

BYLAWS
OF
CHAPEL HARBORS PROPERTY OWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

1.1. Name. The name of the corporation, referred to in these Bylaws as the "Association," is Chapel Harbors Property Owners Association. The initial registered office of the Association shall be located at 260 Alpha Drive, Pittsburgh, Pennsylvania 15238, but meetings of Members and directors may be held at other places within the Commonwealth of Pennsylvania that may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

2.1. Association. "Association" shall mean and refer to Chapel Harbors Property Owners Association, a Pennsylvania Nonprofit Corporation.

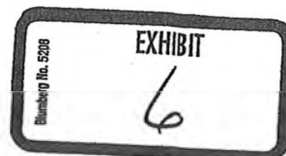
2.2. Real Estate. "Real Estate" shall mean and refer to that certain real property described on Exhibit "A" attached hereto.

2.3. Common Elements. "Common Elements" shall mean all real property owned by the Association for the common use and enjoyment of the Lot Owners.

2.4. Lot. "Lot" shall mean and refer to any plot of land shown on any recorded subdivision map of the Real Estate with the exception of the Common Elements.

2.5. Lot Owner. "Lot Owner" or "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot that is a part of the Real Estate, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

2.6. Declaration. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Real Estate recorded in the Office of the Recorder of Deeds for the County of Allegheny, Commonwealth of Pennsylvania on _____, 2003 at Plan Book Volume _____, page ____.



2.7. Member. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETINGS OF MEMBERS

3.1. Annual Meeting. The first annual meeting of the Members shall be held within sixty (60) days after conveyance of twenty-five percent (25%) of the Lots by Declarant to Lot Owners other than Declarant. Subsequent regular annual meetings of the Members shall be held on the same day of the same month of each year thereafter or as otherwise fixed by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held on the first day following that is not a legal holiday.

3.2. Special Meetings. After termination of the period of Declarant control in accordance with of the Declaration, special meetings of the Members may be called at any time by the president or by the Board of Directors, or on written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the membership.

3.3. Notice of Meeting. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of the notice, by United States mail, postage prepaid, at least fifteen days before the meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied by the Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws; any budget or assessment changes; and any proposal to remove a director or officer.

3.4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, ten percent (10%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Declaration or these Bylaws. If, however, a quorum shall not be present or represented at any meeting, the Members entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

3.5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease on conveyance by the Member of his or her Lot. A Member may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if

it is not dated or purports to be revocable without notice. A proxy terminates one year after its date unless it specifies a shorter term.

3.6. Voting. Voting at all meetings of the Association shall be on a per Lot basis, with each Lot Owner entitled to one (1) vote.

(a) Multiple Lot Owners. Where the ownership of a Lot is in more than one Lot Owner, the Lot Owner who shall be entitled to cast the vote of such Lot shall be the Lot Owner named in a certificate executed by all the Owners of such Lot and filed with the Secretary (the "Designated Lot Owner"). Such certificate shall be valid unless revoked by a subsequent certificate similarly executed. In the absence of such named Designated Lot Owner from the meeting, the Lot Owner who shall be entitled to cast the vote of such Lot shall be the Lot Owner owning such Lot who is present. If the Designated Owner is not present, and more than one other Owner or Owners owning such Lot is present, then such vote shall be cast only in accordance with their unanimous agreement. There shall be deemed to be unanimous agreement if any one of the multiple owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. Any certificate executed by all Lot Owners shall be valid until revoked by a subsequent certificate similarly executed. Except where execution by Lot Owners in the same manner as a deed is required, and subject to the Declaration and these Bylaws, wherever the approval or disapproval of a Lot Owner is required by this subpart, the Declaration or the Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Lot at any meeting or the Association.

