

BY-LAWS GOVERNING THE
COURTYARDS AT APPLERIDGE OWNERS ASSOCIATION, INC.
A NON-PROFIT CORPORATION
ORGANIZED UNDER THE LAWS OF PENNSYLVANIA

ARTICLE I

NAME AND LOCATION OF CORPORATION: The name of this corporation is COURTYARDS AT APPLERIDGE OWNERS ASSOCIATION, INC. Its principal office is located in Adams Township, Butler County, Pennsylvania.

ARTICLE II

PURPOSE: The purpose of this corporation is to act on behalf of its members as their governing body with respect to the administration, maintenance, repair and replacement of certain property which has been submitted to the provisions of the Uniform Condominium Act of Pennsylvania, P.L. 238, Act 82 of 1980, to be known as the Courtyards at Appleridge Condominium, and as such to own and acquire any real estate or interest or rights therein or appurtenant thereto and any and all personal property in connection therewith as may be incidental or necessary to such purpose, all on a non-profit basis consonant with the provisions of its Articles of Incorporation.

ARTICLE III

MEMBERSHIP:

Section 1: The members shall consist of all of the unit owners of that property located at Treesdale Drive and Old Orchard Drive, Adams Township, Butler County, Pennsylvania, known

as the Courtyards at Appleridge Condominium, in accordance with the respective percentages of ownership of the said unit owners in the Common Elements of the said property. Such respective percentages of ownership shall be determined in accordance with the provisions of the Declaration, which Declaration and Declaration Plan have been recorded in the office of the Recorder of Deeds of Butler County, Pennsylvania, by which the said property has been submitted to the provisions of the Uniform Condominium Act of the Commonwealth of Pennsylvania, to which Declaration a copy of these By-Laws, the definition of all words, terms and phrases which have been defined by the said Declaration shall be controlled by the definitions set forth therein.

Section 2: Except as provided herein or in the Declaration, membership shall not be transferable. The membership of each unit owner shall terminate upon a sale, transfer or other disposition of his ownership interest in the Property, accomplished in accordance with the provisions of the Declaration, and thereupon, the membership shall automatically transfer to and be vested in the new owner succeeding to such ownership interest. The Association may, but shall not be required to, issue certificates or other evidence of membership therein.

ARTICLE IV

MEETINGS OF MEMBERS:

Section 1: Meeting of the membership shall be held at the property in Adams Township, Butler County, Pennsylvania, or at such other place in Butler County, Pennsylvania, as may be specified in the Notice of Meeting.

Section 2: Not later than one hundred eighty (180) days after the conveyance of sixty (60) units to other than the Declarant, a meeting of members to be known as the interim meeting of

members, shall be called at which time the members shall elect three (3) members to the Board of Directors (Executive Board). These three (3) members shall serve until the first Monday in April following which shall be the first annual meeting date of members. At said annual meeting and each subsequent one, the members of the Board of Directors shall be elected by ballot of the members as provided for in accordance with Article V of these By-Laws and other business which may properly be brought before a meeting of members may be conducted.

Prior to this interim meeting of members, the Association shall be under Declarant control and the one (1) member and/or two (2) members of the Board of Directors elected by unit owners as provided for in the Declaration. Declarant control shall end immediately upon election of the three (3) Board members at the interim meeting of members.

Section 3: It shall be the duty of the President to call a Special Meeting of the members as directed by resolution of the Board of Directors or upon a Petition signed by the owners of fifty (50%) percent of the ownership interest in the Common Elements. The Notice of any Special Meeting shall state the time, place and purpose thereof. No business shall be transacted at a Special Meeting except as stated in the Notice unless the consent of four-fifths (4/5) of the members present, either in person or by proxy.

Section 4: It shall be the duty of the Secretary or upon his failure or neglect, then any officer or member, to hand deliver or to mail by United States regular mail, a Notice of each Annual or Special Meeting, stating the time, and the place thereof to each member of record and items on the agenda, including the general nature of any proposed amendment to the Declaration or By-Laws, providing at least ten (10) but not more than sixty (60) days notice of said meeting.

Section 5: The presence, either in person or by proxy, of the owners of at least thirty (30%) percent of the ownership interest in the Common Elements shall be required for and shall constitute a quorum for the transaction of business at all meetings of members.

