

BYLAWS
OF
VILLAGE AT PINE, PHASE 3,
A PLANNED COMMUNITY

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ARTICLE I

Introductory Provisions

1.1. Applicability. These Bylaws provide for the governance of the Planned Community Association created by the recording of the Declaration of Planned Community for Village at Pine, Phase 3, a Planned Community, in the office of the Department of Real Estate of Allegheny County, Pennsylvania at Plan Book Volume _____, page ____, pursuant to the requirements of Section 5306 of the Pennsylvania Uniform Planned Community Act ("the Act").

1.2. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration of Planned Community or, if not defined therein, the meanings specified or used for such terms in the Act.

1.3. Compliance. Pursuant to the provisions of the Act, every Lot Owner and all Persons entitled to occupy a Lot shall comply with these Bylaws.

1.4. Office. The office of the Planned Community, the Association, and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

ARTICLE II

The Association

2.1. Composition. The Association is hereby organized on the date hereof as a nonprofit corporation. The Association shall consist of all of the Lot Owners acting as a group in accordance with the Act, the Declaration and these Bylaws. The Association shall have the responsibility of administering the Village at Pine Phase 3 Planned Community, establishing the means and methods of collecting assessments and charges, arranging for the management of the individual Villages in the Planned Community and performing all of the other acts that may be required or permitted to be performed by the Association pursuant to the Act and the Declaration. The foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in these Bylaws.

2.2. Annual Meetings. An annual meeting of the Association shall be held each year in the same month as the first meeting of the Lot Owners at a date and time to be designated by the Executive Board. At such annual meetings, the Executive Board and Master Association

Representative shall be elected by ballot of the Lot Owners in accordance with the requirements of Sections 3.3 and 5.2 of these Bylaws (subject to Section 5 of the Declaration) and such other business as may properly come before the meeting may be transacted.

2.3. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Lot Owners as may be designated by the Executive Board.

2.4. Special Meetings. The President shall call a special meeting of the Association if so directed by resolution of the Executive Board or upon a petition signed and presented to the Secretary by Lot Owners entitled to cast at least twenty-five percent (25%) of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within forty-five (45) days after receipt by the President of said resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 6.9 below, such meeting shall be held within fifteen (15) days after receipt by the President of said resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.5. Notice of Meetings. The Secretary shall give to each Lot Owner a notice of each annual or regularly-scheduled meeting of the Association at least twenty but not more than sixty (60) days, and of each special meeting of the Lot Owners at least ten but not more than forty-five (45) days, prior to such meeting, stating the time, place and purpose thereof. The giving of a notice of meeting in the manner provided in this Section and Section 10.1 of these Bylaws shall be considered service of notice. The Notice of Meeting must state the time and place of the meeting, the items on the agenda, including the general nature of any proposed amendment to the declaration or bylaws, any budget or assessment changes and any proposal to remove an executive board Member of officer.

2.6. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Lot Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight hours after the time for which the original meeting was called.

2.7. Voting.

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

(b) Multiple Owners. Where the ownership of a Lot is in more than one Owner, the Owner who shall be entitled to cast the vote of such Lot shall be the Owner named in a certificate executed by all of the Owners of such Lot and filed with the Secretary (the "Designated Owner"). Such certificate shall be valid unless revoked by a subsequent certificate similarly executed. In the absence of such named Designated Owner from the meeting, the Owner who shall be entitled to cast the vote of such Lot shall be the 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 pursuant to Section 5310(a) of the Act. 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 owners of a Lot in the same manner as a deed is required, and subject to the provisions of the Act, 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.

(c) Ownership by an Entity other than an Individual. If the Owner of a Lot 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 Owner of a Lot is a trust, the trustee or trustees shall be deemed to be the Owner for the voting purposes, however the trustees shall designate one (1) 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 all of the owners of such Lot and filed with the secretary or, in the absence of such named person from the meeting of 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 Act, 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.

(d) Votes Required. Except with respect to election of Members of the Executive Board and the Master Association Representative, and except where a greater number is required of Members of the Executive Board and except where a greater number is required by the Act, the Declaration or these Bylaws, the Owners of more than fifty percent (50%) of the aggregate number of Lots, voting in person or by proxy at one time at a duly convened meeting at which a quorum is present, is required to adopt decisions at any meeting of the Association.