(b) Ownership by an Entity other than an Individual. If the Lot Owner is a corporation, joint venture, partnership or unincorporated association, the natural person who shall be entitled to cast the vote for such Lot shall be the person named in a certificate executed by such entity pursuant to its governing documents. If the Lot Owner is a trust, the trustee or trustees shall be deemed to be the Lot Owner for the voting purposes, however the Trustees shall designate one Trustee to cast the vote of such Lot. The natural person who shall be entitled to cast the vote of such Lot shall be the person named in a certificate executed by the owners of such Lot and filed with the secretary or, in the absence of such named person from the meeting or the failure to execute and file such a certificate, the person who shall be entitled to cast the vote of such Lot shall be the person owning such Lot who is present. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with their unanimous agreement unless the declaration expressly provides otherwise. There shall be deemed to be unanimous agreement if any one of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other owners of the Lot. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Except where execution by owners of a Lot in the same manner as a deed is required, and subject to the provisions of the Declaration and these Bylaws, wherever the approval or disapproval of a Lot Owner is required by this subpart, the Declaration

or the Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Lot at any meeting of the Association.

ARTICLE IV

SELECTION AND TERM OF OFFICE OF DIRECTORS

4.1. Number. The affairs of this Association shall be managed by a Board of Directors. The Board of Directors shall initially consist of one (1) director. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots by Declarant to Lot Owners other than Declarant, the number of directors shall be increased to three (3), two (2) of whom shall be appointed by Declarant and one (1) of whom shall be elected by the Lot Owners. Upon termination of the period of Declarant control in accordance with Article X of the Declaration, the Lot Owners shall elect all three (3) directors, at least two (2) of whom shall be Members of the Association.

4.2. Term and Vacancies. Directors shall be elected for a term of one year. Each director shall take office upon election and shall hold office until such director's successor has been elected or until such director's earlier death, resignation or removal.

4.3. Removal. Any director other than a director appointed by the Declarant may be removed from the Board of Directors, with or without cause, by a two-thirds vote of all Members present and entitled to vote at any meeting of Members at which a quorum is present. In the event of death, resignation, or removal of a director, his or her successor shall be selected by the remaining members of the Board of Directors and shall serve for the unexpired term of his or her predecessor.

4.4. Compensation. No director shall receive compensation for any service he or she may render to the Association; however, any director may be reimbursed for actual expenses incurred in the performance of his or her duties.

4.5. Action Taken Without Meeting. The directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

5.1. Nomination. Nominations for election to the Board of Directors shall be made from the floor at the annual meeting of the Members.

5.2. Election. Election to the Board of Directors shall be by secret written ballot. At the election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

6.1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at the place and hour that may be fixed from time to time by resolution of the Board of Directors. Should the meeting fall on a legal holiday, then that meeting shall be held at the same time on the next day that is not a legal holiday.

6.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three days' notice to each director.

6.3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

ARTICLE VII

POWERS AND DUTIES OF BOARD OF DIRECTORS

7.1. Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Elements, and the personal conduct of the Members and their guests on the Common Elements, and establish penalties for the infraction of the rules and regulations;

(b) Suspend the voting rights and right to use Specific Common Elements of a Member during any period in which the Member shall be in default in the payment of any assessment levied by the Association; these rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event the member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) Employ a manager, an independent contractor, or other employees as they deem necessary, and prescribe their duties.

7.2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and present a statement of its acts and corporate affairs to the Members at the annual meeting of the Members, or at any special meeting when the statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;

(b) Supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every Lot Owner subject to assessment at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose the lien against any Lot for which assessments are not paid within thirty (30) days after the due date or bring an action at law against the Lot Owner personally obligated to pay the assessments;

(d) Issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid; a reasonable charge may be made by the Board of Directors for the issuance of these certificates; if a certificate states an assessment has been paid, the certificate shall be conclusive evidence of the payment;

(e) Procure and maintain adequate liability and hazard insurance on ~~property owned by the Association;~~

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) Cause the Common Elements to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

8.1. Officers. The officers of the Association shall be a president and (after termination of the period of Declarant control in accordance with Article 13 of the Declaration) a vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and other officers as the Board of Directors may from time to time by create resolution.

8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

8.3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one year unless he or she shall sooner resign, or shall be removed, or otherwise become disqualified to serve.

