants and Restrictions shall govern.

Article 2 - Purposes of Organization

Section 1 - Road Maintenance

The primary purpose of the SFPOA is to maintain the Sunset Farms Subdivision roads as defined in the Covenants, Section 9. This shall be interpreted by these By-Laws to include whatever access is required to the Utility and Drainage Easements defined in the Covenants, Section 2, in order to facilitate such road maintenance.

Section 2 - Architectural Uniformity

The SFPOA fulfills the purpose of providing Subdivision architectural uniformity as defined in the Covenants Section 1 (Land Use and Building Type) and 13 (Setback).

Section 3 - Governance

Through the establishment of an executive governance organization (the Association Officers and Standing Committees) operating through a membership approved set of By-Laws, the SFPOA provides the ability to govern the Subdivision common concerns (the Covenants and Restrictions) and property (the roads and the adjoining right-of-ways) to accommodate the changing needs and desires of the membership.

Article 3 - Membership

Section 1 – Definition of Association Member

Membership in the SFPOA is defined in the Covenants, Section 9, as follows:

“Each owner automatically becomes a member of the Association and is entitled to vote at each meeting of the Association, the vote being limited

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to one vote per lot."

For the purpose of these By-Laws, "owner" and "member" in this statement shall be interpreted to be identical and shall be referred to as "Association Member" ("Member").

The original Sunset Farms Subdivision defines a total of 28 subdivision lots, lot numbers 1 - 28 inclusive. The Covenants, Section 13 permits "A *single property owner may purchase two (2) or more adjoining lots and convert to a single lot the lot so created shall be treated as a single lot and the owner shall be entitled to vote and be assisted as a single lot owner. Said conversion may not be reversed.*"

As of the date of these bylaws, only one such lot conversion has been deeded; lots 9 and 10 have been combined into one lot, which shall be referred to as lot 9. Lot 10 shall be considered to be non-existent. Any future lot conversions will be reflected by a corresponding revision to this Section of the By-Laws.

Section 2 - Membership List

The SFPOA Officers shall be responsible for, and the Secretary shall maintain a current approved list of Association Members and the Subdivision lot number each Member is qualified to vote for. This list shall be used exclusively to determine valid Association membership and quorums and voting privileges at Association meetings.

Article 4 - Governance

Section 1 - Governing Organization

The SFPOA shall be governed by its membership through an elected group of Officers and an appointed set of Committees as defined in these By-Laws. The authority vested in these Officers and Committees shall be bounded solely and uniquely by the Covenants and these By-Laws.

Section 2 - Meeting Procedures

All Association meeting procedures not defined by these By-Laws shall be conducted in accordance with "Robert's Rules of Order". The Association President shall appoint a parliamentarian to assure that orderly meeting procedures are maintained.

Section 3 - Membership Meeting Proxies

Members not in attendance at Membership Meetings shall be allowed representation through proxies. The proxy form used shall be the form included in Attachment "A" to these By-Laws. A copy of this proxy form shall be included with all Association Membership Meeting notices. Completed proxy forms must be provided to the Association President or Secretary prior to the calling to order of the applicable meeting. Each submitted proxy form shall be

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validated by the Secretary, who shall then provide the quorum count for the proxies and count the proxy votes as they so direct during the meeting.

The proxy form shall allow for two optional forms of Member Proxy:

A - Quorum Proxy

OR

B - Voting Proxy

One and only one of the two optional forms of proxy shall be allowed a Member per Membership Meeting, and the Member shall clearly indicate the type of proxy selected on the proxy form.

Proxy option "A", Quorum Proxy, allows the Member to be counted as present at the Membership Meeting for the Meeting quorum only. No voting proxy is granted to any other Association Member.

Proxy option "B", Voting Proxy, allows the member to appoint either the Association President or another Association Member to vote their interest at an Association Meeting in their absence. This proxy also includes the absent member in the Membership Meeting quorum count.