(e) Elections. In all elections for Executive Board Members, each Lot Owner shall be entitled to cast for each vacancy to be filled at such election one (1) vote per Lot owned by such Lot Owner as provided in the Declaration. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected and, if Executive Board Members are being elected to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms.

(f) Declarant's Votes. If the Declarant owns or holds title to one or more Lots, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Lot or Lots are entitled.

(g) Association Votes No votes allocated to a Lot owned by the Association may be cast.

(h) Cumulative and Class Voting. There shall be no cumulative or class voting.

2.8. Election by Mail. All matters which might be voted upon at a meeting of the Lot Owners including, but not limited to, the election of Members of the Executive Board, may also be submitted, at the election of the Executive Board, to the Lot Owners by a mail ballot. The Executive Board shall prepare for distribution an official ballot form and shall circulate a ballot to each Lot Owner authorized to vote pursuant to Section 2.7 above as if a meeting were being held on the date of the ballot. All Lot Owners shall be required to execute the ballot unless a certificate has been filed with the Secretary naming Designated Owner. Ballots shall be distributed and counted in accordance with Rules and Regulations to be adopted by the Executive Board.

2.9. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Lot Owner or in case of multiple Owners, by the Designated Owner, in favor of only another Lot Owner, a Permitted Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of written notice of revocation from the grantor(s) of the proxy. No proxy shall be valid for a period in excess of one (1) year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

2.10. Quorum. Except as set forth below, the presence in person or by proxy of Lot Owners of one-third (1/3) or more of the aggregate Percentage Interests at the commencement of a meeting shall constitute a quorum at all meetings of the Lot Owners Association. If a meeting is adjourned pursuant to Section 2.6 above, the quorum at such second meeting shall be deemed present throughout any meeting of the Association if persons entitled to cast ten percent (10%) of the votes which may be cast for the election of the Executive Board are present in person or by proxy at the beginning of the meeting.

2.11. Conduct of Meetings. The President (or in his absence, the Vice-President) shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring at each meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

ARTICLE III
Executive Board

3.1. Number and Qualification. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of Members who shall be designees of the Declarant or Lot Owners, or officers, directors, shareholders, partners or employees of Lot Owners. No more than one Member shall be elected from any Lot. The initial Board shall consist of at least one Member and no more than three Members, all appointed by the Declarant. Not later than sixty (60) days after the conveyance of twenty-five percent (25%) of the total number of Lots to Lot Owners other than the Declarant, the number shall be increased to three (3), two (2) of whom shall be appointed by the Declarant and one (1) of whom shall be elected by the Lot Owners. At the termination of the period of Declarant control, the Board shall consist of at least five Members.

3.2. Delegation of Powers; Managing Agent. The Executive Board may employ for the Planned Community a "Managing Agent" at a compensation established by the Executive Board. The Managing Agent shall perform such duties and services as the Executive Board shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration and these Bylaws; provided, however, where a Managing Agent does not have the power to act under the Act, the Declaration or these Bylaws, such duties shall be performed as advisory to the Executive Board. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws other than the following powers:

- (a) to adopt the annual budget and any amendment thereto or to assess any Common Expenses;
- (b) to adopt, repeal or amend Rules and Regulations;
- (c) to designate signatories on Association bank accounts;
- (d) to borrow money on behalf of the Association;
- (e) to acquire and mortgage Lots; and
- (f) to allocate Limited Common Elements.

Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty days' written notice and without cause on no more than ninety (90) days' written notice. The term of any such contract may not exceed one (1) year.

3.3. Election and Term of Office.

(a) At the annual meetings of the Association, subject to Section 5 of the Declaration, the election of Members of the Executive Board shall be held. Elections may also be held by mail as set forth in Section 2.8 hereinabove. At the first annual meeting following the transfer of Declarant control, three board Members shall be elected for two (2) year terms and two for a one (1) year term. Thereafter, the term of office of any Executive Board Member to be elected (except as set forth in Section 3.5 hereof) shall be two (2) years. The Members of the Executive Board shall hold office until the earliest to occur of the election of their respective successors or their death, adjudication of incompetency, removal, or resignation. An Executive Board Member may serve an unlimited number of terms and may succeed himself.

