

ARTICLES OF INCORPORATION
OF
FONTANA OWNERS ASSOCIATION, INC.

The undersigned incorporator hereby forms a nonstock, non-profit corporation pursuant to the Virginia Nonstock Corporation Act (Chapter 10 of Title 13.1 of the Code of Virginia of 1950, as amended) and to that end sets forth the following:

Article I. Name. The name of the corporation is Fontana Owners Association, Inc. (the "Association").

Article II. Registered Agent and Office. The street address of the initial registered office is 415 Fourth Street, N.E., Charlottesville, Virginia, 22902, which is located within the jurisdictional limits of the City of Charlottesville, Virginia. The name of the initial registered agent is Martin & Raynor, P.C., a professional corporation of attorneys registered under Section 54.1-3902 of the Code of Virginia, and whose business office is the same as the initial registered office of the Association.

Article III. Definitions. Except as expressly defined herein, all capitalized terms used herein shall have the respective meanings set forth in the Declaration of Covenants, Conditions, Restrictions and Easements of Fontana, dated June 19, 1998, made by A. M. Nichols, Trustee for the Fontana Land Trust under agreement dated September 18, 1997, and recorded in the Clerk's Office of the Circuit Court of Albemarle County, Virginia, as amended by Amendment dated June 23, 1998, and as the same may hereafter be amended or supplemented from time to time (the "Declaration"). The Association is a community association as defined by Section 13.1-814.1 of the Code of Virginia of 1950, as amended.

Article IV. Purposes. The primary purposes for which the Association is formed are to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, said Declaration being incorporated herein as if set forth at length, which purposes include, but are not limited to, the following:

- a) To be a nonstock, non-profit corporation, none of the income of which shall inure to the benefit of any private person or to any political organization.
- b) To provide for the management, maintenance, and care of the Common Area and the architectural control of the Lots of the subdivision of real estate in Albemarle County, Virginia, known as Fontana.
- c) To promote the health, safety and welfare of the residents of Fontana, which subdivision includes the real property described at Schedule A to the Declaration and any additions thereto as may hereafter be brought within the jurisdiction of the Association.

- d) To fix, levy, collect, disburse and enforce payment by any lawful means, all charges and Assessments pursuant to the terms of the Declaration, to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes and governmental charges levied or imposed against the property of the Association.
- e) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, administer, give, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.
- f) To borrow money, and with the assent of at least two-thirds (2/3) of the Members entitled to vote, to mortgage, pledge, lien by deed of trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.
- g) To participate in mergers or consolidations with other non-profit corporations organized for the same general purposes, provided that any such merger or consolidations shall have the assent of at least two-thirds (2/3) of the Members entitled to vote.
- h) To have and to exercise any and all powers, rights and privileges that a corporation organized under the Virginia Nonstock Corporation Act by law may now or hereafter have or exercise.

Article V. Members. The Association shall have three classes of Members. Provisions designating the classes of Members, stating the qualifications and rights of the Members of each class, and conferring, limiting or denying the right to vote are set forth in the Bylaws of the Association. All three classes of Members shall have the right to vote for Directors as set forth in the Bylaws of the Association.

Article VI. Board of Directors. The number of directors constituting the initial Board of Directors is two (2). The names and addresses of the persons who are to serve as the initial Directors until their successors are elected in accordance with the Bylaws of the Association are:

<u>Name</u>	<u>Address</u>
Anthony M. Nichols	329 Seventh Street Marysville, California 95901-0143
Johnny L. Johnson	292 Blackthorn Lane Charlottesville, Virginia 22902-7252

Article VII. Regulation of Internal Affairs. Provisions regulating the conduct of the internal affairs of the Association shall be provided for in the Bylaws of the Association. The initial Bylaws shall be adopted by the Board of Directors, which may thereafter alter, amend or repeal the Bylaws or adopt new Bylaws in accordance with the Bylaws of the Association.

Article VIII. Contract Fair and Reasonable. No contract or other transaction between the Association and one or more of its Officers or Directors to which one or more of its Officers or Directors are interested and no contract or other transaction between the Association and any other corporation, firm, association or entity in which one or more of the Association's Officers or Directors are officers or directors or are interested shall be either void or voidable because of such relationship or interest or because such Director or Directors are present and are counted in determining the presence of a quorum at the meeting of the Board of Directors of the Association or a committee thereof which authorizes, approves or ratifies such contract or transaction or because the votes of such Director or Directors are counted for such purpose, provided that the material facts as to the relationship or interest are disclosed or known:

- a) to the Board of Directors or committee that authorizes, approves or ratifies the contract or transaction by a vote sufficient for the purpose without counting the votes of such interested Directors or if the votes of the disinterested Directors are sufficient to constitute an act of the Board of Directors, by unanimous vote of the disinterested Directors, if there are not less than two such disinterested Directors; or
- b) to the Members entitled to vote, and they authorize, approve or ratify such contract or transaction by vote or written consent.