Section 4 - Quorum Count / Meeting Vote

For purposes of determining Membership Meeting quorum and vote counts, only one Association Member (or proxy thereof) representing one Subdivision lot shall be counted as one quorum lot count or one meeting SFPOA lot vote. The maximum quorum count or maximum voting count cannot exceed the Subdivision lot count of 27.

Section 5 - Membership Meeting Quorum

A Membership Meeting quorum shall consist of attending Members (plus proxies) representing a Subdivision lot count of 14 or more (which is a majority of the Subdivision lot count of 27). A quorum shall be required in order to conduct any Association business at any Membership Meeting.

Section 6 - Vote on Discussion Issue

When an issue is voted on in a Membership Meeting with an established quorum, the issue shall be adopted by a majority of the SFPOA lot votes present at the Meeting plus voting proxies.

Article 5 - Association Officers

The Association Officers shall consist of a President, Vice-President, Secretary and Treasurer.

Section 1 - President

The Association President shall serve as the principal Executive Officer of the SFPOA and shall, in general, supervise and control the affairs and activities of the

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Association.

Specific duties included in the President's responsibilities shall be:

- Preside over all Membership Meetings of the Association.
- Preside over all Association Officer Meetings.
- Co-sign with the Treasurer any financial contracts entered into by the Association.
- Appoint Committee Chairpersons for standing committees and for any temporary committees created at Membership Meetings.
- Present the fiscal year budget and dues assessment proposal for Membership approval at the Annual Membership Meeting.

Section 2 - Vice-President

The Association Vice-President shall perform the duties of the Association President when the President is absent or unable to perform his/her duties for any reason. When so acting, the Vice-President shall have all of the powers of the President. The Vice-President shall perform other duties as, from time to time, are assigned by the President.

Section 3 - Secretary

The Association Secretary shall be responsible for recording, distribution and maintenance of Association records. The Secretary's responsibilities include:

- Recording and publishing Membership Meeting minutes.
- Recording Association Officer Meeting minutes.
- Determining Membership Meeting quorums and tallying and recording proxy votes.
- Maintaining the approved Association Membership List.
- Maintaining the Standing Committee membership lists.

Section 4 - Treasurer

The Association Treasurer shall be responsible for executing and keeping records of all Association financial transactions. The Treasurer's responsibilities include:

- Establishing and maintaining a bank checking account for Association financial transactions. Both the Treasurer and President shall have access to the Association bank account.
- Collection of membership dues.
- Payment of all Association incurred debts.
- Prepare and present a written financial report at all Membership Meetings.
- Prepare a fiscal year budget and dues assessment proposal.

Section 5 - Term of Office

Each Officer shall serve a two-year term.

Section 6 - Nominations For Election

A slate of nominations for election of Officers shall be presented to the

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membership by the Nominating Committee biennially at the Annual Membership Meeting. Additional nominations may also be accepted from the floor.

Section 7 - Election of Officers

Officers shall be elected biennially at the Annual Membership Meeting from the nominations presented. Newly elected officers shall assume their offices immediately following the closure of the Annual Membership Meeting.

Article 6 - Architectural Control Committee

The Architectural Committee shall be a standing Association Committee.

The primary responsibility of the Architectural Control Committee shall be to enforce, through a continuous review and approval process, the following Sunset Farms Covenants.

- 1 – Land Use and Building Type
- 13 – Setback

Section 1 - Membership

The Architectural Committee shall consist of:

- The Architectural Committee Chairman
- Architectural Committee Members, selected by the Committee Chairman from Sunset Farms Property Owner Association Members

The Architectural Committee Chairman shall be appointed by the Association President and shall retain the position permanently until a new President is installed, the President deems it necessary to appoint a replacement Chairman, or such time that the Chairman wishes to resign the position; in which case the President shall appoint a new Chairman.

Architectural Committee Members shall retain their membership in the Architectural Committee permanently until the Committee Chairman chooses to dismiss them from that position or until such time that the Member wishes to resign the position. In either case, the Chairman may or may not replace the Member.