(b) Within sixty (60) days after conveyance of seventy-five percent (75%) of the Lots to Lot Owners other than Declarant, a special meeting of the Association shall be held at which time any remaining Declarant appointed Board Members shall resign and the Lot Owners, including the Declarant if the Declarant owns one or more Lots, shall thereupon elect successor Members of the Executive Board to act in the place and stead of those resigning. The terms of the Executive Board Member shall be determined as set forth in Section 3.3(a) above.

(c) Notwithstanding the foregoing, if any meeting required pursuant to subparagraphs (a) or (b) above could be held on the date an annual meeting of the Association is scheduled, then such meeting(s) shall be held concurrently with such annual meeting.

(d) Persons qualified to be Members of the Executive Board may be nominated for election only as follows:

(1) Any Lot Owner may submit to the Secretary, at least thirty (30) days before the meeting at which the election is to be held, a nominating petition signed by Lot Owners owning at least two Lots in the aggregate, together with a statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or hand deliver the submitted items to every Lot Owner along with the notice of such meeting; and

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has been nominated by petition; and

(3) In the event an election is held by mail, nominations shall be submitted by mail not less than forty-five (45) days prior to the date selected for the election and shall be accompanied by a biographical sketch. The Executive Board shall mail an official ballot, together with a copy of the biographical information, to all Lot Owners not less than twenty (20) days prior to

the date set for the election. Ballots may be returned in person or by mail up to 5:00 p.m. on the date set for the election.

3.4. Removal or Resignation of Members of the Executive Board.

(a) Except with respect to Members designated by Declarant, at any regular or special meeting of the Association duly called, any one or more of the Members of the Executive Board may be removed with or without cause by Lot Owners entitled to cast a majority of all votes in the Association and a successor may then be elected to fill the vacancy thus created in accordance with the provisions of Section 3.5. Any Lot Owner proposing removal of a Board Member shall give notice thereof to the Secretary. Any Member whose removal has been proposed by a Lot Owner shall be given at least ten (10) days notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting.

(b) A Member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Lot, or upon termination of his relationship with the Lot Owner if the Lot Owner is other than a person. Declarant shall have the right to remove and replace any or all Members appointed by Declarant at any time and from time to time until the required resignation date specified in Article V of the Declaration.

3.5. Vacancies. Except as set forth in Section 3.4 above with respect to Members appointed by Declarant, vacancies in the Executive Board caused by any reason other than the removal of a Member by a vote of the Lot Owners shall be filled by a vote of a majority of the remaining Members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the Members present at such meeting may constitute less than a quorum. Each person so elected shall be a Member of the Executive Board for the remainder of the term of the Member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor. In the case of multiple vacancies, the Member receiving the greatest number of votes shall be elected for the longest term.

3.6. Organization Meeting. The first meeting of the Executive Board following each annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the President (even if he is the outgoing President) at the meeting at which such Executive Board shall have been elected, and no notice shall be necessary to the newly elected Members of the Executive Board in order legally to constitute such meeting, if a majority of the Executive Board Members shall be present at such meeting.

3.7. Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the Members, but such meetings shall be held at least once each fiscal year. Notice of regular meetings of the Executive Board shall be given to each Member, by mail or facsimile, at least five (5) business days prior to the day named for such meeting.

3.8. Special Meetings. Special meetings of the Executive Board may be called by the President on at least three (3) business days' notice to each Member, given by mail or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two Members of the Executive Board.

3.9. Waiver of Notice. Any Member may at any time, in writing, waive notice of any meeting of the Executive Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Executive Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all Members are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meeting.

3.10. Quorum of the Executive Board. At all meetings of the Executive Board a majority of the Members shall constitute a quorum for the transaction of business, and the votes of a majority of the Members present at a meeting at which a quorum is present shall constitute the decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more Members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other.

3.11. Compensation. No Member of the Executive Board shall receive any compensation from the Association for acting as such, but may be reimbursed for any expenses incurred in the performance of his duties.

3.12. Conduct of Meetings. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings, recording all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Executive Board if and to the extent not in conflict with the Declaration, these Bylaws or the Act.

