

ARTICLES OF INCORPORATION
FOR
KINLOCH LAKE ASSOCIATION, INC.

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ARTICLES OF INCORPORATION
FOR
KINLOCH LAKE ASSOCIATION, INC.

ARTICLE 1

NAME

The name of this corporation is Kinloch Lake Association, Inc., which is hereby incorporated as a Virginia nonstock corporation pursuant to Chapter 10 of Title 13.1 of the Code of Virginia, as amended ("Act"). The duration of the corporation is perpetual.

ARTICLE 2

INTERPRETIVE PROVISIONS

Section 2.1. Definitions. Terms used herein without definition shall have the meanings specified for such terms in Section 13.1-803 of the Act. Capitalized terms used herein or in the Bylaws shall have the meanings specified for such terms below.

(1) "Administrative Functions" shall mean all functions of for and on behalf of the Association necessary or proper under the Declaration and shall include, without limitation: (a) providing management and administration of the Association; (b) providing development review services under the Declaration; (c) incurring reasonable attorneys' fees and accountants' fees; (d) hiring a management company and other contractors; (e) hiring a security service or security company to monitor, patrol and protect the Properties; (f) paying insurance and real estate, personal property or other taxes levied against the Common Properties; (g) engaging a landscape company to provide landscape services for all or portions of the Properties; and (h) performing other reasonable and ordinary administrative tasks associated or in connection with the operation of the Association.

(2) "Articles of Incorporation" shall mean these Articles of Incorporation for Kinloch Lake Association, Inc., filed with the Virginia State Corporation Commission, as amended from time to time.

(3) "Association" shall mean Kinloch Lake Association, Inc., a Virginia nonstock corporation, or its successors and assigns.

(4) "Association Documents" shall mean collectively these Articles of Incorporation,

the Declaration, Supplemental Declarations and the Bylaws, all as amended from time to time. Any exhibit, schedule, certification or amendment to an Association Document is an integral part of that document.

(5) “Board” shall mean the Board of Directors of the Association.

(6) “Bylaws” shall mean the Bylaws of the Association, as amended from time to time.

(7) “Clerk’s Office” shall mean the Clerk’s Office of the Circuit Court of Goochland County, Virginia.

(8) “Declarant” shall mean Kinloch Lake, L.C., a Virginia limited liability company, and its successors and assigns. No successor or assignee of Declarant shall have any rights or obligations of Declarant under the Declaration unless such rights and obligations are specifically set forth in the instrument of succession or assignment, or unless such rights pass by operation of law.

(9) “Declaration” shall mean the Declaration of Covenants, Conditions and Restrictions for Kinloch Lake made by the Declarant and recorded in the Clerk’s Office. The term Declaration shall include all amendments thereto and, except when the context clearly requires otherwise, all Supplemental Declarations.

(10) “KDC” shall mean Kinloch Development Corporation, a Virginia corporation, its successors and assigns.

(11) “Kinloch Property” shall mean the real property owned by KDC which is described on Exhibit “B” to the Declaration; provided, however, from and after the date any portion of the Kinloch Property is dedicated to and accepted by any governmental authority for any public purpose or purposes, such portion of the Kinloch Property shall be excluded from the definition of the Kinloch Property for all purposes hereunder and shall not be subject to the terms and provisions hereof.

(12) “Kinloch Expansion Property” shall mean the real property owned by the Robertsons which is described on Exhibit “C” to the Declaration; provided, however, from and after the date any portion of the Kinloch Expansion Property is dedicated to and accepted by any governmental authority for any public purpose or purposes, such portion of the Kinloch Expansion Property shall be excluded from the definition of the Kinloch Expansion Property for all purposes hereunder and shall not be subject to the terms and provisions hereof.

(13) “Lake” shall mean the lake which is located on the Lake Property.

(14) “Lake Association” shall mean Kinloch Lake Association, Inc., a Virginia nonstock corporation to be formed by the Declarant, and its successors or assigns.

(15) "Lake Expenses" shall mean the actual and estimated expenses incurred by the Lake Association in connection with the use and maintenance of the Lake and the Lake Facilities for the benefit of the Members of the Lake Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Declaration, the Bylaws, and these Articles of Incorporation, but shall not include any expenses incurred by the Declarant for initial development or construction or for installation of infrastructure unless approved by a majority vote of the Class "A" Members and the Class "B" Members.