Section 6: If, at any meeting of members, a quorum shall not be in attendance, those members who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time at which the original meeting was called.

Section 7: The aggregate number of votes for all unit owners shall be sixty-four (64), being one vote for each Unit, and expanded to as many as seventy-two (72) if all convertible real estate is utilized. If any unit owner consists of more than one (1) person, the voting rights for such unit owner shall not be divided, but shall be exercised only as a unit. The Declarant, as described in the Declaration, may exercise the voting rights with respect to any units, title to which is in the Declarant.

Unless, by express provision of Statute or of these By-Laws or the Declaration, a different vote is required, each question presented at a meeting shall be determined by a majority vote of those present.

With respect to all elections of Directors, each unit owner shall be entitled to cast his votes on a cumulative voting basis.

Section 8: The vote of corporate, partnership or trust member may be cast on its behalf by any officer, partner or trustee of such member and any such member may appoint its officer, partner, trustee or beneficiary, or any other member as its proxy. An individual member may appoint any person as his or her proxy. Each proxy must be filed with the secretary prior to the commencement of a meeting, or at the time that proxies are called for.

ARTICLE V

BOARD OF DIRECTORS:

Section 1: The affairs of the Association shall be governed by a Board of Directors. Such governing body shall constitute the governing body referred to in the Uniform Condominium Act of the Commonwealth of Pennsylvania as the "Executive Board". The daily affairs of the Association are to be managed by the Executive Board, which shall consist, on an interim basis, of three (3) persons appointed by the Declarant. When a total of 20 Units are sold the Unit Owners, exclusive of the Declarant, shall elect one (1) member of the Executive Board and the Board shall be expanded to four (4) members. When a total of 40 Units are sold, the Unit Owners, exclusive of the Declarant, shall elect an additional member to the Executive Board and the Board shall be expanded to five (5) members. Within one hundred eighty (180) days after the earlier of (a) five (5) years from the establishment of the Association, or (b) when a total of 60 Units are sold the then constituted Executive Board shall call for and hold an election for Board members which will then be constituted by three (3) members. The election shall be held within sixty (60) days of the call by the Board. All members, including the Declarant should it still own Units, will be entitled to vote at said election. Annual meetings of Unit Owners will take place on the first Monday in April each year thereafter.

Section 2: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the corporation and shall have all powers and duties referred to in the Declaration and in the Non-Profit Corporation Law of the Commonwealth of Pennsylvania, and may do all such acts and things provided by the Uniform Condominium Act of the Commonwealth of Pennsylvania to be done by the Executive Board, or by the unit owners

collectively, except such acts or things as are by law or by these By-Laws or by the Declaration directly to be exercised and done by the members individually. The powers of the Board of Directors shall include but not be limited to the following:

- (a) To elect the officers of the Association;
- (b) To administer the affairs of the Associations and the Property;
- (c) To engage the services of a manager or managing agent for the Property and to fix the terms of such engagement and the compensation and authority of such manager or managing agent;
- (d) To promulgate such rules and regulations concerning the operation and use of the Property or of the Common Areas or the Common Elements as may be consistent with the Declaration and these By-Laws and to maned the same from time to time;
- (e) To provide for the maintenance, repair and replacement of the Common Areas or the Common Elements, which shall include all the storm water drainage system and the roads and streets within the boundaries of the Common Area and the sanitary sewer lines beyond the location of the manhole at the extent of right of way dedicated to Breakneck Creek Regional Sanitary Authority;
- (f) To estimate and adopt an annual operating budget and to provide for the assessment and collection from the unit owners their respective share of the estimated expenses as hereinafter provided; and
- (g) To do any and all things provided for in the Uniform Condominium Act.

Section 3: At the first Annual Meeting of members, the term of office of one (1) Director shall be fixed for three (3) years; the term of office of one (1) Director shall be fixed at two (2) years; and the term of office for one (1) Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and qualified. If the number of Directors shall be fixed so that the terms of at least one-third (1/3) of the persons on the Board shall expire annually.

Section 4: Vacancies in the Board of Directors caused by any reason, including the failure of a Director to continue to meet the qualification of office, shall be filled by election by the members at the next Annual Meeting or at a Special Meeting called for such purpose.