3.13. Action Without Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the Members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board. Action may also be taken by conference, telephone or similar electronic means where all Board Members can participate simultaneously.

3.14. Validity of Contracts with Interested Executive Board Members. No contract or other transaction between the Association and one or more of its Executive Board Members or between the Association and any corporation, firm, or association in which one or more of the Executive Board Members are directors or officers, or are financially interested, shall be void or voidable because such Executive Board Member or Members are present at any meeting of the Executive Board which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

(a) The fact that an Executive Board Member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in minutes, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board Member or Members with a financial interest; or

(b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

3.15. Inclusion of Interested Executive Board Members in the Quorum. Any Executive Board Member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.14 hereof.

ARTICLE IV

Officers

4.1. Designation. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all of whom shall be Members of and elected by the Executive Board. The offices of Secretary and Treasurer may be held by one person. The Executive Board may appoint a vice-president, assistant treasurer, assistant secretary and such other officers as in its judgment may be necessary.

4.2. Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organization meeting of each new Board and shall hold office at the pleasure of the Executive Board.

4.3. Removal of Officers. Upon the affirmative vote of a majority of all Members of the Executive Board, any officer may be removed, either with or without cause, and a successor may be elected at any meeting of the Executive Board called for such purpose.

4.4. President. The President shall be the chief executive officer of the Association, shall preside at all meetings of the Association and of the Executive Board and have all of the general powers and duties which are incident to the office of president of a corporation organized under the

laws of Pennsylvania, including without limitation, the power to appoint committees from among the Lot Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall cease holding such office at such time as he ceases to be a Member of the Executive Board.

4.5. Vice President. The Vice President (if any) shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Executive Board shall appoint another Member of the Executive Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated or assigned him by the Executive Board or by the President.

4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board, have charge of such books and papers as the Executive Board may direct, maintain a register setting forth the place to which all notices to Lot Owners and holders of mortgagees on any Lots hereunder shall be delivered and, in general, perform all the duties incident to the office of secretary of a corporation organized under the laws of Pennsylvania. The Secretary shall, upon request, provide any person, or cause to be provided, to any person entitled thereto a written statement or certification of the information required to be provided by the Association pursuant to Sections 5315(h) and 5407(b) of the Act and Sections 6.10 and 6.12 below, upon payment of the fee set by the Executive Board for such service.

4.7. Treasurer. The Treasurer shall have the responsibility for the safekeeping of Association funds and securities, be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data, and be responsible for the deposit of all monies in the name of the Executive Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Executive Board and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of Pennsylvania.

4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) shall be executed by two officers of the Association. All instruments for expenditures or obligations of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) or less may be executed by any one officer of the Association.

4.9. Compensation of Officers. No officer who is also a Member of the Executive Board shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any out-of-pocket expenses incurred in performing his duties; provided, however, the Secretary and Treasurer may be compensated for their services if the Executive Board determines such compensation to be appropriate.

ARTICLE V

Master Association Representative

5.1. Election and Term of Officers. Each individual planned community within the Master Planned Community will elect a Master Association Representative to comprise the Executive Board of the Master Association.

5.2. Election and Term of Office.

(a) At the annual meeting of the Association, subject to Article VII of the Declaration, the election of the Master Association Representative shall be held. Elections may also be held by mail and set forth in Section 2.8 hereinabove. At the first annual meeting the Representative will be elected for one (1) one-year term. Thereafter, the term of office of any Master Association Representative shall be two (2) years. The Representative shall hold office until the earliest to occur of the election of their respective successor or their death adjudication of incompetency, removal or resignation. A Master Association Representative may serve an unlimited number of terms and may succeed himself.

(b) Notwithstanding the foregoing, if any meeting requires, pursuant to subparagraph (a) above, could be held on the date an annual meeting of the Association is scheduled, then such meeting shall be held concurrently with such annual meeting.