The Committee Chairman may add or remove Committee Members to the Architectural Committee at any time.

A permanent record of the membership of the Architectural Committee and any changes made to it shall be maintained by the Association Secretary. The Architectural Committee Chairman shall be responsible for notifying the Secretary of all membership changes.

Section 2 - Architectural Records

All submissions of architectural plans, and all correspondence regarding the

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submission and signed letters of approval or disapproval transmitted to the submitter of the plans, shall be maintained permanently by the Architectural Control Committee.

Section 3 - Coordination with Road Committee

The Architectural Control Committee shall coordinate the review and approval of all plans submitted to it with the Road Committee to verify that the plans are in compliance with, and do not jeopardize, any existing road or drainage structures. If the submitted plans do not provide sufficient information for the Road Committee to make a reasonable evaluation, additional information shall be requested from the submitter.

Article 7 - Road Committee

The Road Committee shall be a standing Association Committee.

The primary responsibilities of the Road Committee shall be to:

- Discharge the responsibilities of the Sunset Farms Property Owners Association in the establishment and maintenance of the private roads belonging to the Association as defined in Sunset Farms Covenants 8 and 9. In the event of any conflict between the Covenants and Restrictions and these By-Laws, the Covenants and Restrictions shall govern.
- Discharge the responsibilities of the Sunset Farms Property Owners Association in the creation and maintenance of necessary surface drainage contained in the Utility and Drainage Easements defined in Sunset Farms Covenant 2 in order to protect the integrity of the Association's private road surfaces.
- Prepare costed annual project plans to accomplish these responsibilities for presentation to the Association Officers .
- Estimate long term Road Committee operating budgets for presentation to the Association Membership for approval.

Section 1 - Membership

The Road Committee shall consist of:

- The Road Committee Chairman
- The Association President
- The Association Treasurer
- Road Committee Members, selected by the Committee Chairman from Sunset Farms Property Owner Association Members.

The Road Committee Chairman shall be appointed by the Association President and shall retain the position permanently until a new President is installed, the President deems it necessary to appoint a replacement Chairman, or such time that the Chairman wishes to resign the position; in which case the President shall appoint a new Chairman.

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Road Committee Members shall retain their membership in the Road Committee permanently until the Committee Chairman chooses to dismiss them from that position or until such time that the Member wishes to resign the position. In either case, the Chairman may or may not replace the Member.

The Road Committee Chairman may add or remove Committee Members to the Road Committee at any time.

A permanent record of the membership of the Road Committee and any changes made to it shall be maintained by the Association Secretary. The Association President and Road Committee Chairman shall be responsible for notifying the Secretary of all membership changes.

Section 2 - Member Responsibility for Drainage Maintenance

The Utility and Drainage Easements defined in Sunset Farms Covenant 2 includes the provision that *“The easement area on each lot and all improvements in it shall be maintained continuously by the owner of the lot except for those improvements for which a public authority or utility company is responsible.”* This provision is expanded in these By-Laws with regards to Association Road Committee and Association Member shared responsibilities as follows.

In order to contain the responsibility of the Road Committee to common issues, certain drainage structure maintenance issues shall be assumed by the Members along subdivision lot lines that border subdivision road easements, and along lot lines that border subdivision easements that contain drainage structures installed for subdivision common use. These Member responsibilities shall be to minimize the accumulation of surface growth and collection of organic and other material on and about any drainage structures included in the easement areas along the Member’s lot lines so as to prevent such accumulation of material from interfering with the functionality of the drainage structures. In the case of lot lines bordering road structures, the maintenance responsibility shall extend to the edge of the road structure. In the case of common lot lines between two Members, the responsibility shall be shared between the two Members.