8.4. Special Appointments. The Board of Directors may elect other officers as the affairs of the Association may require, each of whom shall hold office for the period, have the authority, and perform the duties that the Board of Directors may, from time to time, determine.

8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the president, or the secretary. Resignation of an officer shall take effect on the date of receipt of the notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to fill a vacancy shall serve for the remainder of the term of the officer he or she replaces.

8.7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices after termination of the period of Declarant control in accordance with

commencement date occurs. Assessments shall be levied and become a lien against the Lot Owners during such period as is provided in Section 10.3 above.

10.7 Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Lot Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Lot Owner shall continue to pay each monthly assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

10.8 Accounts. All sums collected by the Board of Directors with respect to assessments against the Lot Owners or from any other source may be commingled into a single fund. Reserves shall be maintained in a separate fund, although different types of reserves may be commingled in one fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and the same shall be reviewed and a compilation prepared at least one each year by independent accountant retained by the Board of Directors.

10.9 Rejection of Budget; Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Association, by majority vote of all Members in the Association, may reject any budget or capital expenditure approved by the Board of Directors, within thirty days after approval by the Board of Directors. The power of the Board to expend funds, incur expenses or borrow money on behalf of the Association is subject to the requirement that the consent of Lot Owners entitled to cast at least two-thirds (2/3) of the vote in the Association obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to (i) expend funds or incur expenses that it is reasonably anticipated will cause the aggregate amount of all expenses in the budget (including reserves) to be exceeded by more than ten percent 10% of such aggregate amount after taking into account any projected increases in income, and (ii) to borrow money so that loans of the Association then outstanding would exceed ten percent 10% of such aggregate amount.

10.10 Payment of Common Expenses. Each Lot Owner shall pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of this Article X. No Lot Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use of enjoyment of any of the Common Elements or by abandonment of his Lot. No Lot Owner shall be liable for the payment of any part of the Common Expenses assessed against his Lot subsequent to the date of recordation of a conveyance by him in fee of such Lot. The purchaser of a Lot shall be jointly and severally liable with the selling Lot Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Lot Owner amounts paid by the purchaser thereof; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Lot Owner within five (5) days following a written

request therefore to the Board of Directors and such a purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth, and, provided further that, each permitted mortgagee who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against such Lot which accrue prior to the time such holder comes into possession thereof, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Lots including the mortgaged Lot.

10.11 Collection of Assessments. The Board shall take prompt action to collect any assessments for Common Expenses due from any Lot Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. Any assessment not paid within five days after its due date shall accrue a late charge in the amount of five percent (5%) of the overdue assessment in addition to interest at the rate of five (5%) percent per annum (or such other rate as may be determined by the Board) on the amount of the unpaid assessment through date of payment.

10.12 Statement of Common Expenses. Upon request, the Board shall promptly provide any Lot Owner, contract purchaser or proposed mortgagee with a written statement of all unpaid assessments for Common Expenses due. Further, the Board may charge a reasonable fee for the preparation of such statement to cover the cost of its preparation.

10.13 Surplus. Any amounts accumulated from Assessments for General Common Expenses and income from the operation of the Common Elements, other than Limited Common Elements with regard to which Limited Expenses are assessed, in excess of the amount required for actual General Common Expenses and reserves for future General Common Expenses shall be credited to each Lot in accordance with such Lot's interest in the Common Elements. These credits will be applied, unless the Declaration provides otherwise, to the next monthly Assessment of General Common Expenses against that Lot under the then current fiscal year's budget and thereafter, until exhausted.

10.14 Negligence. If any Common Expense is caused by the negligence or misconduct of any Lot Owner, the Association may assess that expense exclusively against his Lot.

ARTICLE XI

BOOKS AND RECORDS

11.1. Books and Records. The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the

Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII

AMENDMENTS

12.1. Meetings. After termination of the period of Declarant control in accordance with Article 13 of the Declaration, these Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.

12.2. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Adopted: _____, 2003