

**AMENDED BY-LAWS OF
THE HEIGHTS OF NORTH PARK HOMEOWNERS ASSOCIATION, INC.
A PENNSYLVANIA DOMESTIC NON-PROFIT CORPORATION**

TABLE OF CONTENTS

ARTICLE I - NAME AND ADDRESS

1.01	Name	1
1.02	Address	1

ARTICLE II - APPLICABILITY

2.01	Applicability	1
------	---------------------	---

ARTICLE III - PURPOSE

3.01	Association Purposes	1
3.02	Declaration of Covenants, Conditions and Restrictions	2
3.03	Interpretation of By-Laws and Declaration	2

ARTICLE IV - DEFINITIONS

4.01	Terms	2
------	-------------	---

ARTICLE V - MEMBERSHIP

5.01	Membership	2
5.02	Certificate of Voting	2
5.03	Affirmative Vote	3
5.04	Membership List	3
5.05	Proxies and Mail Ballots	3
5.06	Quorum	3
5.07	Actions Without Meeting	4

ARTICLE VI - MEETINGS OF MEMBERS

6.01	Place of Annual and Special Meetings	4
6.02	Date of Annual Meetings	4

6.03	Notice of Annual Meetings	4
6.04	Special Meeting	4
6.05	Notice of Special Meetings	4
6.06	Order of Business	5

ARTICLE VII - BOARD OF DIRECTORS

7.01	Number of Directors	5
7.02	Initial Directors	5
7.03	Non-Declarant-Appointed Directors	5
7.04	Term of Directors	6
7.05	Nominations to Board of Directors	6
7.06	Vacancy on Board of Directors	7
7.07	Removal of Directors	7
7.08	Organizational Meeting of the Board	7
7.09	Place of Meetings	7
7.10	Regular Meetings of the Board of Directors	7
7.11	Special Meeting of the Board of Directors	7
7.12	Waiver of Notice	7
7.13	Quorum	8
7.14	Consent in Writing	8
7.15	Fees and Compensation	8
7.16	Presiding Officer	8
7.17	Records	8
7.18	Powers and Duties	8

ARTICLE VIII - OFFICERS

8.01	Officers	13
8.02	Election	13
8.03	Vacancies	13
8.04	President	13
8.05	Vice President	13
8.06	Secretary	14
8.07	Treasurer	14
8.08	Compensation	14

ARTICLE IX - COMMITTEES

9.01	Standing Committees	14
9.02	Elections Committee	15

9.03	Environmental Protection Board	15
9.04	Arbitration Committee	15

ARTICLE X - INDEMNIFICATION OF OFFICERS & DIRECTORS

10.1	Indemnification of Officers and Directors	16
------	--	----

ARTICLE XI - OBSOLESCENCE

11.01	Obsolescence	16
-------	--------------------	----

ARTICLE XII - CORPORATE SEAL

12.02	Corporate Seal	17
-------	----------------------	----

ARTICLE XIII - AMENDMENTS TO BY-LAWS

13.01	Amendments to By-Laws	17
-------	-----------------------------	----

ARTICLE XIV - DISSOLUTION

14.01	Dissolution	17
14.02	Distribution	17

ARTICLE XV - MISCELLANEOUS

15.01	Delegation of Authority	17
15.02	Inspection of Documents and Financial Statements	18
15.03	Membership Minutes	18
15.04	Robert's Rule of Order	18
15.05	Construction	18

ARTICLE XVI - LIMITATIONS

16.01	Limitations of Liability of Declarant	18
-------	--	----

**AMENDED BY-LAWS OF
THE HEIGHTS OF NORTH PARK HOMEOWNERS ASSOCIATION, INC.
A PENNSYLVANIA DOMESTIC NONPROFIT CORPORATION**

**ARTICLE I
NAME AND ADDRESS**

SECTION 1.01 - Name The name of this corporation shall be **The Heights of North Park Homeowners Association, Inc.**, hereinafter referred to as the "**Association**".

SECTION 1.02 - Address The registered office of this corporation shall be at the place designated in the Articles of Incorporation, subject to transfer upon notice to the Secretary of State of the Commonwealth of Pennsylvania as may be permitted by law.

**ARTICLE II
APPLICABILITY**

SECTION 2.01 - Applicability These By-Laws shall be applicable to The Heights of North Park Homeowners Association, a domestic nonprofit corporation of the Commonwealth of Pennsylvania, hereinafter referred to as the "**Community Association**", to the Community Facilities owned by the Community Association and to the common areas which are now or may hereafter be created.

