

**BYLAWS**  
**OF**  
**HOMEOWNERS ASSOCIATION OF PINE CREST MANOR**  
**(a Pennsylvania Non-Profit Corporation)**

ARTICLE I  
General

Section 1.01. Name of Corporation. The name of this Corporation is HOMEOWNERS ASSOCIATION OF PINE CREST MANOR (the "Association").

Section 1.02. Registered Office. The registered office of the Association in the Commonwealth of Pennsylvania is 772 Pine Valley Drive, Pittsburgh, Pennsylvania 15239. The registered office may be changed from time to time by the Board of Directors, effective upon filing a Change of Registered Address with the Corporation Bureau of the Department of State of the Commonwealth of Pennsylvania.

Section 1.03. Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January in each year.

Section 1.04. Definitions. All definitions contained in the Declaration of Pine Crest Manor, a Planned Community ("Declaration") shall apply herein unless specifically modified.

ARTICLE II  
Members and their Rights

Section 2.01. Place of Meeting. All meetings of the Members of the Association shall be held at a location designated by the Board of Directors in the notice of a meeting.

Section 2.02. Annual Meeting. Commencing with the year 2012, the Board of Directors may fix the date and time of the annual meeting of the Members, but if no such date and time is fixed by the Board of Directors, the meeting for any calendar year shall be held in the second Thursday of March, if not a legal holiday, and if so, then on the next secular business day at 7:00 p.m., and at said meeting the Members then entitled to vote shall elect Directors of the, and shall transact such other business as may properly be brought before the meeting. If the Annual Meeting shall not have been called and held within six (6) months after the designated time, any Member may call such a meeting.

Section 2.03. Special Meetings.

(a) Call of Special Meetings. Special meetings of the Members for any purpose, unless prescribed by statute or by the Articles of Incorporation, may be called at any time by the President. In addition, upon the request of either one-third (1/3) of the Board of Directors or an aggregate of Members entitled to cast at least twenty percent (20%) of the votes of all Members at any meeting of the Association, the President or Secretary shall call a special meeting. Any request for a special meeting shall state the purpose(s) of the proposed meeting.

(b) Fixing of Time for Meeting. Whenever a special meeting is properly requested, it shall be the duty of the Secretary to fix the time of the meeting for a date within sixty (60) days of receipt of the request, and to send written notice to all Members, which notice shall state the purpose(s) of the meeting.

(c) Business Transacted. The business transacted at all special meetings shall be confined to the subjects stated in the notice of the meeting and matters germane thereto.

#### Section 2.04. Quorum and Adjournment.

(a) General Rule. No official action of the Membership may occur at a meeting of Members unless a quorum is present. The presence in person or by proxy of Members entitled to cast at least twenty percent (20%) of the votes that all Members are entitled to cast at the meeting shall constitute a quorum.

(b) Withdrawal of a Quorum. The Members present at a duly organized meeting can continue to do business until adjournment even if, as a result of the withdrawal of Members, a quorum is no longer present.

(c) Adjournment for Lack of Quorum. If a meeting cannot be organized and actions taken therein be official because a quorum has not attended, those present may, except as provided in the Non-Profit Corporation Law, adjourn the meeting to such time and place as they may determine.

(d) Adjournments Generally. Any meeting at which Directors are to be elected shall be adjourned only from day to day, or for such longer periods not exceeding fifteen (15) days each, as the Members present and entitled to vote shall direct, until the Directors have been elected. Any other regular or special meeting may be adjourned for such period as the Members present and entitled to vote shall direct.

(e) Electing Directors at Adjourned Meeting. Those Members entitled to vote who are present in person or by proxy at a meeting called for the election of Directors that has been previously adjourned for lack of a quorum, although less than the quorum fixed in this Section, shall nevertheless constitute a quorum for the purpose of electing Directors.

(f) Other Action at Adjourned Meeting. Those Members entitled to vote who are present in person or by proxy at a meeting of Members that has been previously adjourned for one or more periods aggregating at least fifteen (15) days because of an absence of a quorum, although less than the quorum fixed in this Section, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of the meeting if the notice states that those Members who are present in person or by proxy at the adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter.

Section 2.05. Action by Members. Except as otherwise provided in the Non-Profit Corporation Law, the Declaration, the Articles and/or these By-laws, whenever any corporate action is to be

taken by vote of the Members of the Association, it shall be authorized upon receiving the affirmative vote of a majority of the votes cast by all Members entitled to vote who are present in person or by proxy at the meeting at which the vote is taken.

Section 2.06. Organization. At every meeting of the Members, the President of the Corporation shall act as Chair of the meeting. The Secretary, or, in the absence of the Secretary, an Assistant Secretary, or, in the absence of both the Secretary and Assistant Secretary, a person appointed by the President of the meeting, shall act as Secretary.

Section 2.07. Voting and Other Action by Proxy.

(a) General Rule:

(1) Every Member entitled to vote at a meeting of Members or to express consent or dissent to corporate action in writing without a meeting may authorize another person to act for the Member by proxy.

(2) Any action taken by the holder of a valid proxy shall constitute the action of the Member granting the proxy.

(3) Where two or more proxies of a Member are present, the last in time shall prevail. If the Board of Directors cannot determine the last in time of competing proxies, then the Association shall declare all of the competing proxies invalid.