The determination of whether common drainage structures are being properly maintained shall be the responsibility of the Road Committee. If a problem with a drainage structure is determined to be a failure of the structure itself, requiring reconstruction, it shall be a common responsibility and shall be scheduled by the Road Committee as a task to be done by the Association. If the problem is determined to be due to lack of proper maintenance by the Member, the Road Committee will notify the member of the problem and request that the Member correct the problem. If the Member does not correct the problem in a reasonable period of time, the Road Committee will notify the Member by Certified Mail that the Association will correct the problem and the Treasurer shall bill the member for the cost of doing so. Such costs will be due and payable upon completion of the work done and the Treasurer shall handle non-payment in a manner similar to

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non-payment of dues.

Article 8 - Nominating Committee

The Nominating Committee shall be a standing Association Committee.

The Nominating Committee shall have the responsibility of biennially recruiting a slate of officers for presentation to the Membership for election to office.

Section 1 - Membership

The Nominating Committee shall consist of:

- The Nominating Committee Chairman
- Nominating Committee Members, selected by the Committee Chairman from Sunset Farms Property Owner Association Members

The Nominating Committee Chairman shall be appointed by the Association President and shall retain the position permanently until a new President is installed, the President deems it necessary to appoint a replacement Chairman, or such time that the Chairman wishes to resign the position; in which case the President shall appoint a new Chairman.

Nominating Committee Members shall retain their membership in the Nominating Committee permanently until the Committee Chairman chooses to dismiss them from that position or until such time that the Member wishes to resign the position. In either case, the Chairman may or may not replace the Member.

The Committee Chairman may add or remove Committee Members to the Nominating Committee at any time.

A permanent record of the membership of the Nominating Committee and any changes made to it shall be maintained by the Association Secretary. The Nominating Committee Chairman shall be responsible for notifying the Secretary of all membership changes.

Article 9 - Membership Dues

Section 1 - Annual Dues

The Association Treasurer shall collect from each lot owner an annual SFPOA Dues assessment. These dues shall be assessed for the annual fiscal period beginning October 1 of any given year and ending September 30 of the following year. The amount of the annual dues for each fiscal year shall be approved by the Membership at the Annual Membership Meeting held in that fiscal year. The dues are owed and payable immediately following such approval. They shall be finally due and payable on September 30 of that fiscal year.

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Section 2 - Dues Amount

The amount of the dues assessment shall be determined annually based on a budgetary analysis of the financial needs for the coming fiscal year performed by the Association Officers and Committee Chairpersons. Based on this analysis, a proposed budget and a proposed dues assessment shall be prepared for presentation to the Membership for approval at the Annual Membership Meeting.

Section 2 - Notification of Dues

Association Members shall be notified of the amount of dues owed for each year through receipt by mail of the Minutes of the Annual Membership Meeting, which will have the record of the annual dues approved by the Membership. For any dues not received by April 1, the Treasurer shall mail reminder notices of any dues owed.

Section 3 - Unpaid Dues

When a lot owner becomes overdue on payment (full payment not received by October 1), the Treasurer shall take the following collection actions:

1. Send by mail a first overdue notice if full payment is not received by October 31.
2. Send by certified mail a second overdue notice if full payment is not received by November 30. This notice shall include notification that if full payment is not received by December 31, the Association will file a Grant In Debt (Civil Claim for Money) action in Lexington-Rockbridge General District Court to claim the amount outstanding plus any court costs incurred.
3. If full payment is not received by December 31, file the Grant In Debt claim.
4. If the Court cannot collect the outstanding debt, have the Court issue a property lien on the lot owner for the amount owed plus court costs.

Section 4 - Special Circumstances

The Association Officers shall be allowed to take into consideration special circumstances that may exist with certain lot owners in the collection of the dues owed. Special extended payment plans or promissory notes (with or without interest) may be considered if the Officers determine that such plans are negotiated and made in good faith by the lot owners. In no case shall the dues owed by any lot owner be reduced or forgiven.