**ARTICLE III
PURPOSE**

SECTION 3.01 - Association Purposes The purpose of this corporation is to maintain, regulate and administer certain facilities owned by the Community Association (Community Facilities) and certain other facilities which may be maintained but not owned by the Community Association (Limited Facilities) and to enforce certain covenants, rules and regulations for the use, benefit and enjoyment of the Owners and lawful occupiers of the land in the development known as The Heights of North Park Homeowners Association, Inc. In addition thereto, the corporation is to provide for the orderly economical management and maintenance of the Community facilities and to provide for the collection of such revenue as necessary to effectuate the maintenance of these facilities and other such facilities as may be established for the Owners. This corporation does not contemplate pecuniary gain or profit to its members.

SECTION 3.02 - Declaration of Covenants, Conditions and Restrictions The Declaration of Covenants, Conditions and Restrictions and any Amendments and Supplements thereto (the "Declaration") applicable to the Community are incorporated herein by reference as fully as if the same were set forth at length. In the event of a conflict of interpretation between the provisions set forth in these By-Laws and the Declaration shall govern.

SECTION 3.03 - Interpretation of By-Laws and Declaration In the event that the Internal Revenue Code is hereafter amended or changed, both the Declaration and these By-Laws shall be interpreted in such a manner as to conform to the provisions of the Internal Revenue Code with respect to nonprofit entities, it being the intention to preserve the lawful status of the (insert name) Homeowners Association as a bona-fide nonprofit entity.

ARTICLE IV **DEFINITIONS**

SECTION 4.01 - Terms Unless it is plainly evident from the context that a different meaning is intended, the terms used herein shall have the same meanings as provided in the Declaration of Covenants, Conditions and Restrictions.

ARTICLE V **MEMBERSHIP**

SECTION 5.01 - Membership Except as otherwise provided, membership in the Association shall be limited to the Owners or Co-Owners of a dwelling or lot in The Heights of North Park Plan of Lots situate in Pine Township, County of Allegheny, Commonwealth of Pennsylvania, as recorded in the Recorder's Office of Allegheny County at Plan Book Volume 162, Page 5-8.

SECTION 5.02 - Certificate of Voting If a dwelling or lot is owned by one person, his right to vote shall be established by the recorded title to the dwelling or lot. If a dwelling is owned by more than one person, the person entitled to cast a vote for the dwelling or lot shall be designated in a certificate signed by all of the owners of the dwelling or lot and filed with the Secretary of the Board of Directors. If a dwelling or lot is owned by a corporation, the officer or employee thereof, entitled to cast the vote of the dwelling or lot for the corporation shall be designated in a certificate for this purpose, signed by the President or Vice President, and attested to by the Secretary or Assistant Secretary of the corporation, and filed with the Secretary of the Board of Directors. The person designated in the certificate, as entitled to cast the vote for the dwelling or lot, shall be known as the "voting member". If such a certificate is not on file with the Secretary of the Board of Directors for a dwelling or lot owned by more than one person or by a corporation, the vote of the dwelling or lot concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the dwelling or lot except if said dwelling or lot is owned by a husband and wife. A certificate shall be valid until revoked in writing by any owner of the dwelling or lot, or until superseded by a subsequent certificate, or until a change in the ownership of the dwelling

or lot concerned.

If a dwelling or lot is owned by husband and wife, the following three (3) provisions are applicable to voting by such dwelling or lot:

(a) The owners may, but they shall not be required to designate a voting member;

(b) If the owners do not designate a voting member, and both husband and wife are present at a meeting and are unable to concur in their decision upon and subject requiring a vote, they shall lose their right to vote on that subject at that meeting;

(c) Where the owners do not designate a voting member and only one is present at a meeting, the person present may cast the vote of the dwelling or lot without establishing the concurrence of the absent person, just as though he or she owned the dwelling or lot individually.

SECTION 5.03 - Affirmative Vote All decisions shall require for passage, the affirmative vote of at least a majority of the members in good standing and entitled to vote in attendance at a meeting having present, in person or by proxy, the quorum required in Section 5.06 hereof. Cumulative voting shall not be permitted.

SECTION 5.04 - Membership List Not less than thirty (30) days prior to the date of the annual or special meeting of the Community Association, the Secretary shall compile and maintain at the principal; office of the Community Association, an updated list of members and their last known post office addresses. Such lists shall also show opposite each member's name, the address of the dwelling or lot owned by him. This list shall be open to inspection by all members and other persons lawfully entitled to inspect the same at reasonable hours during regular business days up to the date of such annual or special meeting. The Secretary shall also keep current and retain custody of the minute book of the Community Association, containing the minutes of all annual and special meetings of the Community Association and all resolutions of the Directors.

SECTION 5.05 - Proxies and Mail Ballots Votes may be cast in person, by mail ballots or by written proxy. A proxy signed by an owner designated as the voting member on a certificate filed with the Community Association must be received by the Secretary of the Board of Directors before the appointed time of, or at, the meeting for which the proxy or mail ballot is specified to be effective.