(c) Persons qualified to be Master Association Representatives of the Executive Board may be nominated for election only as follows:

(i) Any Lot Owner may submit to the secretary at least thirty (30) days before the meeting at which the election is to be held a nominating petition signed by Lot Owners owning at least two (2) Lots in the aggregate, together with the statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The secretary shall mail or hand deliver the submitted items to every Lot Owner, along with the notice of such meeting; and

(ii) Nominations may be submitted from the floor at the meeting at which the election is held for the Master Association Representative for which no more than one (1) person has been nominated by the petition; and

(iii) In the event an election is held by mail nominations shall be submitted by mail not less than forty-five (45) days prior to the date selected for the election and shall be accompanied by a biographical sketch. The Executive Board shall mail an official ballot, together with a copy of biographical information, to all Lot Owners not less than twenty (20) days prior to the date set for the election. Ballots may be returned in person or by mail up to 5:00 p.m. on the date set for election.

5.3. Removal or Resignation of Representatives.

(a) Except with respect to Members designated by the Declarant, any regular or special

meeting of the Association duly called, the Master Association Representative may be removed with or without cause by Lot Owners entitled to cast the majority of all votes in the Association and a successor may then be elected to fill the vacancy. Any Lot Owner proposing removal of a Representative shall give notice thereof to the Secretary. Any Representative whose removal has been proposed by Lot Owner shall be given at least ten (10) days notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting.

(b) A Representative may resign at any time and shall be deemed to have resigned upon transfer of title to his Lot or upon termination of his relationship with the Lot Owner, if the Lot Owner is other than a person. Declarant shall have the right to remove and replace any Representative appointed by Declarant at any time and from time to time.

5.4. Vacancy. A Representative vacancy caused by any reason other than removal of a Representative by a vote of the Lot Owners shall be filled by a vote of the majority of the Executive Board Members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even if the Members present at such meeting may constitute less than a quorum. Each person so elected shall be a Representative for the remainder of the term of the Representative being replaced, and until successor should be elected at the next annual meeting of the Association, at which such seat is to be filled upon expiration of the term of his predecessor.

5.5. Compensation. No Representative shall receive any compensation from the Association for acting as such, but may be reimbursed for any expense incurred in the performance of his duties.

ARTICLE VI

Common Expenses; Budgets

6.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon the recordation of the Declaration.

6.2. Preparation and Approval of Budget. The Executive Board shall adopt a budget for revenues, expenditures and reserves at least annually for the Association. The Executive Board shall deliver to all Members copies of each budget approved by the Executive Board and notices of any capital expenditure approved by the Executive Board promptly after such approval. The Members, by affirmative vote of sixty (60) percent of all Members, pursuant to the procedures applicable to voting by Members of the Association as set forth in the Bylaws of the Association, as set forth in this document, may reject any budget or capital expenditure approved by the Executive Board within thirty (30) days after approval.

6.3. Assessment and Payment of Common Expenses.

(a) Common Expenses. The Executive Board shall calculate the assessment for Common Expenses for each Lot ("Common Assessments") for each Lot by dividing (i) the total

amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting income expected to be received from sources other than Common Expenses assessments by (ii) the number of Lots not owned by the Declarant. Such Common Assessments shall be due and payable on the thirtieth day after the annual meeting. Within ninety (90) days after the end of each fiscal year, the Executive Board shall prepare an itemized account of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Each member shall be entitled to receive from the Executive Board, within thirty (30) days after submitting a written request to the Executive Board, a copy of such account. Any net shortage with regard to Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Lot Owners in accordance with their Percentage Interests and shall be payable in one or more monthly assessments, as the Executive Board may determine.

(b) Supplemental Assessments. If the Executive Board determines that the estimate of total charges for the current fiscal year is, or will become, inadequate to meet all Common Expenses for any reason, it shall immediately determine the approximate amount of the inadequacy. Subject to the provisions of Section 6.4, the Board shall have the authority to levy, at any time by a majority vote, a supplemental assessment (“Supplemental Assessment”), reflecting a revision of the total Common Assessment. Written notice of any change in the amount of Supplemental Assessments levied by the Association through the Board shall be given to all Lot Owners not less than thirty (30) days prior to the effective date of such Supplemental Assessment.

