

Runaway Bay Homeowner's Association, Inc.

Post Office Box 120, Altavista, VA 24517-0120

Phone (434) 309-1727, Fax (434) 309-1747

visit us on the web at www.runawaybayhoa.org

Date:

Dear Property Owner;

Your Runaway Bay Homeowner's Association needs your support and vote to approve amendments to the governing documents of the Association. Amending the Covenants, Conditions and Restrictions; and the Declaration of Restrictive Covenants requires an affirmative vote by 66% of all property owners. Amending the Association By-laws requires a majority affirmative vote of all property owners. The Declarant (River Oaks, the developer) has already provided their approval of these amendments.

The Association Lawyer has reviewed the amendments to ensure they are complete and legal. We now ask for your approval to amend these documents and file them with Campbell and Bedford Counties.

Attached is a Summary of the Proposed Amendments along with a form to record your vote. You should have received the original documents when you purchased your property but you can find them and the amended versions on our web site (address above). To find them look under Documents; then under Original and Proposed Changes to Governing Documents; or you may request an email or postal mailing of the original and amended versions of the documents by calling the Association at the number above.

Please note that the amendments do not attempt to make any changes to restrictions or rules of the Association. They are primarily concerned with expanding the number of board members to better represent the 305 property owners, to better allow for future modifications to these documents and to remove the developer from the documentation as the property owners have been running the Association since April 2004. We appreciate your support for this issue and look forward to receiving your vote on the form below by 31 January 2008. You are encouraged to return your dues payment and Amendment vote form in the enclosed preaddressed stamped envelope.

Sincerely,

Board of Directors

SUMMARY OF PROPOSED AMENDMENTS
TO THE ASSOCIATION
Bylaws; Declaration of Covenants, Conditions and
Restrictions; and the Declaration of Restrictive Covenants
January 2008

The Runaway Bay Homeowners Association Board of Directors has determined that it is important to amend the Association Bylaws; the Declaration of Covenants, Conditions & Restrictions (hereinafter "Declaration"); and the Declaration of Restrictive Covenants (hereinafter "Restrictions"). There are three main objectives to the amendments: (1) increase the number of board members from five to a range of five to fifteen members, (2) to remove references to the "Declarant" (River Oaks) and transfer authority from the Declarant to the Association as appropriate, and (3) to allow 66% of votes cast for amending documents rather than 66% of all property owners. Additionally, as each new phase of Runaway Bay was developed, an additional Declaration for that phase with applicable lot numbers was filed with the county referring back to the original master Declaration. These additional filings did not alter the Declaration but merely made the new phase and lot numbers inclusive in the Master Declaration. The amended version will replace those multiple Declarations and the master with a single Declaration.

It would be beneficial to have more than five board members for the following reasons:

- With only five board members, if one resigns, the board is left with four members. This could result in tie votes on important issues. In addition, the resignation of one or more board members results in an additional workload burden on the remaining board members.
- Four of the Five Board positions are also Officer's of the Corporation and as such have additional responsibilities. A vacancy in either of these positions leaves the corporation without an officer.
- The additional board members would gain experience on Association issues and could take the lead on special projects.
- Additional board members would allow more property owners to participate in the running of the Association.

The original governing documents provided the Declarant, River Oaks, with certain specific authority and voting rights. River Oaks transferred control of the Association to the property owners in April 2004. However, the governing documents were not changed, so the Declarant retains certain authority, including, for example, the authority to approve the combining and subdividing lots. The Declarant also has a vote on changes to the Declaration and the Restrictions. Now that the property owners have control of the Association, it is important to remove all references to the Declarant in the governing documents and transfer any authority that it can assume from the Declarant to the Association.

Currently, Amendments to both the Declaration and the Restrictions first require the

approval of the Declarant, and then an affirmative vote of the owners representing sixty-six percent (66%) of the lots. The Bylaws may be amended by a majority vote of the entire outstanding membership. We do not believe the Declarant should have a vote in running the Association. Also, this means that property owners who chose not to vote are counted as a vote against any proposed amendments making it very difficult to ever change these documents. Changing it to 66% of all votes returned by the specified date and/or made in person at the board meeting will improve the chances of getting needed amendments made. The Secretary will attest that all property owners were mailed ballots, and given the opportunity to vote.

Our Association Lawyer has reviewed the modifications to ensure they are complete, accurate and legal, and we now ask for your vote on these amendments. Please record your vote on the attached form and return to the address above by 31 January 2008. Where there are multiple owners of a lot, each must sign the form.

-----Please send back this form with your dues payment in the preaddressed, stamped envelope-----

VOTE ON AMENDMENTS
TO THE RUNAWAY BAY HOMEOWNER'S ASSOCIATION'S
Bylaws; Declaration of Covenants, Conditions and
Restrictions; and the Declaration of Restrictive Covenants
January 2008

Please enter my vote on the proposed Amendments to the Covenants, Conditions and Restrictions, Declaration of Restrictive Covenants, and the Association By-Laws as recorded below.

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

I vote to approve the amendments to the:

Covenants, Conditions and Restrictions

Declaration of Restrictive Covenants

Association By-laws

Yes _____ No _____

All Property Owners of Lot Number _____ must sign

Name: _____ Signature _____ Date: _____

Name: _____ Signature _____ Date: _____

Name: _____ Signature _____ Date: _____

Please return this form with your vote not later than 31 January 2008 to the following address:

Runaway Bay Homeowner's Association
P.O. Box 120
Altavista, Virginia 24517-0120