SECTION 5.06 - Quorum Except as otherwise provided in these By-Laws, the presence in person, by mail ballot or by proxy of twenty (20%) percent of the members of the Community Association shall constitute a quorum at any annual or special meeting of members. If any meeting of members cannot be organized because a quorum has not attended, the members present, either in person, by mail ballot or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

SECTION 5.07 - Actions Without Meeting Any action which, under any provision of these By-Laws or the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, may be taken at a meeting of members, may be taken without a meeting if authorized by a writing signed by the members entitled to vote by the required percentage for that particular matter and filed with the Secretary of the Board of Directors.

ARTICLE VI MEETINGS OF MEMBERS

SECTION 6.01 - Place of Annual and Special Meetings All annual and special meetings of the Community Association shall be held at the principal office of the Community Association or at such other suitable and convenient place as may be permitted by law, and from time to time, fixed by the Board of Directors and designated in the notices of such meetings.

SECTION 6.02 - Date of Annual Meetings Annual meetings of the members of the Community Association shall be held on the same date each year as that date on which the first regular election is held as provided in Section 7.04 hereof. The first annual meeting shall be held on the date of such first regular election. At each annual meeting there shall be elected by a ballot of a majority of the members present at the meeting in person, by mail ballot or by proxy are entitled to vote, the Directors of the Community Association, in accordance with the provisions of Article VII of these By-Laws. The members may also transact such other business as may properly come before the meeting.

SECTION 6.03 - Notice of Annual Meetings The Secretary shall mail notice of annual meetings to each member of the Community Association, directed to his last known post office address as shown on the records of the Community Association, by uncertified mail, postage prepaid. Such notice shall be mailed not less than ten (10), nor more than sixty (60) days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand to the member or left at the member's residence in his absence.

SECTION 6.04 - Special Meeting It shall be the duty of the President to call a special meeting of the members of the Community Association (a) for the purpose of holding elections of directors pursuant to the terms of Section 7.03 hereof; (b) whenever he is directed to do so by resolution of the Board of Directors; or (c) upon presentation to the Secretary of a petition signed by thirty (30%) percent of the members entitled to vote.

SECTION 6.05 - Notice of Special Meetings The Secretary shall mail notice of such special meeting to each member of the Community Association in the manner provided in Section 6.03 except that notice of such special meeting shall be mailed not less than five (5) more than twenty (20) days before the date fixed for such meeting. In lieu of mailing notice as herein provided, such notice may be delivered by hand to a member left at his residence in his absence. No business shall be transacted at any special meeting except as stated in the notice thereof unless by consent of two-thirds (2/3) of the members present, either in person or by

proxy.

SECTION 6.06 - Order of Business The order of business at the annual meeting of the members of the Community Association shall be as follows:

- (a) roll call
- (b) proof of notice of meeting or waiver of notice
- (c) reading and approval of minutes of preceding meeting
- (d) reports of officers and committees
- (e) election of directors, if applicable, to such meeting
- (f) unfinished business
- (g) new business
- (h) adjournment

ARTICLE VII **BOARD OF DIRECTORS**

SECTION 7.01 - Number of Directors The affairs of the Association shall be governed by a Board of Directors consisting of five (5) persons, all of whom shall be residents of the Commonwealth of Pennsylvania. The five (5) Directors, other than those Directors nominated by the Declarant pursuant to Section 7.02, shall be owners of dwellings or lots. The initial Directors or their successors shall serve until their successors take office. The Declarant shall be permitted to appoint and reappoint Directors as he may be entitled to do without the necessity of obtaining resignations. As to those Directors nominated or appointed by the Declarant, this shall specifically modify Section 7.06 hereof.

Upon the replacement of all Declarant-appointed Directors pursuant to Section 7.03 hereunder, the Board of Directors shall be comprised of five (5) members of the Community Association who shall be residents of the Community elected by a majority of the members of the Community Association present in person or by proxy at a meeting of the Community Association.

SECTION 7.02 - Initial Directors The initial Directors of the Community Association shall be appointed by the Declarant. These Declarant-appointed Directors shall be replaced with members of the Community Association in accordance with the provisions of Section 7.03.