(16) "Lake Facilities" shall mean any improvements or facilities constructed or installed for use in connection with the Lake, including, without limitation, a boat house and any personal property owned by the Lake Association for use in connection with the Lake, including, without limitation, boats.

(17) "Lake Property" shall mean the real property on which the Lake is located and which is described on Exhibit "A" to the Declaration; provided, however, from and after the date any portion of the Lake Property is dedicated to and accepted by any governmental authority for any public purpose or purposes, such portion of the Lake Property shall be excluded from the definition of the Lake Property for all purposes hereunder and shall not be subject to the terms and provisions hereof.

(18) "Lot" shall mean and refer to any portion of the Kinloch Property or the Kinloch Expansion Property which is designated as a separate lot on a subdivision plat recorded in the Clerk's Office.

(19) "Majority" shall mean any percentage greater than fifty percent (50%).

(20) "Majority Vote" shall mean a simple majority (more than fifty percent) of the votes in each class entitled to be actually cast by members present in person or by proxy at a duly held meeting of the members at which a quorum is present. Any vote of a specified percentage of members means that percentage with respect to the total number of votes in each class entitled to be actually cast by members present in person or by proxy at a duly held meeting at which a quorum is present. Any vote by a specified percentage of the Board of Directors (or Committee) means that percentage with respect to votes entitled to be cast by directors (or committee members) present at a duly held meeting of the Board of Directors (or Committee) at which a quorum is present. Any vote of or approval by a specified percentage of the Mortgagees means a vote of or approval by the Mortgagees calculated according to the number of votes allocated to the Lots on the basis of one vote for each Lot on which a Mortgage is held by a Mortgagee.

(21) "Member" shall mean each person or entity who is a member of the Association as provided in Article II, Section 6 of the Declaration.

(22) "Mortgagee" shall mean an institutional lender (one or more commercial savings

banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) holding a first mortgage or first deed of trust ("Mortgage") encumbering a Lot which has notified the Board of Directors of its status in writing.

(23) "Officer" shall mean any Person holding office pursuant to Article 6 of the Bylaws.

(24) "Owner" "Owner" shall mean and refer to the record owner, whether one (1) or more Persons, of any Lot, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

(25) "Person" shall mean a natural person, corporation, partnership, association, trust or other entity capable of holding title or any combination thereof.

(26) "Robertsons" shall mean and refer to C. B. Robertson, III, Martha Luck Robertson, C. Broocks Robertson, IV, Anne Preston Robertson Farmer and Martha Gregory Robertson Bowden, as owners of the Kinloch Expansion Property, or their successors and assigns.

(27) "Rules and Regulations" shall mean the rules and regulations governing the use, occupancy, operation and physical appearance of the Property adopted from time to time by the Board of Directors.

(28) "Supplemental Declaration" shall mean any declaration of covenants and restrictions executed by Declarant, and by the owner of the lands to be annexed if same are not owned by Declarant, which extends the provisions of the Declaration (as may be amended) to additional property.

Section 2.2. Construction of Association Documents.

(a) Captions. The captions are inserted only for reference, and in no way define, limit or describe the scope of any provision.

(b) Pronouns. The use of the masculine gender shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires.

(c) Severability. Each provision of an Association Document is severable from every other provision, and the invalidity of any one or more provisions shall not change the meaning of or otherwise affect any other provision. To the extent that any provision of the Association Documents is found to be overly broad or unenforceable and a narrower or partially

enforceable construction may be given to such provision, then the narrower or partially enforceable construction shall be applied and, to the extent practicable, the provision shall be enforced.

(d) Interpretation. If there is any conflict among the Association Documents, the Declaration, then the applicable Supplemental Declaration shall control, except as to matters of compliance with the Act, in which case the Articles of Incorporation shall control. Particular provisions shall control general provisions, except that a construction consistent with the Act shall in all cases control over any construction inconsistent therewith. The provisions of the Bylaws shall control over any conflicting provision of any rule, regulation or other resolution adopted pursuant to any of the Association Documents. The Association Documents shall be construed together and shall be deemed to incorporate one another in full. Any requirements as to the content of one shall be deemed satisfied if the deficiency can be cured by reference to any of the others.

