

BY-LAWS
OF
UNIVERSITY SQUARE NO. 1, INC.

UNIVERSITY SQUARE NO. 1, INC.
BY-LAWS

ARTICLE I

Name of Corporation and Principal Office

Section 1. Name. The Corporation is a Cooperative named University Square No. 1, Inc.

Section 2. Principal Office: The principal office of the Corporation shall be located at 4625 Fifth Avenue, Pittsburgh, Pennsylvania 15213, or other location as designated by the Board of Directors.

ARTICLE II

Applicability and Purpose

Section 1. Applicability. These By-Laws shall be applicable to the Corporation and all present and future shareholders, occupants, and their guests, heirs, executors, administrators, assigns, licensees, servants, agents and/or employees. Share ownership, and/or occupancy of any of the Unit shall be conclusively deemed to mean that said shareholder or occupant has fully accepted and ratified the Occupancy Agreement, these By-Laws and the Rules and Regulations of the Corporation, and any duly adopted Amendments thereto, and agree to be bound thereby.

Section 2. Corporation Purpose. The Corporation has been formed for the purpose of owning and operating a cooperative housing project known as University Square No. 1 located at 4625 Fifth Avenue, City of Pittsburgh, County of Allegheny, Pennsylvania, (hereinafter "the Property") with the intent that its Shareholders shall have the right to occupy the Units thereof under the terms and conditions set forth in these By-Laws, the Occupancy Agreement and/or the Rules and Regulations of the Corporation as the same may be amended from time to time.

ARTICLE III

Definitions

The following terms have the following meanings whenever used throughout these By-Laws:

Section 1. "Articles of Incorporation": The document filed of record with the Secretary of the Commonwealth of Pennsylvania which organizes the Corporation as a Pennsylvania Corporation for the purposes defined in said Articles of Incorporation and these By-Laws, as amended from time to time.

Section 2. "Board of Directors" or "Board": The executive and administrative body of the Corporation elected in accordance with these By-Laws to act for and direct the affairs of the Corporation.

Section 3. "By-Laws": These By-Laws which are established for the purpose of managing and directing the affairs and day-to-day operations of the Corporation, and include any duly adopted Amendments hereto.

Section 4. "Common Elements" or "Common Areas": All portions of the Property other than the Units.

Section 5. "Carrying Charges": The monthly sum equal to the Shareholder's proportionate share of the annual Common Expenses of the Corporation together with any allocation to reserves. Carrying Charges shall include but are not limited to the following:

- (a) The cost of all operating expenses of the Property and services furnished as provided in these By-Laws or in the Occupancy Agreement.
- (b) The cost of necessary management and administration of the Corporation.
- (c) The amount of all taxes and assessments of the Corporation which it is required to pay.
- (d) The cost of insurance coverage of the Corporation.
- (e) The cost of furnishing water, sewage, electricity, heat, gas, garbage and trash collection, elevator/intercom, miscellaneous power, and other utilities when furnished by the Corporation.
- (f) All reserves set up by the Board of Directors, including operating reserves and reserves for replacements.
- (g) The estimated cost of repairs, maintenance and replacements of the Property to be made by the Corporation.
- (h) Any other expenses of the Corporation approved by the Board of Directors in accordance with these By-Laws and the Occupancy Agreement.

2

Section 6. "Management Agent": The person or entity employed by the Corporation at the direction of the Board of Directors pursuant to these By-Laws to perform such duties as the Board of Directors may authorize in accordance with these By-Laws and the Occupancy Agreement.

Section 7. "Member" or "Shareholder": A person who owns a cooperative interest in the Corporation, other than as security for an obligation.

Section 8. "Occupancy Agreement": An agreement with the Corporation pursuant to which a Member/Shareholder has a possessory interest in a Unit.

Section 9. "Property": All real property including the building owned by the Corporation along with all improvements, fixtures and other personal property thereon owned by the Corporation and located at 4625 Fifth Avenue, Pittsburgh, Pennsylvania 15213.

Section 10. "Proportionate Share": The proportionate number of shares allocated to the Unit as set forth in the Occupancy Agreement and Share Certificate.

Section 11. "Shares": Total number of common shares in the Corporation issued and outstanding in accordance with the Articles of Incorporation as amended from time to time.

Section 12. "Special Assessments": Costs incurred and/or assessed by the Corporation in accordance with these By-Laws and the Occupancy Agreement in anticipation of expenses which are in excess of the amount of common expenses at the sole discretion of the Board of Directors.