SECTION 7.03 - Non-Declarant-Appointed Directors The transition from Declarant-appointed Directors to Owners shall occur as follows:

- (a) The Declarant or persons designated by it, may appoint and remove the officers and members of the Executive Board from the date of the first conveyance of a unit to a person other than the Declarant for a period not exceeding ten (10) years, unless eighty-five (85%) percent of the dwelling units or lots declared are no longer within the control of the Declarant. Not later than three hundred sixty (360) days after conveyance of twenty-five (25%) percent of the dwelling units or lots or lot owners other than a Declarant, not less than one (1) member of the Executive Board shall be elected by the

unit or lot owners other than the Declarant. Not later than one hundred twenty (120) days after conveyance of fifty (50%) percent of the dwellings or lots declared to the unit or lot owners other than the Declarant, not less than two (2) of the members of the Executive Board shall be elected by the unit owners other than the Declarant.

(b) Not later than the termination of any period of Declarant control, the dwelling or lot owners shall elect an Executive Board consisting of five (5) members at least a majority of whom must be dwelling or lot owners. The Executive Board shall elect the officers. The persons elected shall take office upon election.

SECTION 7.04 - Term of Directors Within thirty (30) days after the end of a period of one (1) year following the election as provided in Section 7.03(b), an election shall be held throughout the Community to select Directors who shall replace the Directors succeeding the Declarant-appointed Directors. At such first regular election, which shall be referred to as the first regular election, the Members of the Community Association shall elect five (5) Directors who shall be members of the Community Association and residents of the Community. The three (3) nominees receiving the three (3) highest numbers of votes shall serve as Directors for terms of two (2) years each and the two (2) nominees receiving the fourth and fifth highest number of votes shall serve as Directors for terms of one (1) year each. Upon the expiration of the initial term of each Director elected at the said first regular election, his successor shall be elected to serve for a term of two (2) years, provided that each Director shall continue to hold office until his successor is elected.

SECTION 7.05 - Nominations to Board of Directors Except as provided for in Section 7.01, members of the Community Association may be nominated for election to the Board of Directors in the following way:

(a) An Elections Committee shall be appointed no later than two (2) months prior to the annual meeting of the Board of Directions. The Elections Committee shall organize and supervise the election of the Board of Directors;

(b) (1) A Community Association member shall be deemed to have been nominated for election as a Director upon the filing with the Elections Committee at least five (5) weeks prior to the annual meeting of a written petition of nomination bearing the genuine signatures of not less than ten (10) members of the Community Association. Not less than ten (10) days prior to the annual meeting, the Elections Committee shall provide all members with a ballot containing the names of all candidates so nominated and the terms of each available office;

(b)(2) Nominations will also be entertained at the annual meeting. A member of the Community Association shall be deemed to have been nominated for election as a director if the nomination made at such annual meeting is affirmed by a voice vote of not less than ten (10) members of the Community Association.

SECTION 7.06 - Vacancy on Board of Directors If the office of any Director shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors at a special meeting duly called for such purpose, shall choose a successor, who shall hold office until the next annual meeting of the members and his re-election or the election of his successor at such meeting.

SECTION 7.07 - Removal of Directors Subject to the right of the Declarant to nominate and elect members of the Board of Directors as set forth in Section 7.01, Directors may be removed with or without cause, by a majority vote of the members of the Community Association present in person or by proxy at any special meeting of the members of which notice has been properly given as provided in the By-Laws, provided that the same notice of the said special meeting has also been given to said entire Board, including any individual Director whose removal is to be considered at said special meeting.

SECTION 7.08 - Organizational Meeting of the Board No later than twenty (20) days following each annual of the Community Association members, the Board of Directors shall hold a regular meeting for purpose of organization, election of officers and the transaction of other business. Notice of such meeting shall be given to all Directors in accordance with Section 7.10, except for the initial meeting which shall be called by the person receiving the highest number of votes.

SECTION 7.09 - Place of Meetings All meetings of the Board of Directors shall be held at the principal office of the Community Association, or at any other place or places designated at any time by resolution of the Board of Directors or by written consent of all Directors.

SECTION 7.10 - Regular Meetings of the Board of Directors Regular meetings of the Board of Directors may be held at such time and place permitted by law as from time to time may be determined by the Directors. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by telegram, telephone or by United States mail, with postage prepaid, directed to him at his last known post office address as the same appears on the records of the Community Association, at least five (5) days before the date appointed for such meeting. Such notice shall state the date, time and place of such meeting and the purpose thereof.

SECTION 7.11 - Special Meetings of the Board of Directors - Special meetings of the Board of Directors may be called by the President of the Community Association on three (3) days' written notice to each Director, given in the same manner as provided in Section 7.10. Special meetings of the Board shall be called by the President or the Secretary in like manner upon the written request of any three (3) directors.

SECTION 7.12 - Waiver of Notice Before any meeting of the Board of Directors, whether regular or special, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. All such written waivers shall be filed with the records of the Community Association or made a part of the minutes of the

meeting. Attendance by a Director at any meeting of the Board of Directors shall likewise constitute a waiver of him of such notice. If all Directors are present at any meeting of the Board, no notice of such meeting shall be required and any business may be transacted at such meeting except as prohibited by law or these By-Laws.