(b) Execution and Filing. Every proxy shall be executed in writing and dated by the Member or by the duly authorized attorney-in-fact of the Member and filed with the Secretary of the Association. Only another member of the Association may be designated as a proxy. A facsimile or similar transmission from a Member or attorney-in-fact, or a photographic or similar reproduction of a writing executed by a Member or attorney-in-fact:

(1) may be treated as properly executed for purposes of this subsection if no objection is raised thereto and there is no competing proxy; and

(2) shall be so treated if it sets forth a confidential and unique identification number or other mark furnished by the Association to the Member for the purposes of a particular meeting or transaction.

(c) Revocation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until written notice thereof has been given to the Secretary of the Association. An unrevoked proxy shall not be valid after one (1) year from the date of its execution unless a longer time is expressly provided therein. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of the death or incapacity is given to the Secretary of the Association.

A proxy may be made irrevocable if "coupled with an interest", regardless of whether the interest with which it is coupled is an interest in the vote itself or an interest in the Association generally. As used in these By-laws, the term "proxy coupled with an interest" includes:

- (1) a vote pooling or similar arrangement among Members;
- (2) any agreement among Members, or among or between the Association and one or more Members, regarding the voting of their votes; and
- (3) an unrevoked proxy in favor of an existing or potential creditor of a Member, as long as the creditor or potential creditor is also a Member.

Section 2.08. Voting and Holding Office by Joint Holders of Votes.

(a) General Rule. Where votes of the Association are held jointly or as tenants in common by two or more persons as joint owners of a Unit, fiduciaries or otherwise:

- (1) if only one of such persons is present in person or by proxy, that person shall cast all votes for the Unit and the Unit shall be deemed to be represented for the purpose of determining a quorum; and
- (2) if all persons sharing the vote of the Unit are present and the persons are divided upon any matter to be voted upon, the voting shall be divided equally among the persons without prejudice to their individual rights.

(b) Exception. If the Association has on file a copy, certified by an attorney at law to be correct, of the relevant portions of any agreement, instrument or Order of Court which establishes the validity of a proxy, the Association shall honor such proxy in accordance with its terms.

(c) Only one of the joint or tenant in common owners of a Unit may serve as a member of the Board of Directors and/or as an officer of the Association at the same time.

Section 2.09. Voting Lists.

(a) General Rule. The Officer or agent having charge of the books for votes of the Association shall make, at least five (5) days before the meeting of the Members, a complete list of the Members entitled to vote, arranged in alphabetical order, with the address of and the number of votes held by each, which list shall be kept on file at the registered office of the Association and shall be subject to the inspection of any Member during the whole time of the meeting.

(b) Effect of List. Failure to comply with the requirements of this Section shall not affect the validity of any action taken at a meeting prior to a demand at the meeting by any Member entitled to vote thereat to examine the list. The original vote register, or a duplicate thereof kept in this Commonwealth, shall be prima facie evidence as to who are the Members entitled to examine the list or vote-ledger or to vote at any meeting of Members.

Section 2.10. Judges of Election.

(a) Appointment. In advance of any meeting of Members of the Association, the Board of Directors may appoint judges of election, who need not be Members, to act at the meeting or any adjournment thereof. If judges of election are not so appointed, the presiding Officer of the meeting may, and on the request of any Member or his proxy, shall, appoint judges of election at the meeting. The number of judges shall be one or three.

(b) Duties. The judges of election shall determine the number of Members and the votes thereof, the votes represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all members. The judges of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

(c) Report. On request of the Chair of the meeting, or of any Member, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated therein.

Section 2.11. Consent of Members in Lieu of Meeting.

(a) Unanimous Written Consent. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the Members who would be entitled to vote at a meeting for such purposes shall be filed with the Secretary of the Association.

(b) Partial Written Consent. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting upon the written consent of Members who would have been entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all Members entitled to vote thereon were present and voting. The consents shall be filed with the Secretary of the Association. The action shall not become effective until after at least ten (10) days' written notice of the action has been given to each member entitled to vote thereon who has not consented thereto. This provision shall not be used to avoid the majority requirements specified in the Declaration to effect an amendment of the Declaration.

ARTICLE III  
Board of Directors

Section 3.01. Number and Term of Office.

(a) Number. The Board of Directors which shall constitute the whole Board of Directors of the Association shall consist of (5) five Directors, or a number that may be determined from time to time by resolution of the Members after the transition to all Member-elected Directors.

(b) Term of Office. Except as hereinafter provided in the case of vacancies, Directors of the Association other than those constituting the first Board of Directors, shall be elected by the Members, and each Director, upon his/her consent to serve, shall be elected to serve for a term of three (3) years and until a successor is elected by the Members or until his/her earlier death, resignation or removal.

(c) Initial Directors. The initial Directors of the Association shall be appointed by the Declarant, who shall have full authority to remove and replace such Declarant-appointed Directors except as hereinafter set forth.

(d) Transition to Member-Elected Directors. The transition from Declarant-appointed Directors to those elected by the Members shall occur as follows:

(i) No later than ninety (90) days after twenty-five percent (25%) of the Units are owned by Members, two (2) of the Declarant-appointed members of the Board of Directors shall resign, and shall be replaced by Directors elected by the Members other than Declarant. The Directors to be elected must be Members and shall serve until the meeting referenced in subparagraph (ii) unless they cease to qualify as a Member of the Association because of their death, resignation, removal or sale of their Units.