Section 5: The Board of Directors is required to meet at least once every three (3) months. Special Meetings of the Board of Directors may be called by the President or a majority of the Board on three (3) days' notice to each Director by mail or telegraph. Directors may waive notice of a Meeting or consent to or take any action without a formal meeting.

Section 6: At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business and any action may be taken by the majority of those present.

Section 7: Any Director may be removed from office by the vote of members owning at least three-fourths (3/4) of the ownership in the Common Elements.

Directors shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the members.

Section 8: The Board shall have no authority to approve or authorize any capital expenditure in excess of Twenty Thousand (\$20,000.00) Dollars, nor to authorize the corporation to enter into any contract for a term of more than three (3) years except with the approval of a majority of the unit owners.

ARTICLE VI

OFFICERS:

Section 1: The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and such assistants to such officers as the Board may deem appropriate,

which officers shall be elected at the first Meeting of the Board of Directors and shall hold office until the next Annual Meeting of the Board and their successors are elected and qualify.

Section 2: Any officer may be removed at any meeting by the affirmative vote of the majority of the members of the Board of Directors, either with or without cause, and any vacancy in any office may be filled by the Board at any meeting thereof.

Section 3: Each respective officer of the Association shall have such powers and duties as are usually vested in such office of a Non-Profit Corporation, including, but not limited to, as follows:

- (a) The President shall be a Director and shall be the Chief Executive Officer of the Association and shall preside at all meetings of the members and of the Board of Directors;
- (b) The Vice President shall, in the event of the absence or disability of the President, perform the duties and exercise the powers of such office;
- (c) The Secretary shall keep Minutes of all Meetings of the members and of the Board of Directors and shall have custody of the Association Seal and have charge of the membership transfer books and such other books, papers and documents as the Board of Directors may prescribe; and
- (d) The Treasurer shall be responsible for the Association funds and securities, and for keeping full and accurate accounts of all receipts and disbursements in Association books of account kept for such purpose.

Section 4: The officers shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the members.

Section 5: The President and Secretary may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

Section 6: The Board of Directors may delegate the duties of the Secretary and the Treasurer or their assistants to any manager or managing agent appointed by said Board of Directors, but

said delegation of duty will not convey with it the right of any manager or managing agent to set the policy of the Association. The Board of Directors may also delegate its authority to hold hearings and levy fines for violations by members of the Declaration, By-Laws or Rules and Regulations to a Judicial Committee to be established by these By-Laws.

ARTICLE VII

FISCAL MANAGEMENT:

Section 1: The fiscal year of the Association shall begin on the first day of January each year, except the first fiscal year of the Association shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors.

Section 2: Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with customary accounting principals and practices. Within a reasonable time after the close of each fiscal year, the Association shall furnish the members with a statement of the income and disbursements of the corporation for such prior fiscal year.

Section 3: With respect to each fiscal year, the Board shall estimate the amount required by the Association to meet its expenses for such year, including, but not limited to, the following items:

- (a) Management and administration expenses;
- (b) The estimate cost of repairs, maintenance and replacement of Common Elements;
- (c) The cost of such utilities as may be furnished by the Association;
- (d) The amount of such reserves as may be reasonably established by the Board, including general operating reserves, reserves for contingencies and reserves for replacements; and

- (e) Such other expenses of the Association as may be approved by the Board of Directors including operating deficiencies, if any, for prior periods.

The Board shall also estimate the amount of income to be received by the Association from the use, operation or rental of any of the Common Elements, which amount shall be referred to as a non-membership income. The difference between the estimated annual expenses of the Association and the non-membership income shall be an amount referred to as membership assessments.

Within ninety (90) days from the commencement of each fiscal year, the Board shall cause an estimated annual budget to be prepared based on its estimations of annual expenses, non-membership income and membership assessments, and copies of such budget shall be furnished to each member.

On or before the first day of each month of the fiscal year covered by such estimated annual budget, each member shall pay as his respective monthly assessment one-twelfth (1/12) of his proportionate share of the amount designated in the estimated annual budget as membership assessments. Each member's proportionate share of membership assessments shall be the same as his respective percentage ownership in the Common Elements.