SECTION 7.13 - Quorum At all duly convened meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, except as otherwise expressly provided in these By-Laws or by law, and the acts of the majority of the Directors present at such meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there shall be less than a quorum present, the Director or Directors present may adjourn the meeting from time to time, and at such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice to any Director.

SECTION 7.14 - Consent in Writing Any action by the Board of Directors may be taken without a meeting if all of the members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as an unanimous vote of such Directors.

SECTION 7.15 - Fees and Compensations No Director or Officer shall receive any salary for his services as such Director or Officer.

SECTION 7.16 - Presiding Officer The President shall be the executive officer of the Community Association and shall preside at all meetings of the Board of Directors, and shall serve a term of one (1) year.

SECTION 7.17 - Records The Board of Directors shall cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members of the Community Association at annual meetings of the members of the Community Association or at any special meeting where such statement is requested in writing by one-fourth (1/4) of the Community Association Members entitled to vote.

SECTION 7.18 - Powers and Duties The Board of Directors shall have and exercise all lawful powers and duties necessary for the proper conduct and administrations of the affairs of the Community Association and the operation and maintenance of the Community Facilities and Limited Community Facilities and may do or cause to be done all such other lawful acts and things as are now by law or by these By-Laws directed or required to be done by members of the Community Association. In the performance of its duties as the administering body of the Community Association, in addition to those powers and duties set forth in the Declaration, the Board of Directors shall have powers and duties including, but not limited to, the following:

(a) The duty to provide for the operation, maintenance, cleaning, sanitation, renewal, replacement, care, upkeep, protection and surveillance of the Community Facilities and the Limited Community Facilities and all other property, real or personal, of the Community Association;

(b) The duty consistent with law to fix the annual community charges and assess the same against the owners in accordance with the provisions of the By-Laws and the Declaration;

(c) The duty to levy and collect, in addition to regular assessments, or annual community charges, for community expenses, special assessments in such amounts as the Board may deem proper, whenever the Board is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs or additional capital expenses or because of emergencies;

(d)(1) The duty to use and expend any sums collected from such annual community charges, special assessments and capital fund for the operation, maintenance, renewal, care, upkeep, surveillance and protection of the Community Facilities and Limited Facilities of the Community Association and all of its real and personal property and any and all other improvements, facilities and services that the Board shall find to be necessary, desirable or beneficial for the advancement and in the best interests of the Community Association. All future improvements shall be of a quality consistent with that of the initial improvements;

(d)(2) The duty to provide for the maintenance and repair of the Community Facilities and the Limited Community Facilities. The Board shall maintain the Community Facilities and Limited Community Facilities at a minimum level of maintenance equal to that which existed at the time of the conveyance of ninety (90%) percent of the dwellings or lots to owners;

(d)(3) The duty to use any surplus of the annual community charges over Community expenses for such purposes as the Board of Directors may deem reasonable and necessary pursuant to its powers hereunder;

(e) The duty to require all officers and employees of the Community Association handling or responsible for funds of the Community Association or funds in its possession or under its control, to furnish adequate fidelity bonds with corporate surety satisfactory to the Board of Directors. The premiums on such bonds shall be paid by the Community Association as part of the Community expenses;

(f) The duty to pay all taxes and assessments levied or assessed against any property of the Community Association, exclusive of any taxes or assessments levied against any owner or otherwise properly chargeable to any owners;

(g) The power to employ and dismiss such clerks, stenographers, workmen, janitors, gardeners, watchmen and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board of Directors may from time to time be necessary for the proper operation and maintenance of the Community Facilities and the Limited Community Facilities of the Community Association;

(h) The power to enter into a contract with a management company at such price and upon such terms as shall be determined by the Board to perform such duties and services as the Board may lawfully delegate. However, any such contract shall be for a term not to exceed two (2) years and shall provide for termination by either party with or without cause on sixty (60) days written notice thereof to the other;

(i) The duty to serve as Managing Agent of the Community Association.