(ii) No later than one hundred eighty (180) days after seventy-five percent (75%) of the Units are owned by Members, all of the members of the Board of Directors shall resign, and be replaced by Directors elected by the Members. All of the Directors to be elected must be Members. The Declarant shall have one vote for each Unit still owned by the Declarant in such election.

(iii) At the election held pursuant to subparagraph (ii), the two (2) Members receiving the highest numbers of votes shall serve as Directors for a term of three (3) years, the two (2) Members receiving the next highest number of votes shall serve as Directors for a term of two (2) years, and the one (1) Member receiving the next highest number of votes shall serve as a Director for a term of one (1) year. Thereafter, all terms of Directors shall be three (3) years.

(iv) Nominations for Directors shall be taken from the floor at the meeting held for the purpose of electing said Directors. Any Director wishing to be nominated may, in lieu of a nomination from the floor, submit a nominating petition containing

the names of at least ten (10) Members to the Secretary of the Association at least ten (10) days before said meeting. Any Director nominated from the floor must consent to his/her name being submitted.

Section 3.02. Powers. The Board of Directors shall exercise such powers as are expressly given them by the Articles of Incorporation, the Declaration and these By-laws, together with such powers as will enable them to do all such lawful acts as are necessary, proper and expedient for the welfare of this Association, and as are not directed or required to be exercised by the Members by statute, the Articles of Incorporation, these By-laws and/or the Declaration; and without prejudicing the general powers of the Board of Directors as hereinafter stated, it is expressly declared that the Directors shall have the following powers:

(a) To make and change regulations not inconsistent with these By-laws for the management of the Association's business affairs.

(b) To have full power from time to time to purchase or otherwise acquire for the Association any property, rights or privileges, which the Association is authorized by law to purchase or otherwise acquire at such prices and consideration, and upon such terms and conditions, as the Board of Directors may consider advisable.

(c) To sell or otherwise dispose of, transfer or convey, any property of the Association, at such prices and consideration and upon such terms and conditions as the Board of Directors may consider advisable.

(d) To borrow money and to make and issue notes, bonds, and other negotiable and transferable instruments, mortgages, deeds of trust, and trust agreements, and to do every act and thing necessary to effectuate the same.

(e) To appoint and remove or suspend such employees and agents as it may deem necessary; to determine their duties; to fix and, from time to time, to change their salaries or remuneration, and to require security as and when it thinks fits.

(f) To manage the property, business and affairs of the Association, and the Directors as a Board of Directors, are hereby invested in such management with all the powers which the Association itself possesses so far as such delegation of power is not incompatible with the provisions of these By-laws, the Declaration and/or the laws of the Commonwealth of Pennsylvania.

(g) To appoint representatives to the committee comprised of representatives of the Association and representatives of the Cobblestone Manor Townhouse Association charged with managing the improvements governed by the Easement Agreement between those Associations.

(h) To ensure the Association complies with its obligations under the Easement Agreement.

Section 3.03. Special Meeting of Board of Directors. A special meeting of the Board of Directors may be called at any time by the President or on the request of two (2) Directors on five (5) days' written notice by mail or personally given to each Director as specified in Article V hereof. Notices of said meetings may be waived by unanimous consent of all of the Directors.

Section 3.04. Vacancies - General Rule. Vacancies in the Board of Directors, other than vacancies resulting from an increase in the number of Directors, may be filled by a majority vote of the remaining members of the Board of Directors, though less than a quorum, and each person so selected shall serve until the expiration of the Director's term whose vacancy is being filled. Vacancies created by an increase in the number of Directors shall be elected by the membership at the time the increase in the number of Directors is approved, for terms determined by the membership at that same time.

Section 3.05. Removal of Directors.

(a) Removal by the Members. The entire Board of Directors of the Association, or any individual Director may be removed from office with cause by the vote of Members, entitled to elect Directors. In case the Board or any one or more Directors are so removed, new Directors may be elected at the same meeting to fill the terms of the Directors so removed.

(b) The Board of Directors may be removed at any time without cause by the unanimous vote or consent of Members entitled to vote thereon.

Section 3.06. Place of Meetings. Meetings of the Board of Directors may be held at such place within or without the Commonwealth of Pennsylvania as the Board of Directors may from time to time appoint or as may be designated in the notice of the meeting.

Section 3.07. Organization of Meetings. At every meeting of the Board of Directors, the the President shall act as Chair of the meeting. The Secretary or, in the absence of the Secretary, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretary, a person appointed by the Chair of the meeting, shall act as Secretary.

Section 3.08. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors, but shall occur at least semi-annually commencing in April, 2012 and annually thereafter.

Section 3.09. Quorum of and action by Directors.

(a) General Rule. A majority of the Directors in office of the Association shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the Directors present shall be the acts of the Board of Directors. A Director may be considered present if available by conference telephone if all Directors can hear and speak to each other using the conference telephone.

(b) Action by Written Consent. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if, prior or subsequent to the action, a consent or



consents thereto by all of the Directors in office at the time of the action is filed with the Secretary of the Association.