Section 13. "Unit": A physical portion of the Cooperative designated for separate occupancy under an Occupancy Agreement in accordance with the Articles of Incorporation and these By-Laws.

Section 14. "Initial Capital Improvement Fee": Upon the resale of transfer of a Unit, the new Shareholder(s) shall be responsible for the payment of an Initial Capital Improvement Fee equal to three (3x) times the monthly Carrying Charge allocated to that Unit at the time of resale or transfer. The Initial Capital Improvement Fee is a one-time non-refundable fee to be paid by all new Shareholders.

ARTICLE IV

Meetings of Members/Shareholders

Section 1. "Annual Meeting": The Annual Meeting of the Members of the Corporation, for the election of Directors and for such other business as may properly come before such meeting, shall be held April in each year on a date and at such time and place as may be designated by the Board of Directors.

Section 2. "Notice of Annual Meeting": Written notice of the Annual Meeting stating the place, date and time of the meeting shall be mailed, hand-delivered or sent by electronic mail to each Shareholder, at such address or email address as registered with the Corporation, at least ten (10) days prior to the Annual Meeting. The e-mailing, mailing or delivery of notice in the manner provided herein shall be considered notice served.

3

Section 3. "Special Meetings": Special Meetings of the Members may be called at any time by the President. Special Meetings also may be called by the Secretary at the request of a majority of the Board of Directors or at the request of twenty (20%) percent of the total number of outstanding shares of voting common stock of the Corporation, said request to be delivered in writing via mail, hand-delivery or electronic mail to the Secretary of the Corporation. Such request shall state the purpose of the proposed meeting. Special Meetings of the Members shall be held on a date and at such time and place as may be designated by the Board of Directors, but in any event no less than ten (10) nor more than thirty (30) days after receipt of the request by the Secretary. The business transacted at any Special Meeting shall be limited to the purpose stated in the call for the meeting.

Section 4. "Notice of Special Meeting": Written notice of any Special Meeting stating the place, date, time and purpose of the meeting shall be mailed or delivered to each Shareholder, at such address as registered with the Corporation, at least five (5) days prior to the Annual Meeting. The mailing or delivery of notice in the manner provided herein shall be considered notice served.

Section 5. "Waiver of Notice": Before or during any meeting of the Members, any Member may, in writing, waive notice of such meeting. Attendance by any Member, either in person or by proxy, shall constitute a waiver of such notice.

Section 6. Quorum; Adjournments. The presence, either in person or by proxy, of the holders representing thirty (30%) percent of the outstanding shares of voting common stock of the Corporation entitled to vote, shall constitute a quorum for the transaction of business at all meetings of the Members. If, however, a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine. In the case that any such adjourned meeting called for the election of Directors, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing Directors.

Section 7. Voting: At each meeting of Members, every Shareholder of record shall have the right to one vote for every share of common stock standing in his or her name on the books of the Corporation. Except as otherwise established by law, the By-Laws, Articles of Incorporation or the Occupancy Agreement, the vote of a majority of the voting common stock of the Corporation represented in person or by proxy at a meeting shall decide any question brought before such meeting. In all elections of Directors, each Shareholder shall have the right, in person or by proxy, to multiply the number of votes to which he or she may be entitled by the number of Directors to be elected, and he or she may cast the whole number of said votes for one candidate or he/she may distribute them among any two or more candidates (i.e. cumulative voting permitted).

Section 8. Proxies. Proxies shall be in writing duly signed by the Member or his or her duly authorized attorney-in-fact and the person named as proxy by any Member shall be another Member, or his or her duly authorized attorney-in-fact. Unless the proxy provides otherwise, it shall not be valid for more than one (1) year.

ARTICLE V

Board of Directors

Section 1. Number and Qualifications. The business and affairs of the Corporation shall be managed by the Board of Directors consisting of at least five (5) but no more than seven (7) individuals, so long as the total is an odd number to always maintain a majority vote of the Board, all whom shall be Shareholders in the Corporation and reside in the Unit as his or her principal residence.

Section 2. Term of Office. Each Member of the Board of Directors shall serve for a term of three (3) years and shall hold office until the election and qualification of their successor, or until their death, adjudication of incompetency, removal or resignation, whichever comes first. Each Member of the Board of Directors may serve no more than two (2) consecutive terms.

Section 3. Vacancies. If the office of any Member of the Board of Directors shall become vacant due to his or her death, resignation, retirement, disqualification, removal or otherwise, a majority of the remaining Members of the Board of Directors shall choose a successor who shall hold office until the next Annual Meeting of the Association and his or her re-election or the election of his/her successor at such Annual Meeting.