(c) Limited Expenses. The Executive Board shall calculate the monthly assessments for Limited Common Expenses, if any, against each Lot obligated to pay Limited Common Expenses by multiplying (i) the total amount of the estimated funds required for Limited Common Expenses set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting any income expected to be received from the operation of the Limited Common Elements to which the Limited Common Expenses pertain other than Limited Common Expense Assessments by (ii) the share of Limited Common Expenses (expressed in decimal form) allocated to each such Lot. Such assessments shall be due and payable on the thirtieth day after adoption and shall be a lien against each Lot Owner's Lot as provided in the Act and the Declaration. Within one hundred twenty (120) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Lot Owner and to each Permitted Mortgagee who has registered an address with the Secretary an itemized accounting of the Limited Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to Limited Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Lot Owners obligated to pay Limited Expenses in accordance with their allocable share of Limited Common Expenses and shall be payable as the Executive Board may determine.

(d) Reserves. The Executive Board may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Lot Owner's Assessments, the Executive Board may at any time levy

further Assessments which shall be assessed against the Lot Owners according to their respective Percentage Interests with regard to Common Expenses and shall be payable as the Executive Board may determine. Payments for said purposes may be classified as capital contributions at the discretion of the Board.

(e) Assessments as Liens. All Assessments will become due and payable as set forth above. If not paid within thirty (30) days after the due date, the Assessment shall be a lien against such Lot Owner's Lot as provided in the Act and the Declaration.

6.4. Further Assessments. The Executive Board shall serve notice on all Lot Owners of any further Assessments pursuant to Sections 6.3(a), (b) or (c) or otherwise as permitted or required by the Act, the Declaration and these Bylaws, including, but not limited to, the right to levy fines, by a statement in writing giving the amount and reasons therefor, and such further Assessments shall, unless otherwise specified in the notice, become effective immediately and due thirty (30) days after the delivery of such notice of further Assessments. All Lot Owners so assessed shall be obligated to pay the amount of such Assessments. Such Assessments shall be a lien as of the effective date as set forth in the preceding Sections.

6.5. Fines. The Executive Board shall have the power to levy fines as set forth in the Act, which shall be considered as a further Assessment against the Lot as set forth in Section 6.4 hereof.

6.6. Initial Budget. At or prior to the time assessment of Common Expenses commences, the Executive Board shall adopt the budget, as described in this Article, for the period commencing on the date the Executive Board determines that Assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessments shall be levied and become a lien against the Lot Owners during such period as is provided in Section 6.3 above.

6.7. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Executive Board 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 annual Assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

6.8. Accounts. All sums collected by the Executive Board 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 once each year by an independent accountant retained by the Executive Board.

6.9. Rejection of Budget: Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Association, by sixty (60%) percent of all votes in the Association, may reject any budget or capital expenditure approved by the Executive Board, within thirty (30) days after approval by the Executive Board. The power of the Executive 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 sixty (60%) percent of the votes 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.

6.10. Payment of Common Expenses. Each Lot Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article VI. No Lot Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or 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 therefor; 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 days following a written request therefor to the Executive Board or Managing Agent 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, subject to Section 5315(b)(2) of the Act, 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.

6.11. Collection of Assessments. The Executive Board, or the Managing Agent at the request of the Executive Board, shall take prompt action to collect any Assessments 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 (5) days after its due date shall accrue a late charge in the amount of four percent (4%) of the overdue Assessment in addition to interest at the rate of twelve percent (12%) per annum (or such other rate as may be determined by the Executive Board) on the amount of the unpaid Assessment through date of payment. If any Members are in default of the payment of the aforesaid charges or monthly assessments for sixty (60) days, the Executive Board may, in addition to all the remedies set forth in this Declaration, accelerate all other monthly assessments to become due for the fiscal year in which such default occurs.

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

6.13. Surplus. Any amounts accumulated from Common Assessments 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 Common Expenses and reserves for future Common Expenses shall be credited to each Lot in accordance with such Lot's interests in Common Elements. These credits will be applied, unless the Declaration provides otherwise, to the next annual Common Assessments against that Lot under the then current fiscal year's budget and thereafter, until exhausted. Any amounts accumulated from Assessments for Limited Expenses and income from the operation of Limited Common Elements to which such Limited Expenses pertain in excess of the amount required for actual Limited Expenses and reserves for future Limited Expenses shall be credited to each Lot assessed for a share of such Limited Expenses in proportion to the share of such Limited Expenses so assessed. These credits will be applied, unless the Declaration provides otherwise, to the next monthly Assessments of Limited Expenses against that Lot under the then current fiscal year's budget, and thereafter, until exhausted.