(c) Adjournment of Meetings. In the event that a quorum is not present at a regular meeting of the Board of Directors, or a properly called special meeting, the Directors present in person or by conference telephone, after the lapse of at least twenty-four (24) hours, may adjourn the meeting from time to time until a quorum is obtained, without notice other than an announcement made at the meeting. At such adjourned meeting at which a quorum is present, any business may be transacted which could properly have been transacted at the meeting originally called. In the event that less than a quorum is present at the second of such adjourned meetings, the Directors then present in person or by conference telephone shall constitute a quorum for the transaction of any business.

Section 3.10. Compensation. Directors, as such, shall not receive any stated salary for their services, provided that nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

Section 3.11. Limitation of Personal Liability of Directors. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as in effect on the date of the adoption of this Section 3.11, or as such laws are thereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Association shall be personally liable as such for monetary damages for any action taken, or any failure to take any action, as a Director. Any amendment or repeal of this Section 3.11 or adoption of any other provision of these By-laws or the Association's Articles of Incorporation which has the effect of increasing Director liability shall operate prospectively only and shall not have any effect with respect to any action taken, or failure to act, prior to the adoption of such amendment, repeal or other provision.

#### ARTICLE IV Officers

Section 4.01. Officers Generally.

(a) Officers. The Officers of the Association shall be elected by the Directors, and shall be a President, Secretary and Treasurer, and such other Vice Presidents, Officers, Assistant Officers and agents as the Board of Directors may determine from time to time.

(b) Election of Officers. The Board of Directors, at its first meeting and after each annual meeting of Members, shall choose a President, a Secretary and a Treasurer and may choose one or more Vice Presidents and Assistant Officers, none of whom need be members of the Board of Directors.

(c) Additional Officers. The additional Officers, Assistant Officers or agents, who may be appointed by the Board of Directors from time to time, shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4.02. Standard of Care. An Officer shall perform his or her duties as an Officer in good faith, in a manner he or she reasonably believes to be in the best interests of the Association and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances.

Section 4.03. Salaries. The salaries, if any, of all Officers, agents or employees of the Association shall be fixed by the Board of Directors.

Section 4.04. Term. The Officers of the Association shall hold office for a term of one (1) year and until their successors are elected or until their earlier death, resignation or removal.

Section 4.05. President.

(a) The President shall be the Chief Executive Officer of the Association; shall preside at all meetings of Members and of the Board of Directors; shall see that all orders and resolutions of the Board of Directors are carried into effect, subject, however, to the right of the Board of Directors to delegate any specific powers, except such as may be expressly and exclusively conferred on the President by statute and/or these By-laws; shall generally do and perform all acts authorized or required by statute and/or these By-laws to be performed by the President, and those usually performed by a President of an Association.

(b) The President shall execute all bonds, mortgages, contracts, notes or other documents requiring the Seal of the Association, under the Association's Corporate Seal.

Section 4.06 Vice President(s). The Vice President(s), in the order designated by the President, shall exercise functions of the President during the absence or disability of the President. Each Vice President shall have the powers and discharge such duties as may be assigned from time to time by the Board of Directors.

Section 4.07. Secretary. The Secretary shall attend all meetings of Members and of the Board of Directors and shall act as clerk thereof. The Secretary shall record the minutes of all transactions at each meeting in a book to be kept for that purpose, wherein shall also be a record of all the votes of the Association. The Secretary shall ensure that notice is given to all Members of all meetings of Members or of the Board of Directors; in addition thereto, the Secretary shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary shall keep custody of the Association's Corporate Seal and shall affix it to any instrument when authorized to do so by the Board of Directors or the President and, when so affixed, it shall be attested to by the Secretary's signature.

Section 4.08. Assistant Secretary. Any Assistant Secretary appointed by the Board of Directors shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary, and shall perform such other duties as the Board of Directors shall prescribe.

Section 4.09. Treasurer. The Treasurer shall have custody of the corporate funds, securities and evidence of indebtedness; shall pay out of corporate funds the just debts of the Association, taking proper vouchers for such disbursements and maintaining proper records thereof in books belonging

to the Association; shall render to the Board of Directors upon request and at meetings of the Board of Directors when requested, an account of all transactions as Treasurer, and of the financial condition of the Association and perform such other duties as may be incident to the office of Treasurer.

Section 4.10. Assistant Treasurer. Any Assistant Treasurer appointed by the Board of Directors shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer, and shall perform such other duties as the Board of Directors shall prescribe.

Section 4.11. Number of Offices Held. Any one person may hold any number of offices.

Section 4.12. Removal of Officers and Agents. Any Officer may be removed by the Board of Directors with or without cause. Election or appointment of an Officer or agent shall not of itself create contract rights.

Section 4.13. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the Board of Directors and if the office is one for which these By-laws prescribe a term, shall be filled for the unexpired portion of the term.

#### ARTICLE V

##### Notice - Waivers - Meetings Generally

Section 5.01. Manner of Giving Notice - General Rule. Whenever written notice is required to be given to any person under the provisions of the Non-Profit Corporation Law or by the Articles or these By-laws, it may be given to the person either personally or by sending a copy thereof by first class or express mail, or other overnight delivery service, postage prepaid, or by facsimile transmission, or e-mail, with confirmation of delivery required, to the address (residence or e-mail) or facsimile number of the person appearing on the books of the Association or, in the case of Directors, supplied by the Director to the Association for the purpose of notice. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service for delivery to that person or, in the case of facsimile or e-mail, when received. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by another provision of the Non-Profit Corporation Law, the Articles and/or these By-laws.