(j) The duty to collect delinquent charges or assessments made by the Community Association through the Board of Directors against any dwelling or lot and owner thereof, together with such costs and expenses incurred in connection therewith, including, but not limited to, court costs and attorney's fees, whether by suit or otherwise, to abate nuisance and enforce observance of the Rules and Regulations relating to the Community, by injunction or such other legal action or means as the Board of Directors may deem necessary or appropriate;

(k) The power to employ or retain such counsel and consultants as may be deemed necessary by the Board for any proper purposes of the Community Association, and to fix their compensation for professional advice or services such as, but not limited to, those hereinbefore or hereinafter referred to in these By-Laws;

(l) The duty to cause such operating accounts and escrow and other accounts, if any, to be established and opened as the Board of Directors may deem appropriate from time to time and as may be consistent with generally accepted accounting practices;

(m) The duty to adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Community Association, including, but not limited to the following items:

(1) Community expense budget which shall include without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of the Community Facilities and any and all other expenses related to the operations thereof including, but not limited to, utility services, casualty and liability insurance, administrative and office expenses and reserves and the costs associated with the administration of the Community Association;

(2) Any and all expenses incident to the maintenance and repair of any Limited Community Facilities as defined herein; and

(3) Proposed annual community charges against each member for the calendar year.

Copies of the proposed budget and proposed charges shall be available for inspection by all members of the Community Association during regular business hours. If the budget is subsequently amended before the charges or assessments are made, a copy of the amended budget shall also be available for inspection. Nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time in its sole discretion, to levy a special assessment in the event that the budget originally adopted shall appear to be insufficient to pay the costs of the operation or management of the Community Association, or in the event of emergencies;

(n) The duty to cause a complete audit of the books and accounts of the Community Association to be made by a competent independent public accountant at the end of each fiscal year, and at such other time or times as may be deemed necessary;

(o) The duty to maintain accounting records in accordance with generally accepted accounting principles;

(p) The power to make and enforce compliance with such reasonable rules and regulations relative to the operation, use and occupancy of the Community Facilities and Limited Community Facilities including, but not limited to, penalties to be levied for violations of these By-Laws, the Declaration and any such rules and regulations as the Board of Directors shall adopt, and to amend the same from time to time as when approved by appropriate resolutions shall be binding on the owners and occupants of dwellings or lots, their successors in title and assigns. A copy of such Rules and Regulations and copies of any amendments thereof shall be delivered or mailed to each owner or occupant of a dwelling or lot promptly upon the adoption thereof;

(q) The duty to keep the Community Facilities, fixtures, equipment and personal property owned by the Community Association insured for the benefit and protection of the Community Association in amounts equal to their maximum insurable values, excluding foundation and excavating costs, as determined annually by the insurance carrier or carriers, against the following hazards, casualties or contingencies:

(1) Loss or damage by fire and other casualties covered by a standard extended coverage endorsement; and

(2) Such other risks, of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other buildings, fixtures and

equipment similar in construction, design, use and location to the buildings and other property hereinbefore mentioned. All such policies shall provide that in the event of loss or damage, the proceeds shall be payable to the Community Association. The Community Association shall pay the premiums on such policies as Community expenses.

(r) The duty to establish depositories for the Community Association with such bank or banks as shall be designated from time to time by the Board and in which monies of the Community Association shall be deposited. Withdrawal of monies shall be only by check signed by such persons as are authorized by the Board;

(s) The power to borrow and repay monies, giving notes, mortgages or other security upon such term or terms as are deemed necessary;

(t) The power to acquire by purchase, annexation or lease real property, if, at any time in the future, the Board deems it to be proper and consistent with the terms hereof;

(u) The power to acquire by purchase, gift, bequest, devise, sale or lease additional real or personal property; to protect the Community Facilities or additional Community Facilities upon such term or terms as the Community Association deems necessary and proper; to accept such additional property from the Declarant;

(v) The power to employ professional counsel and receive advice from such persons and firms or corporations, such as, but not limited to, landscape architects, recreation experts, architects, planners, biologists, lawyers and accountants;

(w) The power to take all steps necessary to effectuate any merger of the Community Association with any other association in the (insert name) Homeowners Association as may be approved by vote of a majority of the members of both the Community Association and the particular association with which a merger is proposed;

(x) The power to do all things incidental and necessary to the accomplishment of the above.

The Board of Directors shall also maintain public liability insurance insuring the Community Association and its members against liability for negligent acts of commission or omission attributable to the Community Association or any of its members and which occurs on or in any of the Community Facilities or the Limited Community Facilities. The Board shall also maintain workmen's compensation insurance and such other insurance as will protect the interests of the Association, its employees and the members including, but not limited to Directors and Officers liability coverage.

The duties and powers imposed on the Board of Directors by this Section 7.18 shall not be amended so as to reduce or eliminate any such duties or powers of the Board of Directors without the affirmative vote of seventy-five (75%) percent of the Community Association membership entitled to vote.

ARTICLE VIII **OFFICERS**

SECTION 8.01 - Officers The officers of the Community Association shall be a President, Vice President, Secretary and Treasurer. The Secretary may be eligible to hold the office of the Treasurer. The President, Vice President and Secretary shall be members of the Board of Directors. The Treasurer need not be a member of the Board of Directors.