ARTICLE 3

PURPOSES AND LIMITATIONS

The Association does not contemplate pecuniary gain or profit to its members. No part of any net earnings shall be paid to any director, Officer or member, and as such they will have no interest in or any title to any of the property or assets of the Association except in accordance with the provision herein relating to dissolution. Nothing shall prohibit the Association from reimbursing its directors and Officers for services performed or for all reasonable expenses incurred in performing services for the Association. The purposes for which the Association is organized are to:

- (1) provide for the upkeep of the Lake Property and Lake Facilities, to the extent provided in the Association Documents;
- (2) establish and administer the architectural, landscaping and maintenance standards governing the Lake Property;
- (3) promote and provide for the health, safety, convenience, comfort and the general welfare of the Owners of the Members;
- (4) impose, collect and disburse dues in accordance with the provisions of the Declaration;
- (5) exercise all other powers and perform all duties and obligations of the Association as set forth in the Association Documents with respect to all or any portion of the Lake Property; and

(6) exercise the powers now or hereafter conferred by law on Virginia nonstock corporations as may be necessary or desirable to accomplish the purposes set forth above.

ARTICLE 4

MEMBERSHIP AND VOTING

Section 4.1. Membership. Every Owner of a Lot which fronts on and shares a common boundary with the Lake Property shall automatically be a Member of the Lake Association and such membership shall be appurtenant to and may not be separated from ownership of such Lot. Subject to Rules and Regulations adopted by the Board, (a) every other Owner of a Lot shall be eligible to apply for membership in the Lake Association and (b) members of the Golf Club and other Persons approved by the Board of Directors or the Declarant, during the Declarant Control Period, shall also be eligible to apply for membership in the Lake Association; provided, however, in the event membership in the Lake Association reaches the maximum number established by the Board from time to time, Lot Owners shall be entitled to a priority over members of the Golf Club as additional memberships become available. KDC and the Robertsons, as owners of those portions of the Kinloch Property and the Kinloch Expansion Property which have not been subdivided into Lots, or their assigns, shall also be Members of the Lake Association. In the event any Lot or parcel which entitles a Person to be a Member is owned by more than one (1) Person, all co-owners shall be entitled to the privileges of membership, subject to the restrictions on voting set forth in this Article and in the Bylaws, and all such co-owners shall be jointly and severally obligated to perform the responsibilities of members hereunder. The membership rights of a Lot or parcel owned by a corporation or partnership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Lake Association. The foregoing does not include any Person which holds an interest merely as security for the performance of an obligation. If more than one Person owns a Lot, then all of the Persons who own such Lot shall collectively constitute one Owner and be one member of the Association.

Section 4.2. Classes of Members; Voting Rights.

(a) Classes; Voting Rights. The Association shall have the following classes of members:

(1) Class "A". Class "A" Members shall be all Owners of Lots which front on and share a common boundary with the Lake Property with the exception of the Class "D" Members. Class "A" Members shall be entitled to two votes for each such Lot owned.

(2) Class "B". Class "B" Members shall be all Owners of Lots which do not front on and share a common boundary with the Lake Property, with the exception of the Class "D" Members, who become members of the Lake Association. Class "B" Members shall be entitled to one (1) vote for each such Lot owned. Class "B" Memberships shall terminate upon

the sale of the Class “B” Member’s Lot and shall not be transferable to successor owners provided that any successor shall be eligible to apply for a new Class “B” Membership.

(3) Class “C”. Class “C” Members shall be all members of the Golf Club and other Persons granted membership by the Board of Directors or the Declarant, during the Declarant Control Period. Class “C” Members shall be non-voting members.

(4) Class “D”. Class “D” Members shall be KDC and the Robertsons, as owners of those portions of the Kinloch Property and the Kinloch Expansion Property which have not been subdivided into Lots and transferred to other Persons for personal use, or their successors in title to whom the right to be a Class “D” Member is assigned. Until termination of the Class “D” Membership as provided herein, the Class “D” Members, acting together, shall be entitled in their sole discretion to appoint all but one of the members of the Board who shall serve at the pleasure of the Class “D” Members. The Class “D” Membership shall terminate and, as applicable, become converted to Class “A” or Class “B” Memberships, upon the earlier of:

(i) when all portions of the Kinloch Property and the Kinloch Expansion Property have been subdivided into Lots by recordation of approved subdivision plats in the Clerk’s Office and all Lots created by such subdivision or subdivisions have been conveyed to other Persons for personal use;

(ii) twenty five (25) years after the date on which the Declaration is recorded in the Clerk’s Office; or

(iii) such date when, in their discretion, the Class “D” Members may elect to terminate the Class “D” Memberships.