Until the annual budget for a fiscal year is sent to each member by the Board, the member shall continue to pay that amount which has been established on the basis of the previous estimated annual budget.

If any member shall fail or refuse to make payment of his proportionate share of the common expenses when due, the amount thereof shall constitute a lien on the interest of such member in the Property. The Association and the Board shall have the authority to perfect and

enforce any and all rights and remedies provided in the Uniform Condominium Act, the Declaration or these By-Laws, or otherwise available at law or in equity for the collection of all unpaid assessments.

Section 4: If at any time during the course of any fiscal year the Board shall deem the amount of the membership assessments to be inadequate by reason of a revision in its estimate of either expenses or other income, the Board shall prepare and cause to be delivered to the members of a revised annual budget for the balance of such fiscal year and, thereafter, monthly assessments shall be determined and paid on the basis of such revisions.

Section 5: The Board of Directors shall appoint from among the owners a three (3) man standing Committee to be known as the Judicial Committee. The Committee members shall serve for a maximum of one (1) year, and may not be reappointed. It shall be the responsibility of the Committee to hear all complaints brought before it by any owner as to the alleged violation of any condition, rule or regulation of ownership and use of Unit, Common Element or Limited Common Element by any other owner, spouse of owner, child of owner or guest of owner. Upon receipt of a complaint in writing, the Committee shall establish a hearing time and place, to be scheduled within ten (10) days, but no sooner than five (5) days. The owner accused of such violation shall be notified in writing of the alleged complaint and the time and place of hearing by regular mail and be given at least three (3) days' notice of such hearing. At such hearing, at least two (2) members of the Committee must be in attendance. The Committee as a whole shall act as a judicial officer and shall require testimony from any other owner or witness. The hearing shall be public. The Committee, after hearing all testimony, shall, if such violation has been factually verified, levy a special assessment upon the owner who

violated, or whose spouse, child or guest violated the condition, rule or regulation of the Association. The levy shall be no less than Twenty (\$20.00) Dollars and no more than Four Hundred (\$400.00) Dollars, plus any amount of physical damage which resulted to the Common Elements as a result of the violation. Said special assessment shall be added to the treasury as part of the Common Elements. Said special assessment shall become a lien and have the same standing and effect as stated above in § 3 with regard to the monthly assessment.

Any owner aggrieved by this section shall have the right of appeal from the decision of the Committee to the American Arbitration Association whose decision shall be final and binding upon all parties hereto.

ARTICLE VIII

USE AND OCCUPANCY RESTRICTIONS:

Section 1: Except as hereinabove provided with respect to the uses permitted by the Declarant, no unit shall be used for any other purpose than as a private dwelling for the member and his immediate family, or by a person and such person's immediate family to whom the member shall have leased his unit subject to all the provisions of these By-Laws and the Declaration. No member nor a lessee of any member shall permit or suffer anything to be done or kept upon the Property which will increase the rate of insurance on the Property or on the contents thereof, or which will obstruct or interfere with the rights of other occupants or annoy them by unreasonable noises or otherwise, nor will he commit or permit any nuisance or commit or suffer any immoral or illegal act to be committed anywhere in or upon the property.

Section 2: Each member shall maintain his own unit in good condition, order and repair at his own expense. No unit owner shall display, hang, store or use any signs or articles

whatsoever on the deck or outdoor courtyard or outside the unit other than such draperies, curtains or shades as may be permitted in accordance with the rules and regulations established by the Board. No member may paint, decorate or otherwise alter or modify in any way the outside of his unit, or install outside of his unit any canopy, awning, covering radio or television antenna, or structure or addition of any kind whatsoever without the prior written consent of the Board.

Section 3: Trash, garbage and other waste shall be kept only in sanitary containers and shall be disposed of in the place provided for such purpose in such manner as may be prescribed from time to time in rules and regulations established by the Board.

Section 4: No member shall overload the electrical wiring in the building or operate any machinery, appliance, accessories or equipment in such a manner as to cause, in the judgment of the Board, any unreasonable disturbance, or make any alterations to or connections with the heating or air-conditioning or plumbing systems without the prior written consent of the Board.