SECTION 8.02 - Election The officers of the Community Association shall be elected annually by the Board of Directors at the organizational meeting after each election of Directors and shall hold office until their successors are elected or appointed by the Board and qualify, provided that each officer shall hold office at the pleasure of the Board of Directors and may be removed either with or without cause, and his successors elected at any annual or special meeting of the Board called for such purpose, upon the affirmative vote of a majority of the Members of the Board. The Board of Directors may, from time to time, appoint such other officers as in its judgment are necessary. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Community Association. Any such resignation shall take effect as of the date of the receipt of such notice or any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 8.03 - Vacancies A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

SECTION 8.04 - President The President shall be the chief executive officer of the Community Association and shall preside at all meetings of the Members and of the Board of Directors. He shall have the general powers and duties usually vested in the office of the President of a Community Association, including, but not limited to, the power to appoint ad hoc committees from among the members from time to time as he may deem appropriate to assist in the conduct of the affairs of the Community Association. The President shall be an ex-officio member of all standing committees, if any. He shall execute such deeds, contracts and other instruments, in the name and on behalf of the Community Association and under its corporate seal when a seal is required, except when such documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof shall be delegated by the Board of Directors to another officer or agent of the Community Association.

SECTION 8.05 - Vice President The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the

President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these By-Laws.

SECTION 8.06 - Secretary The Secretary shall attend all meetings of the Board of Directors and all meetings of the members and record all votes and the minutes of all meetings and proceedings, including resolutions, in a minute book to be kept for that purpose, and shall perform the duties for any committees, when required. The Secretary shall have charge of the minute book and such records and papers as the Board shall direct, and perform all duties incident to the office of Secretary, including the sending of notice of meetings to the members, the Board of Directors and committees, and such other duties as may be prescribed by these By-Laws or by the Board of Directors or the President. He shall also have custody of the corporate seal, and when authorized by the Board, affix the same to any instrument requiring it and attest the same when appropriate. The Secretary shall keep, or cause to be kept, at the principal office of the Community Association, a membership register showing the following: (a) the names and addresses of all Directors; (b) the names and addresses of all members; (c) the number of memberships held by each member.

SECTION 8.07 - Treasurer The Treasurer shall have responsibility for the Community Association's funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Community Association, and shall deposit all monies, checks and other valuable effects in the name and to the credit of the Community Association, in such depositories as may from time to time be designated by the Board of Directors. He shall disburse the funds of the Community Association as may from time to time be ordered by the Board or by the President, and shall render to the President and Directors at the regular meetings of the Board, or whenever they or either of them shall require, an account of his transactions as Treasurer and of the financial condition of the Community Association. Nothing shall prohibit functions of the Treasurer to be delegated to an agent of the Community Association provided such delegation is approved by resolution of the Board of Directors. The delegation of such duties of the Treasurer shall not relieve the Treasurer from any responsibility related to overseeing and reviewing any duties performed by such agent.

SECTION 8.08 - Compensation The officers of the Community Association shall serve without compensation except, that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

ARTICLE IX **COMMITTEES**

SECTION 9.01 - Standing Committees The standing committees of the Community Association shall be: Election, Environmental and Arbitration. Unless otherwise provided herein, each committee shall consist of a Chairman and two (2) or more members and shall include a member of the Board of Directors, in addition to the President as ex-officio member, for Board

contact. Except as provided in Sections 9.02 and 9.03, the committees shall be appointed by the Board of Directors within forty-five (45) days after each annual meeting, to serve for a term of one (1) year or until new members are appointed. The first committees, other than the Election and Environmental Protection Board, shall be established within forty-five (45) days after the date of the election of the first non-Declarant-appointed Director pursuant to Section 7.03(a). Appointments shall be announced by publication to members of the Community Association and at the next meeting following such appointments. The Board of Directors may appoint such other committees as it deems desirable.

SECTION 9.02 - Elections Committee The Elections Committee shall be established no later than two (2) months prior to the annual meeting by the Board of Directors. The committee shall consist of a chairman and two (2) or more members of the Community Association, none of whom shall be a candidate for office. It shall be the duty of the committee to provide supervision of the nomination and election of Directors in accordance with the procedures adopted by the Board of Directors.

SECTION 9.03 - Environmental Protection Board The Environmental Protection Board shall be established by the Declarant within ninety (90) days after the conveyance of the first dwelling or lot to an individual or entity other than the Declarant. Until such time as the committee is established, the Declarant shall have those powers designated to the committee. The committee shall review all plans, drawings and specifications showing the nature, kind, shape, height, materials and location of proposed exterior additions, changes or alternations to all dwellings or lots to determine if such proposals are in compliance with rules, regulations and specifications promulgated by the Board of Directors. The committee shall either approve, with or without condition, or deny a request of an owner. In the event that the committee denies the owner's request, the owner may appeal the decision within twenty (20) days from the date of the decision to the Arbitration Committee.