Section 5.02. Notice of Meetings of Board of Directors. Notice of a regular meeting of the Board of Directors shall be given at least ten (10) days prior to the meeting. Notice of every special meeting of the Board of Directors shall be given to each Director five (5) days before the time at which the meeting is to be held. Every such notice shall state the time, place and purpose of the meeting. Neither the business to be transacted at, nor the purpose of, any regular meeting of the Board of Directors need be specified in a notice of the meeting.

Section 5.03. Notice of Meetings of Members.

(a) General Rule. Written notice of every meeting of the Members shall be given by, or at the direction of, the Secretary or President to each Member of record entitled to vote at the meeting at least:

- (1) ten (10) days prior to the day named for a meeting called to consider a fundamental transaction; or
- (2) five (5) days prior to the day named for the meeting in any other case.

If the President or Secretary neglects or refuses to give notice of a meeting, the person or persons calling the meeting may do so. In the case of a special meeting of Members, the notice shall specify the general nature of the business to be transacted.

ARTICLE VI  
Corporate Records

Section 6.01. Record Holder of Votes. The Association shall be entitled to recognize the exclusive right of a person registered on its books as a Member to vote as such. No share certificates shall be issued to Members.

ARTICLE VII  
Indemnification of Officers and Directors and Employees

Section 7.01. Scope of Indemnification. Except as expressly prohibited by Law (as defined in Section 7.04), the Association shall indemnify, defend and hold harmless each person who was or is a party or is threatened to be made a party to any threatened, pending or completed lawsuit, action or proceeding, whether civil, criminal, administrative or investigative, including actions by or in the right of the Association, by reason of the fact that he/she is or was a Director, Officer, Employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, Employee or agent of another corporation or association, partnership, joint venture, trust, employee benefit plan or other enterprise (each a "Covered Person" and collectively the "Covered Persons"), or by reason of any act, omission or alleged act or omission by such Covered Person arising out of such Covered Person's activities taken primarily on behalf of the Association, or at the request or with the approval of the Association or primarily in furtherance of the interests of the Association. Indemnification shall mean that such Covered Person shall be defended and held harmless from and against any and all debts, losses, claims, damages, demands, judgments, contracts (implied and expressed, written and unwritten), penalties, obligations, payments, liabilities of every kind and nature (whether known or unknown, fixed or contingent), fines, costs and expenses (including, without limitation, reasonable attorneys' fees, out-of-pocket expenses and other reasonable costs and expenses incurred in investigating, preparing or defending any pending or threatened lawsuit, action or proceeding), and amounts paid in settlement, actually and reasonably incurred by or imposed upon such Covered Person (collectively the "Damages") in connection with such action, suit, or proceeding; PROVIDED, HOWEVER, that the Association shall not indemnify any such Covered Person where the act or failure to act giving rise to the claim for indemnification is determined by a

court or agency having jurisdiction over the claim to have constituted willful misconduct or recklessness and, with respect to any criminal action or proceeding, unless such Covered Person had no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the Covered Person is not entitled to indemnification under this Section, or with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful.

Section 7.02. Indemnification Procedure; Assumption of Defense. The procedure under which indemnification shall be provided shall be: A party seeking indemnification (an "Indemnified Party") shall give prompt notice ("Notice of Claim") to the Association of the assertion of any claim for which indemnity may be sought (a "Claim") and shall give the Association such information with respect thereto as the Association may reasonably request, but no failure to give a Notice of Claim shall relieve the Association of any liability hereunder except to the extent that the Association has suffered actual prejudice thereby. Within thirty (30) days of receipt of a Notice of Claim the Association shall provide notice to the Indemnified Party (the "Association Notice") that as between the Association and the Indemnified Party, the Association shall be solely obligated to satisfy and discharge the Claim and assume defense of the Claim. The Association shall use counsel selected by the Association and reasonably acceptable to the Indemnified Party. If the Association shall fail to give the Indemnified Party the Association Notice within the thirty (30) day period, the Indemnified Party shall have the right to assume control of the defense of the Claim and all Damages in connection therewith shall be reimbursed by the Association upon demand by the Indemnified Party. Notwithstanding the foregoing, the Association shall not have the right to assume the defense of a Claim which is seeking an injunction, restraining order, declaratory relief or other non-monetary relief against the Indemnified Party (whether or not the Association is also named as a party), or if the named parties to the action (including any impleaded parties) include both the Indemnified Party and the Association and the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to the Indemnified Party that are different from those available to the Association. A party defending a Claim shall not have the right to compromise or settle any claim for non-monetary relief against the other party without the other party's written consent. A party defending a Claim shall not have the right to compromise or settle any claim for monetary relief against the other party without the other party's written consent unless the monetary relief is paid in full by the settling party. A party shall not unreasonably withhold or deny its consent under this Section 7.02. An Indemnified Party shall not be required to consent to a compromise or settlement of a Claim if in the reasonable judgment of the Indemnified Party, the compromise or settlement would have a continuing material adverse effect on the Indemnified Party's business or reputation (including any material impairment of its relationships with customers, suppliers, future employees or employers). If at any time after the Association assumes the defense of a Claim, the situation changes such that the Association would not be able to assume the defense of a Claim if the Claim were newly filed at that time, the Indemnified Party shall have the same rights as if the Association never assumed the defense of the Claim. The Association or the Indemnified Party, as the case may be, shall always have the right to participate at its own expense in the defense of any Claim that the other is defending. Whether or not the Association chooses to defend or prosecute a Claim involving a third party, the Association and the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such

records, information and testimony, attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith.