6.14. 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 VII

Compliance and Default

7.1. Relief. Each Lot Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws, the Rules and Regulations and the Act, as any of the forgoing may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Lot Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

(a) Additional Liability. Each Lot Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Lot Owner under the Declaration, these Bylaws, the Rules and Regulations or the Act, the

Association shall be entitled to recover the reasonable costs and expenses of the Association, including attorney's fees.

(c) No Waiver of Rights. The failure of the Association, the Executive Board or of a Lot Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws, the Rules and Regulations or the Act shall not constitute a waiver of the right of the Association, the Executive Board or the Lot Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any Lot Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations or the Act or at law or in equity.

(d) Abating and Enjoining Violations by Lot Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaws contained herein or of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights: (i) to enter the Lot in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Lot Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(e) Termination of Services. The Association shall have the right to terminate any services which it performs or provides to or for a Lot Owner, including utility service to individual Lots, in the event of delinquency. Prior to termination of any service, the Executive Board shall give at least ten (10) days written notice and an opportunity to appear at a meeting of the Executive Board to any delinquent Lot Owner.

(f) Suspension of Voting Rights. Any Lot Owner who is more than thirty (30) days delinquent at the time of the annual meeting shall not be permitted to vote at any meeting or mail ballot.

ARTICLE VIII

Amendments

8.1. Amendments to Bylaws. These Bylaws may be modified or amended only by vote of Lot Owners entitled to cast a majority of the votes in the Association, except as otherwise expressly set forth herein or in the Act; provided, however, that until the date on which all Declarant-appointed Board Members voluntarily resign or are required to resign pursuant to Article V of the Declaration,

(i) Section 3.4, (ii) Section 3.1, and (iii) this Section 8.1 may not be amended without the consent in writing of Declarant. Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to Planned Community projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Lot Owners or the holders of any liens on all or any part of the Property, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

8.2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights and interests of Eligible Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Permitted Mortgagees on which they may rely in making loans secured by such mortgages. Accordingly, no amendment or modification of these Bylaws substantially impairing or affecting the rights, priorities, remedies or interests of a Permitted Mortgagee shall be adopted without its or their prior written consent.

8.3. Amendments to the Declaration. Any two officers or Executive Board Members of the Association may prepare, execute, certify and record properly adopted amendments to the Declaration on behalf of the Association.

ARTICLE IX

Maintenance, Repair, Replacement and Other Common Expenses

9.1. By the Association. The Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of the Executive Board such expense was necessitated by the negligence, misuse or neglect of a Lot Owner) of all of the Common Facilities not controlled by the Master Association (including the Limited Common Facilities) as defined herein or in the Declaration, whether located inside or outside of the Lots, the cost of which shall be charged to all Lot Owners as a General Common Expense.

9.2. By the Lot Owner.

(a) Each Lot Owner will be responsible for the maintenance, repair, and replacement of the dwelling, sidewalks, landscaping, mailbox, and individual driveway, including snow and ice removal (exclusive of those lots where the shared driveway has been designated as a Limited Common Element). Each Lot Owner is responsible for repair and replacement necessitated by removal for the purpose of repair or replacement of utility lines or facilities. Each Lot Owner is responsible for all other improvements for which such responsibility is not imposed upon the Association or Master Association by the Phase 3 Declaration or Master Declaration.

ARTICLE X

Miscellaneous

10.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, postage prepaid, (or otherwise as the Act may permit), (i) if to a Lot Owner, at the single address which the Lot Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Lot Owner, or (ii) if to the Association, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Lot Owners pursuant to this Section. If a Lot is owned by more than one Person, each such Person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

10.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

10.3 Capitalized Terms. Capitalized Terms not otherwise defined herein shall be defined as set forth in the Declaration or in the Act, as applicable.

10.4 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, these Bylaws have been adopted this _____ day of _____, 20__.

VILLAGE AT PINE PHASE III OWNERS
ASSOCIATION

BY:
NAME: _____
TITLE: _____