In any event, no contract or other transaction described in the first paragraph of this Article VIII shall be void or voidable despite failure to comply with parts (a) and (b) above, provided, however, that such contract or transaction was fair and reasonable to the Association in view of all the facts known to any Officer or Director at the time such contract or transaction was entered into on behalf of the Association.

Article IX. Indemnification.

- a) The Association shall indemnify and hold harmless any 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 (including an action or suit by or in the name of the Association) by reason of the fact that he or she is or was a Director or Officer of the Association or is or was serving at the request of the Association as Director, Officer, Partner, Member, Manager or Trustee of another corporation, partnership, joint venture, limited liability company, trust, or other enterprise, against expenses and

liabilities (including, but not limited to, attorney's fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by him or her in connection with the defense or settlement of any such action, suit or proceeding, except only in relation to any claim, issue or matter as to which such person shall have been finally adjudged to be liable for his or her gross negligence or willful misconduct in the performance of his or her duties. Each such indemnity shall inure to the benefit of the heirs, executors and administrators of such person. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person engaged in gross negligence or willful misconduct or in conduct in any way opposed to the best interests of the Association.

- b) Any indemnity under paragraph (a) above shall (unless authorized by a Court of Law) be made by the Association only as authorized in the specific case upon a determination that the Director, Officer, Partner, Member, Manager or Trustee was not guilty of gross negligence or willful misconduct in the performance of his or her duties, and, in the case of a settlement, that such settlement was, or if still to be made is, consistent with the best interests of the Association. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (ii) by independent legal counsel in a written opinion if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Directors so directs, or (iii) by the Members. If the determination is to be made by the Board of Directors, it may rely as to all questions of law on the advice of independent legal counsel.
- c) Expenses incurred in defending an action, suit or proceeding whether civil, criminal, administrative or investigative, may be paid by the Association in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the Director, Officer, Partner, Member, Manager or Trustee to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article IX.
- d) The rights of indemnification provided by this Article IX shall be in addition to and not exclusive of all other rights to which any person may be entitled, including those rights under the provisions of Title 13.1, Chapter 10, Article 9 of the Code of Virginia of 1950, as amended, and such similar statutes of Virginia as may be enacted in the future, and any right under policies of insurance that may be purchased and maintained by the Association or others, even as to claims, issues or

matters in relation to which the Association would not have the power to indemnify such person under the provisions of this Article IX.

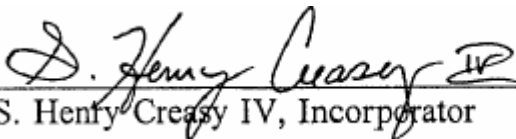
- e) The Association may purchase and maintain, at its sole expense, insurance in such amounts and on such terms and conditions as the Board of Directors may deem reasonable, against all liabilities or losses it may sustain in consequence of the indemnification provided for in this Article IX.
- f) The Board of Directors shall have the power, generally and in specific cases, to indemnify employees, attorneys and agents of the Association, or their heirs, executors, and administrators, to the same extent as provided in this Article IX with respect to Directors and Officers.
- g) The provisions of this Article IX are severable, and, therefore, if any of its provisions shall contravene or be invalid under any applicable law, such contravention or invalidity shall not invalidate this entire Article IX, but this Article IX shall be construed as if not containing the particular provision(s) held to be invalid, and the remaining provisions shall be construed and enforced accordingly.

Article X. Dissolution. In the event of dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association (after provision has been made for satisfaction of all liabilities and obligations of the Association) shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to one or more non-profit corporations, associations, trusts or other organizations to be devoted to such similar purposes.

Article XI. Duration. The corporation shall exist perpetually.

Article XII. Amendments. Amendment to these Articles shall require the assent of two-thirds (2/3) of the votes entitled to be cast by the Members at a meeting at which a quorum of the Members exists.

Witness the following signature on this 28th day of August, 1998.



S. Henry Creasy IV, Incorporator

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August 28, 1998 (12:34pm)