Section 7.03. Right to Advancement of Expenses; Reimbursement of Expenses.

(a) Except as expressly prohibited by Law, expenses (including without limitation reasonable attorneys' fees) incurred by a Covered Person in defending any Claim, shall, from time to time, be advanced by the Association prior to the final disposition of such Claim upon receipt by the Association of a written undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized above.

(b) To the extent that the expenses of a Covered Person have not been advanced by the Association, if such Covered Person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01, or in defense of any Claim, issue or matter therein, the Covered Person may submit a request for reimbursement of all expenses (including reasonable attorneys' fees) actually and reasonably incurred by or imposed upon the Covered Person in connection therewith. The determination of what expenses are actually and reasonably incurred shall be made by the Board of Directors, but in the event of disagreement the person making the request may apply to the Court of Common Pleas of the County in which the registered office of the Association is located or the Court in which such action or suit was brought for such determination.

(c) In situations where a Court has not made a determination that the act or failure to act giving rise to a claim for indemnification constituted willful misconduct or recklessness, any indemnification under Section 7.01 (unless ordered by a Court) shall be made by the Association only as authorized in the specific case upon a determination that the act or failure to act of the Director, Officer, Employee or agent did not constitute willful misconduct or recklessness. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable if a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (c) by the shareholders.

Section 7.04. Change of Law or These Bylaws. No amendment or repeal of this Article shall adversely affect any right or protection extended to a Covered Person hereunder for an act or failure to act occurring prior to the time of such amendment or repeal. Each Covered Person shall be deemed to act in such capacity in reliance upon the rights of indemnification and advancement of expenses hereunder. The rights to indemnification and advancement of expenses hereunder shall continue as to a person who has ceased to be a Covered Person and shall inure to the benefit of the heirs, executors and administrators of such person for actions occurring while such Covered Person was a Covered Person. References in this Article to "Law" shall be to such Law as it existed on the date of adoption of these Amended and Restated Bylaws, or as such Law was thereafter changed, except that: in the case of any change that limits the indemnification rights or the right to advancement of expenses that the Association must provide, the rights to indemnification and advancement of expenses provided in this Article shall continue as theretofore agreed upon to the extent permitted by law; and if the change permits the Association without the requirement of further action by the Shareholders or Board of Directors to provide broader indemnification rights

or to the advancement of expenses than the Association was permitted to prior to the change, then the rights to indemnification and advancement of expenses shall be so broadened to the extent permitted by Law.

Section 7.05. Creation of Fund; Insurance. The Association may create a fund of any nature which may, but need not, be under the control of a trustee or otherwise secure or insure in any manner its indemnification obligations, whether arising hereunder or otherwise. The Association may purchase and maintain insurance to the extent and in such amounts as the Board of Directors shall deem reasonable, against any liability that may be asserted against or expenses that may be incurred by any such Covered Person or such other persons as the Board of Directors shall determine in connection with the activities of the Association, regardless of whether the Association would have the power to indemnify such other persons against such liability under the provisions of these Bylaws. The Association may enter into indemnity contracts with Covered Persons and such other persons as the Board of Directors shall determine and may adopt written procedures pursuant to which arrangements are made for the advancement of expenses and funding of obligations under this Article and containing such other procedures regarding indemnification as are appropriate.

Section 7.06. Effectiveness; Non-Exclusivity of Rights. The provisions of this Article shall be effective for any act or omission of a Covered Person occurring prior to or after the adoption of this Article, and shall continue as to a person who has ceased to be a Covered Person, and shall inure to the benefit of the heirs and personal representatives of such persons. The rights conferred on any person by this Article shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, agreement, or otherwise.

Section 7.07. Self Dealing, Willful Misconduct or Recklessness. Except for responsibility or liability of a Director or Officer pursuant to any criminal statute or for payment of taxes pursuant to local, state or federal law, a Director or Officer of the Association shall not be personally liable for monetary damages for any action taken or any failure to take any action unless (a) such Director or Officer has breached or failed to perform his/her fiduciary duties and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Section 7.08. Fiduciary Relationship. A Director of the Association shall stand in a fiduciary relation to the Association and shall perform his/her duties as a Director (including as a member of any committee of the Board of Directors) in accordance with the standards set forth in the Commonwealth of Pennsylvania Directors' Liability Act, as the same may be amended from time to time. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interest of the Association.

## ARTICLE VIII Interested Directors

Section 8.01. Transaction Void or Voidable. No contract or transaction between the Association and one or more of its Directors or Officers or between the Association and any other corporation or association, partnership, association, or other organization in which one or more of its directors or officers are Directors or Officers or has or have a financial interest, shall be void or voidable solely for such reason, or solely because the Director or Officer is present at or participates in the meeting

of the Board of Directors which authorized the contract or transaction, or solely because his/her or their votes are counted for such purpose, if: (a) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board of Directors in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors even though the disinterested Directors are less than a quorum; (b) the material facts as to his/her relationship or interest and as to the contract or transaction are disclosed or are known to the membership entitled to vote thereon, if any, and the contract or transaction is specifically approved in good faith by vote of such members; or (c) the contract or transaction is fair as to the Association as of the time it is authorized, approved or ratified by the Board of Directors or the Members. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes a contract or transaction specified above.