SECTION 9.04 - Arbitration Committee No member shall have the right to object, challenge, or commence any suit at law or in equity or take any other action under any act, power or authority now in force or hereafter to be enacted except in the manner provided herein. Prior to the commencement of any suit or action at law or in equity, the member shall first make known his objection in writing and directed to this committee by registered or certified mail, return receipt requested, or by an equivalent class of service of the United States Post Office, stating with particularity the objection made and relief, change or difference sought. It shall be signed legibly by the person objecting and state the address and phone number of such person. If specific dwelling, lots or members are involved, these shall be identified by name and address or with such sufficient particularity as to be easily capable of ascertainment. The committee shall schedule a hearing on the merits of the aforesaid claim or objection within thirty (30) days of the receipt of the notice of claim or objection and within twenty (20) days after the close of the hearing or continued hearing or hearings, the committee shall notify the owner of its decision in writing. Unless such internal remedy shall be voluntarily waived by the Community Association or the Association fails or refuses to act, no action at law or in equity shall be commenced by any member until such internal remedy is pursued to exhaustion. Any action by a member

against any other member arising out of any term, covenant or condition contained in these By-Laws, Declaration of Covenants, Conditions and Restrictions or any rule or regulation made pursuant thereto, use or non-use, shall be subject to the same procedures. In such hearings, all parties shall be entitled to be represented by counsel. In any claim or objection, the Community Association may appoint counsel to the Community Association, or any other person or persons, one of whom shall be learned in the law, to act as a hearing officer and make recommendations or findings, or both, to the Community Association. In such event, an additional ten (10) days shall be permitted for forwarding any decision to the owner.

ARTICLE X **INDEMNIFICATION OF OFFICERS AND DIRECTORS**

SECTION 10.1 - Indemnification of Officers and Directors The Community Association shall indemnify every Director, Officer and Committee member, his heirs, executors and administrators against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director, Officer or Committee Member of the Community Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matter covered by the settlement as to which the Community Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director, Officer or Committee Member in relation to the matter involved. The foregoing rights shall be exclusive of other rights to which such Director, Officer or Committee Member may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Community Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Community Association as community expenses; provided, however, that nothing in this Article contained shall be deemed to obligate the Community Association to indemnify any member, who is or has been a Director, Officer or Committee Member of the Community Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Community Association or as a member.

ARTICLE XI **OBSOLESCENCE**

SECTION 11.01 - Obsolescence In the event that the Board of Directors shall determine that any community facilities or any other real or personal property of the Community Association are obsolete, the Board may call for a vote by the Community Association membership to determine whether or not the said property should be demolished and/or replaced. In the event sixty-seven (67%) percent of the Community Association members shall determine that the said property should be demolished and replaced, the costs thereof shall be assessed against all of the members of the Community Association equally.

ARTICLE XII
CORPORATE SEAL

SECTION 12.02 - Corporate Seal The corporate seal of the Community Association shall consist of two concentric circles between the circumferences of which shall be inscribed the name, (insert name) Homeowners Association, Inc. and within the circumference of the inner circle the words, "Incorporated, Pennsylvania" and the year of incorporation.

ARTICLE XIII
AMENDMENTS TO BY-LAWS

SECTION 13.01 - Amendments to By-Laws The Amendments to the By-Laws shall be proposed by either the Board of Directors or by at least twenty-five (25%) percent of the dwelling or lot owners. The proposed Amendments must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

SECTION 13.03 - Affirmative Vote The affirmative vote of dwelling or lot owners representing seventy-five (75%) percent of the dwelling and lot owners shall be required to amend the By-Laws; provided, however, that if any such amendment would affect the Declarant's ability to sell or lease dwellings or lots owned by the Declarant, such amendment shall require the written approval of the Declarant, and if such amendment would affect in any way the rights of noticed mortgagees, any such amendment shall also require the written approval of at least seventy-five (75%) percent of the noticed mortgagees (based upon one (1) vote for each first mortgage owned).

ARTICLE XIV
DISSOLUTION

SECTION 14.01 - Dissolution In the event it shall be deemed advisable and for the benefit of the members that the Community Association should be dissolved, the procedures concerning dissolution set forth in the Pennsylvania domestic nonprofit corporation statutes shall be followed.

SECTION 14.02 - Distribution In the event of dissolution, the assets, including any surplus of the Community Association after payment of all debts, including mortgages and other encumbrances shall be distributed equally among the members.

ARTICLE XV
MISCELLANEOUS

SECTION 15.01 - Delegation of Authority The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Community Association, and such authority may be general or