Article 10 - Meetings

Section 1 - Annual Membership Meeting

The Annual Membership Meeting shall be held on or about the second Sunday of October of every calendar year. The primary purposes of this meeting shall be to:

- Report to the Membership on road improvement and maintenance progress and proposals for the coming year.
- Report to the Membership on the financial condition of the Association.
- Approve a fiscal year budget and dues assessment for the coming year.

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- Biennially nominate and elect the officers for the coming two years.

Section 2 - Supplementary Membership Meeting

As required, a supplementary annual membership meeting may optionally be scheduled on or about the second Sunday of January of each calendar year. This meeting may be cancelled by the Association Officers if they determine that there is no Association business outstanding that needs to be conducted at that meeting. The primary purpose of this meeting shall be to close any business left open at the Annual Membership Meeting.

Section 3 - Emergency Membership Meetings

Membership meetings may be scheduled at any time to handle emergency SFPOA business at the discretion of the Association President. The membership shall be provided a minimum of 14 days notice of any emergency meeting.

Section 4 - Association Officer Meetings

The Association Officers shall meet prior to the Annual Membership Meeting and the Supplementary Membership Meeting to discuss, review and finalize the date, location and agenda for these meetings. Additional Association Officer Meetings may be scheduled at any time at the discretion of the Association President.

Section 5 - Meeting Locations

Location of Membership and Officer meetings will be arranged by the President. Normally meetings will be held at the homes of SFPOA members on a volunteer basis.

Section 4 - Membership Meeting Notification

Written notice for all Membership Meetings, except for emergency meetings called by the president, shall be delivered to each property owner a minimum of three weeks before the meeting date.

Section 5 - Committee Meetings

Committee Meetings shall be held at the discretion of the Committee Chairperson, allowing for suitable notification time for committee members.

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ATTACHMENT "A"

PROXY
INDICATE EITHER "A" OR "B"

A[]

KNOW ALL MEN BY THESE PRESENT, that the undersigned voting member of the Sunset Farms Property Owners Association does hereby constitute and appoint the President of the Association to vote all percentage of interest of the Association standing in the name of the undersigned for **purposes of establishing a quorum only**.

OR

B[]

KNOW ALL MEN BY THESE PRESENT, that the undersigned voting member of the Sunset Farms Property Owners Association does hereby constitute and appoint (check only one):

_____ President of the Association, or

_____ Sunset Farms Property Owner _____ (fill in name of Sunset Farms property owner), who is a property owner of the Association, with full power of substitution and for and on behalf and in the name, place and stead of the undersigned, to attend the particular meeting of voting Members of the Association, to be held on _____ (fill in date of meeting) at the designated meeting place of the Association, and any adjournment or adjournments thereof, and threat to vote all of the percentage interest of the undersigned upon such business as may properly come before said meeting, including, without limitation, an election of members to various committees, as fully as the undersigned might, or could do if personally present, hereby ratifying and confirming all that said proxy shall lawfully do or cause to be done by virtue hereof, and hereby revoking any proxy or proxies heretofore given by the undersigned to vote and act at such meeting.

Complete and sign for "A" or "B" choices

In witness whereof, the undersigned has executed this proxy on _____, 20_____.

(All Signatures of Persons Listed on the Deed)

Sunset Farms Address/Property Owned

Signature (owner)

Printed Name (owner)

Signature (owner)

Printed Name (owner)

Signature (witness)

Printed Name (witness)

LEAVING A PROXY UNINSTRUCTED AUTHORIZES THE PROXY-HOLDER TO VOTE, OR NOT, IN HIS OR HER OWN DISCRETION, WITHOUT DISCRETION OR LIMITATION, ON ALL ISSUES THAT COME BEFORE THE MEETING.

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REVISION HISTORY

Revision 1.0

Original By-Laws document prepared by By-Laws Committee and approved by the Membership at the February 10, 2008 Association Membership Meeting.

Revision 2.0

Replaces Revision 1.0 in its entirety. Prepared by By-Laws Committee and approved by the Membership at the January 23, 2011 Association Membership Meeting.