(c) Multiple Ownership. Each vote in the Association must be cast as a single vote, and fractional votes shall not be allowed. If joint or multiple Owners are unable to agree among themselves as to how their votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote, it shall thereafter be conclusively presumed for all purposes that he was or they were acting with the authority and consent of all other Owners thereof. If more than the appropriate number of votes are cast for a particular Parcel, none of the votes shall be counted and the votes shall be deemed void.

(d) Additional Provisions Governing Voting. Additional provisions governing voting rights and procedures shall be as set forth in Article 3 of the Bylaws.

Section 4.3. Required Vote. A Majority Vote of the members shall be necessary for the adoption of any matter voted upon, except as otherwise provided herein. The Bylaws shall be amended only in accordance with the terms thereof. The Association is also bound by the requirements set forth in the Declaration and shall not take any action in violation thereof. Voting shall not be conducted by class, unless specifically stated otherwise.

Section 4.4. Cumulative Voting. There shall be no cumulative voting.

ARTICLE 5

BOARD OF DIRECTORS

Section 5.1. Initial Directors. The three initial directors of the Association are **C.B. Robertson, John W. Montague, Jr., and E. Marshall F. Bowden**. The initial directors shall serve until their successors are elected in accordance with Section 5.2 hereof. The Declarant shall be entitled to remove and replace the initial directors at will.

Section 5.2. Election of Directors and Term of Office

(a) Declarant-Controlled Board of Directors. The initial Board of Directors consists of three Persons; thereafter, the number of directors may be increased to not more than five directors pursuant to this section and Section 4.2 of the Bylaws. Except as provided in this section, all directors shall be elected by the Class D member who shall elect, remove and replace such directors at will, and designate the terms thereof, until the meeting described in Subsection 5.2(b) at which all members with voting rights are entitled to elect a majority of the directors. Each director shall serve a one year term. The term of office of at least one but less than three of the directors elected by the Class D member at the first election of directors shall expire at the third annual meeting following their election, the term of office of at least one but less than three of the directors shall expire at the second annual meeting and the term of office of at least one but less than three of the directors shall expire at the first annual meeting following their election. The actual number of directors whose term of office expires at each of the three annual meetings described in the preceding sentence shall be one-third (or a fraction as near to one-third as possible) of the total number of directors. Thereafter, each director shall serve for a three-year term. If the aggregate number of directors is changed, terms shall be established so that one-third (or a fraction as near to one-third as possible) of the total number of directors is elected each year.

(b) Owner Controlled Board of Directors. At the first annual meeting of the Association following the end of the Declarant Control Period or at any special meeting called by the Class D member to transfer control of the Board of Directors, the number of directors shall be increased to five and all but two of the directors elected by the Class D member shall resign. During the Declarant Control Period, the Class D member shall have the right to elect, remove and replace two directors. The remaining directors shall be solely elected by all members having voting rights (excluding the Class D member). After the Class D membership has expired, the two Board positions previously voted upon solely by the Class D member shall be voted upon all members having voting rights.

Section 5.3. Qualifications; Election Procedures.

(a) Qualifications. No person shall be eligible for election as a member of the Board of Directors unless such person is an Owner, an Owner's tenant, an Owner's spouse, an Owner's designee, an officer, trustee, general partner (or officer or partner of the general partner) or agent of an Owner, the Declarant (or a designee of the Declarant) or a Mortgagee in possession (or a designee of a Mortgagee in possession). During the Declarant Control Period, at least two directors must be nominees of the Declarant. No Owner or representative of such Owner shall be elected as a director or continue to serve as a director if such Owner is more than sixty days delinquent in meeting financial obligations to the Association.