ARTICLE IX  
Common Expenses; Budgets

Section 9.01 Fiscal Year. The fiscal year of the Association shall be the calendar year; provided, however, that the first fiscal year shall begin upon the later of registration of the Association with the Department of State of the Commonwealth of Pennsylvania or the sale of the first unit in the planned community known as Pine Crest Manor.

Section 9.02 Preparation and Approval of Budget.

(a) On or before the first day of November of each year (sixty days before the beginning of the fiscal year) the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements, the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws and/or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the development and the rendering to the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Executive Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacement. The budget shall segregate Common Expenses and Limited Common Expenses, if any.

(b) On or before the fifth day of November, the Executive Board shall make the budget available for inspection at the Association office if within the development and otherwise shall send to each Member a copy of the budget in a reasonably itemized form that sets forth the amount of the Common Expenses for which such Member shall be responsible. Such budget shall constitute the basis for determining each Unit Owners' assessments for Common Expenses and any Limited Common Expenses of the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to subsection 9.08 below.



(c) The Executive Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

Section 9.03 Assessment and Payment of Common Expenses.

(a) Common Expenses. Once all Units contain residences that have been occupied at least once, the Executive Board shall calculate the monthly assessments for Common Expenses against each Unit by dividing the estimated funds required by the number of Units and assessing each Unit in accordance with their Percentage Interest, as provided in the Declaration. Until all Units contain residences that have been occupied at least once, assessments to be imposed against less than all Units shall be calculated in the same manner as other assessments in accordance with the Percentage Interests of the Units responsible for the payment and, until sixty-six percent (66%) of all Units have residences located thereof which have been occupied for the first time, the Declarant will pay the difference between the amount thus collected and the actual cost of the expense for which the assessment is made; provided, however, that if any expense is an extraordinary expense not reflected on the current budget of the Association, or if the actual cost of the expense is more than 20% greater than the amount shown on the current budget of the Association, the Association shall assess such cost against all Units in accordance with their Percentage Interest, and the Declarant will not be required to pay such expense except as to Units it owns. The Executive Board shall take into account in determining estimated funds required any Limited Common Expenses due from less than all Members and income expected to be received from sources other than Common Expenses assessments. That amount due from each Member is due annually, but may, in the discretion of the Executive Board, be collected monthly or quarterly, and if collected monthly, shall be due on the first day of the month and if collected quarterly, shall be due on the first day of January, April, July and October in each year. The assessment shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration. Within ninety (90) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized account of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. 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 Unit Owners in accordance with their Percentage Interests and the benefit derived, as provided in the Declaration, and shall be payable in one or more monthly assessments, as the Executive Board may determine. Assessments shall comply with all provisions of the Declaration of Planned Community with respect to assessments against Units which do not contain residences which have been occupied at least once.

(b) Limited Common Expenses. If there shall be any Common Expenses for which less than all Units are responsible (Limited Common Expenses), the Executive Board shall calculate the monthly assessments for Limited Common Expenses against each Unit obligated to pay Limited Common Expenses which has been occupied at least once by multiplying (a) 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 (b) the share of

Limited Common Expenses (expressed in decimal form) allocated to each such Unit. Until all Units contain residences that have been occupied at least once, assessments to be imposed against less than all Units for Limited Common Expenses shall be calculated in the same manner as other assessments in accordance with the Percentage Interests of the Units responsible for the payment and, until sixty-six percent (66%) of all Units have residences located thereof which have been occupied for the first time, the Declarant will pay the difference between the amount thus collected and the actual cost of the expense for which the Limited Common Expense assessment is made; provided, however, that if any expense is an extraordinary expense not reflected on the current budget of the Association, or if the actual cost of the expense is more than 20% greater than the amount shown on the current budget of the Association, the Association shall assess such Limited Common Expense against all Units in accordance with their Percentage Interest, and the Declarant will not be required to pay such expense except as to Units it owns. Limited Common Expenses shall be assessed annually but may be collected monthly or quarterly, in the discretion of the Executive Board. If collected monthly, each month's assessment shall be due and payable on the first day of each calendar month, and if collected quarterly shall be due on the first day of each January, April, July and October, and shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration. Within ninety days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the 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 Unit Owners obligated to pay Limited Common Expenses in accordance with their allocable share of Limited Common Expenses and shall be payable in one or more monthly assessments, as the Executive Board may determine. Assessments shall comply with all provisions of the Declaration of Planned Community with respect to assessments against Units which do not contain residences which have been occupied at least once.

(c) Reserves. The Executive Board shall 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 Unit Owner's assessments, the Executive Board may at any time levy further assessments for Common Expenses and/or Limited Common Expenses which shall be assessed against the Unit Owners according to their respective Percentage Interests with regard to Common Expenses or in accordance with allocable shares of Limited Common Expenses with regard to Limited Common Expenses (whichever is appropriate), and shall be payable in one or more monthly assessments as the Executive Board may determine. Assessments for reserves may only be made against Units containing residences which have been occupied at least once.