Section 4. Removal. Members of the Board of Directors may be removed with or without cause, upon the majority vote of the total number of outstanding

shares of voting common stock of the Corporation. The vote shall take place at a Special Meeting of the Shareholders of which notice has been properly given in accordance with these By-Laws, provided that the same notice of the said Special Meeting of the Shareholders has also been given to the entire Board of Directors including any individual Member of the Board of Directors whose removal is to be considered at said Special Meeting of the Shareholder.

Section 5. Organizational Meeting of the Board of Directors. No later than twenty (20) days following each Annual Meeting of the Corporation, the Board of Directors shall hold a regular meeting for purpose of organization, election of Officers and transaction of other business.

Section 6. Place of Meetings. All meetings of the Board of Directors shall be held at the principal office of the Corporation, or any other place designated at any time by a majority of the Members of the Board of Directors.

Section 7. Regular Meetings of the Board of Directors. Regular meetings of the Board of Directors may be held at such time and place as may be determined by a majority of the Members of the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each Member of the Board of Directors personally, by electronic mail, facsimile or United States mail postage pre-paid, directed to said Member at his/her registered address as the same appears on the records of the Corporation no less than five (5) days and no more than thirty (30) days before the date appointed for such meeting. Such notice shall state the date, time and place of the meeting and the purpose(s) thereof.

Section 8. Special Meetings of the Board of Directors. Special Meetings of the Board of Directors may be called by the President of the Board of Directors upon three (3) days' written notice to each Member of the Board of Directors given in the same manner as provided in Section 7 above. Special Meetings of the Board of Directors shall be called by the President or the Secretary in a like manner upon the written request of any three (3) Members of the Board of Directors.

5

Section 9. Waiver of Notice. Before any meeting of the Board of Directors, any Member of the Board of Directors, in writing, may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. All such written waivers shall be filed with the records of the Corporation or made a part of the minutes of the meeting. Attendance by any Member of the Board of Directors at any meeting of the Board of Directors shall constitute a waiver of such notice. If all Members of the Board of Directors are present at any meeting, no notice of such meeting shall be required and any business may be transacted at such meeting.

Section 10. Quorum. At all duly convened meetings of the Board of Directors, a majority of the Members thereof shall constitute a quorum for the transaction of business, except as otherwise expressly provided in these By-Laws or by law, and the acts of the majority of the Members present as such meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, the Member or Members thereof present may adjourn the meeting from time-to-time, and at such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice to any Member of the Board of Directors.

Section 11. Consent in Writing. Any Action by the Board of Directors may be taken without a meeting if all members of the Board of Directors shall individually or collectively consent in writing. Said written consent may be a consent in writing agreed to by all parties by electronic mail or by verbal consent memorialized in writing in meeting minutes. Such action shall include but is not limited to a decision by the Board of Directors to vote by electronic mail if all Members of the Board of Directors have authorized communication by electronic mail and were included on such communications. Such consent or consents shall be filed with the minutes of the proceedings with the Board of Directors.

Section 12. No Compensation. No Member of the Board of Directors or Officer shall receive any salary or compensation for said services, except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties as prior approved by a majority vote of the Members of the Board of Directors.

Section 13. Records. The Board of Directors, or its Management Agent or other designated agent, shall cause to be kept a complete record of all its acts in corporate affairs. All financial and other records shall be made reasonably available for examination by any Member/Shareholder and/or his or her authorized agents upon advanced written notice and within normal business hours.

Section 14. Powers and Duties. The Board of Directors shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Corporation and the operation and maintenance of the Property and may do or cause to be done all such lawful acts and things as are permitted by law, these By-Laws and/or the Occupancy Agreement. In the performance of its duties as the administering body of the Corporation in addition to those powers and duties as set forth herein, by law, or by the Occupancy Agreement, the Board of Directors shall have powers and duties including but not limited to the following:

- (a) The duty to provide for the necessary management, operation and administration of the property and the Corporation;
- (b) The duty to determine the monthly Carrying Charges to be assessed against each Unit in accordance with the provisions of these By-Laws and the Occupancy Agreement;
- (c) The duty to levy and collect all Carrying Charges and/or Special Assessments in such amounts as the Board of Directors deems necessary and proper to meet the operating and/or maintenance costs and all necessary reserves of the Corporation;
- (d) The duty to maintain adequate insurance as required by the law, these By-Laws and/or the Occupancy Agreement to be carried by and on behalf of the Corporation;
- (e) The duty to pay all taxes and assessments properly levied or assessed against the Property owned by the Corporation;