ARTICLE IX

INDEMNIFICATION:

Section 1: The Corporation shall reimburse or indemnify each director, officer and employee of the Association (and of any other corporation or association which he served at the request of the Association) for or against all liabilities and expenses reasonably incurred by or imposed upon him in connection with or resulting from any claim, action, suit or proceeding (whether brought by or in the name of this Association or such other corporation or association or otherwise) civil, criminal, administrative or investigative, (hereinafter called "action"), in which he may become involved as a party or otherwise by reason of his being or having been such

director, officer or employee or by reason of any action taken or not taken in such capacity, whether or not he continues to be such at the time such liabilities or expenses are incurred and whether or not such action or omission to act occurred before or after the adoption of these By-Laws provided that (1) in respect of any action by or in the right of the Association or such other association, such person was not negligent or guilty of misconduct to the Association or such other corporation, and (ii) in respect of all other actions such person acted in good faith in what he reasonably believed to be in the best interests of this Association or such other corporation or association, and in addition, in any criminal action, had no reasonable cause to believe that his conduct was unlawful. 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 did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2: As used in these By-Laws, the term "liabilities and expenses" shall include, but not be limited to, counsel fees and expenses and disbursements and amounts of judgments, fines or penalties against, and amounts paid in settlement by a director, officer or employee, but shall not include amounts paid to this Association itself (or to such other corporation or association) unless approved by a court.

Section 3: Where such person has been wholly successful on the merits in such action, or where indemnification of such person has been awarded by a court, he shall be entitled to indemnification as of right; otherwise, including any instances where such action is terminated

by a settlement, the Association shall reimburse or indemnify him only if it shall be determined that such person has met the standards set forth in § 1, either (i) by the Board of Directors, acting by a quorum consisting of two (2) or more directors of the Association other than those involved in the action, or (ii) if there are not at least two (2) directors then in office other than those involved in the action, by independent legal counsel, who shall deliver to the Association their written advice to such effect.

Section 4: Expenses incurred with respect to any action may be advanced by the Association prior to the final disposition thereof, upon receipt of an undertaking by such person to repay any amounts for which it shall ultimately be determined that he is not entitled to indemnification.

Section 5: The foregoing right of reimbursement or indemnification shall not be exclusive of other rights to which any such person may otherwise be entitled and in the event of his death, shall extend to his legal representatives.

Section 6: The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, manager or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, manager or agent of another association, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this section.

ARTICLE X


AMENDMENTS:

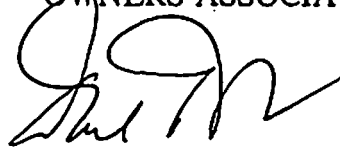
These By-Laws may be amended or modified at any time, or from time to time, by the action or approval of a majority of the unit owners.

The within By-Laws are adopted by appropriate action of the Board of Directors of the Courtyards at Appleridge Owners Association, Inc. this 10th day of February, 1997.

ATTEST:

**COURTYARDS AT APPLERIDGE
OWNERS ASSOCIATION, INC.**

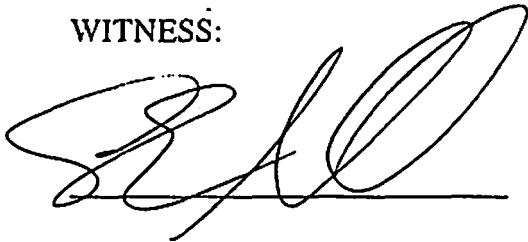

Secretary




President

WITNESS:

APPLERIDGE DEVELOPMENT, L.L.C.



BY 
Kenneth C. Brennan
Managing Member

ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF BUTLER)

SS:

On this 26 day of September, 1997, before me, a Notary Public, the undersigned officer, personally appeared Danial R. Sosso, known to me (or satisfactorily proven), who acknowledged himself to be the President of Courtyards at Appleridge Owners Association, Inc. a Pennsylvania Non-Profit Corporation, and that he as the President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Non-Profit Corporation by himself as President of the Non-Profit Corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Susan M Brennan
Notary Public



My Commission Expires:

NOTARY SEAL
SUSAN M. BRENNAN, Notary Public
Lancaster TWP. Butler County
My Commission Expires July 18, 1999