Section 9.04 Further Assessments. The Executive Board shall serve notice on all Unit Owners of any further assessments pursuant to this Article IX or otherwise as permitted or required by the Act, the Declaration and these Bylaws by a statement in writing giving the amount and reasons therefore, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly assessment which is due more than ten (10) days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the

amount of such monthly assessments. Such assessments shall be a lien as of the effective date set forth in the preceding Sections. Assessments shall comply with all provisions of the Declaration of Planned Community with respect to assessments against Units which do not contain residences which have been occupied at least once.

Section 9.05 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 IX, 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 Unit Owners during such period as is provided herein.

Section 9.06 Delivery of Approved Budget and Notice of Capital Expenditure; Effect of Failure to Prepare or Adopt Budget. The Executive Board shall deliver to all Unit Owners copies of each budget approved by the Executive Board and notice of any capital expenditure approved by the Executive Board promptly after each such approval. 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 Unit Owner's obligation to pay such Unit Owner's 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 Unit Owner shall continue to pay each assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

Section 9.07 Accounts; Audits. All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least annually in a manner determined by the Executive Board.

Section 9.08 Rejection of Budget; Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Association, by majority vote 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. If the budget is rejected, 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 Unit Owners entitled to cast at least two-thirds (2/3) 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 5% 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 10% of such aggregate amount. This requirement shall continue until a budget is duly adopted by the Members.

Section 9.09 Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article IX. No Unit Owner may be exempt from liability for contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of a Unit. No Unit Owner

shall be liable for the payment of any part of the Common Expenses assessed against his or her Unit subsequent to the date of recordation of a conveyance in fee of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for that Unit's 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 Unit Owner amounts paid by the purchaser therefore.

Section 9.10 Collection of Assessments. The Executive Board shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remains 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 ten (10%) percent of the overdue assessment in addition to interest at the rate of fifteen (15%) percent per annum or such other rate as may be determined by the Executive Board.

Section 9.11 Statement of Common Expenses. The Executive Board shall promptly provide any Unit Owner, contract purchaser or proposed mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Executive Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation, to the extent permitted by the Act.

## ARTICLE X Miscellaneous

Section 10.01. Checks. All checks or demands for money and notes of the Association shall be signed by such Officer or Officers as the Board of Directors may from time to time designate.

Section 10.02. Corporate Tax. The Association shall pay any capital loans tax and any capital stock tax that may be assessed by the Commonwealth of Pennsylvania from and after the date of the acceptance of these Bylaws.

Section 10.03. Officers. Any payments made to an Officer of the Association such as salary, commission, bonus, interest, rent or entertainment expenses incurred by him/her, that shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service shall be reimbursed by such Officer to the Association to the full extent of such disallowance. It shall be the duty of the Directors, as a Board of Directors, to enforce payment of each such amount disallowed. In lieu of payment by the Officer, subject to the determination of the Directors, proportionate amounts may be withheld from his/her future compensation payments until the amount owed to the Association has been recovered.

Section 10.04. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositaries as the Board of Directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more Officers or Employees as the Board of Directors shall from time to time determine.

Section 10.05. Corporate Records.

(a) Required Records. The Association shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators, Members and Directors and register giving the names and addresses of all Members. The register shall be kept by the Secretary at either the registered office of the Association in the Commonwealth of Pennsylvania or at its principal place of business wherever situated or at the office of its registrar. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

(b) Right of Inspection. Every member shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the register, books and records of account, and records of the proceedings of the incorporators, Members and Directors and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of the person as a member. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the Member. The demand shall be directed to the Association at its registered office in the Commonwealth of Pennsylvania or at its principal place of business wherever situated.

Section 10.06. Resale Certificate. Each Member, upon entering into an Agreement of Sale for the sale of that Member's Unit and requiring a Resale Certificate from the Association shall submit a written request therefor to the Secretary of the Association, who shall supply such Resale Certificate within ten (10) days of receipt of any written request and payment by the requesting Member of the fee established by the Executive Board for such Resale Certificate.

Section 10.07. Private Inurement.

(a) No part of the net earnings of the Association shall inure to the benefit of or be distributable to its officers or other private persons, except that the Association shall be authorized to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes as set forth above. No substantial part of the activities of the Association shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Association shall not participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these By-laws, the Association shall not carry on any other activity not permitted to be carried on under federal tax laws that entitle the Association to be exempt from federal tax.

(b) No director, officer or private individual shall be entitled to share in the distribution of any corporate assets upon dissolution of the Association. Upon dissolution, all funds and other assets on hand after payment of all indebtedness of the Association shall be surrendered and distributed to such organization or organizations as, in the judgment of the liquidating Board of Directors of the Association, have purposes most closely allied to those of this Association, and which will not result in the payment of taxes under any federal tax law.

ARTICLE XI  
Amendments

Section 11.01. Amendment of Bylaws. These By-laws may be amended or repealed, or new By-laws may be adopted, either (i) by vote of the Members at any duly organized annual or special meeting of Members, or (ii) with respect to those matters that are not by statute committed expressly to the Members and regardless of whether the Members have previously adopted or approved the By-law being amended or repealed, by vote of a majority of the Board of Directors of the Association in office at any regular or special meeting of Directors. Any change in these By-laws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

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