- (f) The authority to employ necessary personnel as deemed necessary by the Board of Directors as its sole discretion for the proper operation and maintenance of the property and the Corporation;
- (g) The power to adopt and amend reasonable Rules and Regulations of the Corporation not inconsistent with these By-Laws or the Occupancy Agreement and to amend the same from time to time as reasonable and necessary;
- (h) The authority and duty to adopt and amend budgets as necessary to meet the common expenses of the Corporation including all allocations to reserves;
- (i) The duty and authority to hire and discharge Management Agents and other employees, agents and independent contractors;
- (j) The authority to make contracts and incur liabilities in accordance with these By-Laws and the Occupancy Agreement;
- (k) The power to impose and receive any payments, fees or charges and impose charges for late payments of Carrying Charges or Special Assessments and to levy reasonable fines for violations of the Occupancy Agreement, these By-Laws or the Rules and Regulations of the Corporation after notice and an opportunity to be heard;
- (l) The duty and authority to collect delinquent assessments and other charges against any Unit and the Shareholder(s) thereof, together with such costs and expenses incurred in connection therewith including but not limited to reasonable attorney fees and court costs incurred in connection with the collection of delinquent sums owed and/or enforcement of the Occupancy Agreement, these By-Laws or the Rules and Regulations of the Corporation;
- (m) The authority to employ or retain such counsel and consultants as may be deemed necessary by the Board of Directors for any proper purpose of the Corporation and to fix their compensation for said services;
- (n) The authority to enter into Recognition Agreements or other contracts with institutional lenders who wish to finance loans for Shareholders of the Corporation which are secured by the Members' shares and/or the Occupancy Agreement.
- (o) The duty to complete an independent financial review of the Corporation's financial records at the end of each fiscal year. Such financial reviews shall be available to all Members/Shareholders no later than thirty (30) days prior to the next Annual Meeting.
- (p) Exercise all other powers that may be exercised in this Commonwealth by legal entities of the same type and to exercise any other powers necessary and proper for the governance and operation of the Corporation.

Section 15. Committees: The Board of Directors may by resolution appoint Committees as it may deem appropriate. Such Committees shall have and may exercise all powers delegated to said Committee by the Board of Directors as determined by the authorizing resolution of the Board of Directors and so far as may be permitted by law. All Committees shall provide recommendations to the Board of Directors and the Board of Directors shall make all final decisions.

Section 16. Board Member Attendance at Meeting. Members of the Board of Directors may not miss more than three (3) Board Meetings in any one fiscal year of the Corporation. Upon the third missed meeting during the same fiscal year, said Member shall be deemed to have automatically resigned and the Board of Directors shall proceed to fill the vacancy pursuant to the terms of these By-Laws.

ARTICLE VI

Officers

Section 1. Officers. The Officers of the Corporation shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected or appointed upon a majority vote of the Members of the Board of Directors. The Offices of Treasurer and Secretary may be filled by the same person. All Officers shall be a Shareholder and a Member of the Board of Directors. The Officers of the Corporation shall be elected annually by the Members of the Board of Directors at the organizational meeting held pursuant to Article IV, Section 1 hereof. Officers shall hold office until their successors are elected or appointed by the Board of Directors provided that each Officer shall hold office at the pleasure of the Board of Directors and may be removed (as such officer, only, and not removed as a Member of the Board of Directors) either with or without cause and his or her successor elected at a Special Meeting of the Board of Directors called for such purpose upon the affirmative vote of a majority of the Members of the Board of Directors. The Board of Directors may, from time-to-time, appoint such other Officers as in its judgment are necessary. Any Officer may resign, as such Officer and/or as a Member of the Board of Directors, at any time by giving written notice to the Board of Directors or to the President or Secretary of the Corporation. Any such resignation shall take effect as of the date of the receipt of such notice or any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective. This section shall only apply to the election of Officers of the Board of Directors and is separate and distinct from the election of Members to the Board of Directors which shall take place at a meeting of the Shareholders as provided in Article IV of these By-Laws.

Section 2. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office as set forth in Section 1 hereof.

Section 3. President. The President shall be the chief executive officer of the Corporation. He or she shall preside at all meetings of the Shareholders and of the Board of Directors. He or she shall have general and active management of the business of the Corporation. He or she shall have all of the general powers and duties which are usually vested in the office of President of a Corporation.

Section 4. Vice President. The Vice-President shall in the absence or disability of the President, perform the duties and exercise the powers of the President. He or she shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Shareholders of the Corporation unless otherwise delegated to the Management Agent and he or she shall, in general, perform all the duties incident to the office of Secretary.