(b) Nominations. Persons qualified to be directors may be nominated for election only by a nominating petition submitted to the Secretary at least twenty-five days before the meeting at which the election is to be held. The nominating petition must be signed by ten other Owners and either signed by the nominee or accompanied by a document signed by the nominee indicating the willingness to serve as a director; provided, however, that additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one Person has been nominated by petition. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve. Notwithstanding any other provision of this section, during the Declarant Control Period, the Board of Directors may waive or modify any requirements under this section.

(c) Elections Committee. At least forty-five days prior to each meeting of the Association at which the directors are elected by members other than the Class D member, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board whose term is not then expiring and at least two other persons who are not members of the Board. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board providing for election of directors by ballot of the members at annual meetings and, where appropriate, special meetings.

Section 5.4. Action by Board of Directors. At all meetings of the Board of Directors a majority of the total number of directors shall constitute a quorum for the transaction of business, and a Majority Vote of the directors while a quorum is present shall constitute a decision of the Board of Directors, unless otherwise provided in the Act, these Articles of Incorporation or the Bylaws. The Board of Directors may not mortgage, pledge or dedicate to the repayment of indebtedness or otherwise transfer, convey or encumber any or all of the Association property without the approval of the members and Mortgagees.

Section 5.5. Removal or Resignation of Directors. Except with respect to initial directors, directors elected or appointed by the Declarant and replacements thereof, at any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by members entitled to cast a majority of the total number of votes and a successor may then and there be elected to fill the vacancy thus created.

Any director whose removal has been proposed by the members shall be given at least ten days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. The notice given to members of such meeting shall state that one of the purposes of the meeting is to remove such director. The Declarant may remove and replace any initial director or any director elected or appointed Declarant or a replacement thereof at will, pursuant to Section 5.2 hereof. A director may resign at any time by giving notice to the Board of Directors, the President or the Secretary. Unless otherwise specified, such resignation shall take effect upon the receipt thereof and the acceptance of such resignation shall not be necessary to make it effective. Except for directors elected or appointed by the Declarant or replacement thereof, a director shall be deemed to have resigned upon disposition by the Owner of the Lot which made such person eligible to be a director, or if such director is not in attendance at three consecutive regular meetings of the Board without approval for such absence, and the minutes reflect the director's resignation pursuant to this section. No director need be a resident of the Property.

Section 5.6. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a director by the members or by the Declarant shall be filled by a Majority Vote of the remaining directors at the meeting of the Board held for such purpose promptly after the occurrence of such vacancy or, if the directors remaining in office constitute fewer than a quorum, an affirmative vote of the majority of the directors remaining in office even though the directors present at such meeting constitute less than a quorum. Each person so elected shall be a director until a successor shall be elected at the next annual meeting of the Association. Vacancies caused by removal of a director by the members shall be filled by a vote of the members, pursuant to Sections 4.4 and 5.5 hereof, and the successor director shall serve the remainder of the term of the director being replaced.

ARTICLE 6

INITIAL REGISTERED OFFICE AND AGENT

The initial registered office for the Association is located in the City of Richmond at 1111 E. Main Street, Richmond, Virginia 23218-1122, at which office the initial registered agent of the Association is Edward B. Kidd, who meets the requirements of Section 13.1-883 of the Act by reason of the fact that he is a resident of Virginia whose business address is identical with that of the registered office.

ARTICLE 7

AMENDMENT

These Articles may be amended if the amendment is adopted by at least a Sixty-seven Percent Vote of the members, pursuant to Section 13.1-886 of the Act. No amendment to these Articles may diminish or impair the rights of the Declarant without the prior written consent of the Declarant.

ARTICLE 8

DISSOLUTION

The Association may be dissolved if the resolution to dissolve is adopted by members entitled to cast at least sixty-seven percent of the total number of votes, pursuant to Section 14-3-1402 of the Act. Further, the Association may not be dissolved without the prior written approval of the Declarant during the Development Period. Upon termination of the Declaration and the dissolution of the Association other than incident to a merger or consolidation, the Association shall dispose of or distribute the real and personal property owned by the Association as directed by members entitled to cast at least a sixty-seven percent of the total number of votes of the members. This Article may not be amended without the prior written approval of Fifty-one Percent of the Mortgagees.

IN WITNESS WHEREOF, the incorporator of the Association has signed these Articles of Incorporation on May _____, 2003.

C.B. Robertson III
Incorporator

John W. Montague, Jr.
Incorporator

E. Marshall F. Bowden
Incorporator

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