Section 6. Treasurer. Unless otherwise delegated to the Management Agent, the Treasurer shall have custody of the Corporation funds and securities and shall keep full and accurate accounts in books belonging to the Corporation.

ARTICLE VII

INDEMNIFICATION

Section 1. Coverage:

- (a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, brought by any party, including by or in the right of the Corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if the act or failure to act giving rise to the claim for indemnification is not determined by a court to have constituted willful misconduct or recklessness.
- (b) To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (a) of this Section or in defense of any claim, issue or matter therein, he or she shall also be indemnified against expenses (including attorneys' fees) actual and reasonably incurred by him or her in connection therewith.
- (c) Expenses incurred by a director, officer, employee or agent of the Corporation may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of any undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation.

Section 2. Insurance: The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, attorney, accountant, employee and/or agent of the Corporation, or who, while a director, officer, attorney, accountant, employee and/or agent of the Corporation, is or was serving any other entity at the request of the Corporation, in any capacity, against any liability asserted against and incurred by such person in any such capacity, or arising out of such person's position, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article VIII.

Section 3. Provisions Not Exclusive: The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Articles of Incorporation, By-Laws, any agreement, vote of Members or disinterested Directors or otherwise.

ARTICLE VIII

Carrying Charges and Assessments

Section 1. Determination of Carrying Charges and Budgets:

- (a) Fiscal Year. The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.
- (b) Preparation and Approval of the Budgets. Sixty (60) days before the beginning of each fiscal year, the Board shall adopt a capital budget and operating budget for the Corporation.
- (c) Assessment and Payment of Carrying Charges. The total amount of the estimated funds required for operation of the Corporation and funding of the budgets as set forth in the budgets adopted by the Board shall be assessed or charged as annual Carrying Charges to each Member in accordance with the terms of the Occupancy Agreement in proportion to the respective Shares owned in connection with each Unit. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board either be placed in a special reserve account to be expended solely for the requirements of the Corporation or be credited to each Member to the next monthly Carrying Charges due from Members under the current fiscal year's budgets, until exhausted.
- (d) Scope of Carrying Charges. The Carrying Charges shall be sufficient to fund the budgets. In the event any Member fails or refuses to pay the cost of the maintenance and upkeep of the Member's Unit or fails to keep such Unit in good condition and repair, the Corporation may enter and pay the costs on behalf of such Member or otherwise cure or cause such Unit to be maintained in good condition and repair and charge any and all costs incurred in so doing as a Special Assessment allocated solely to that Unit.

- (e) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the budgets for any fiscal year shall not constitute a waiver or release in any manner of a Member's obligation to pay his or her Carrying Charges as herein provided whenever the same shall be determined and, in the absence of any annual budgets or adjusted budgets, each Member shall continue to pay each monthly amount of Carrying Charges at the monthly rate established for the previous fiscal year until new Carrying Charges are fixed.
- (f) Capital Reserve Fund.
- (1) The Board shall provide for, accumulate, and maintain a Capital Reserve Fund for replacements on the basis of reasonable estimates and projections for future major repairs and replacements to the Property.
- (2) If the Capital Reserve Fund is inadequate for any reason, including non-payment of any Member's Carrying Charges, the Board may at any time levy a further assessment of Carrying Charges which shall be assessed against the Members according to their respective proportionate Shares and which may be payable in a lump sum or in installments as the Board may determine. The Board shall serve notice of any such further assessments to all Members by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment of Carrying Charges. All Members shall be obligated to pay such amounts as levied by the Board of Directors.
- (g) Capital Improvement Fees.
- (1) Upon the transfer or purchase of a Cooperative interest at the Corporation, each new Member or Shareholder shall (from the closing on the Unit) deposit or cause to be deposited with the Management Agent of the Corporation, or to such person or entity as may be otherwise directed by the Board of Directors an amount equal to three times (3x) the monthly Carrying Charge allocated to the Unit. Such amounts shall be held, together with amounts previously deposited by other Unit owners, as an addition to the existing Capital Reserve Account maintained by the Management Agent. To the extent that said fund may be depleted, or in the judgment of the Board of Directors be determined to be inadequate, the Board of Directors may increase the amount of the deposit required from each new Unit owner. Such amounts deposited shall be non-refundable.

Section 2. Corporation's Lien: The Corporation shall have a valid first lien, except as hereinbelow subordinated, upon the entire interest of each Member in the Corporation and upon all fixtures, appliances and equipment located in the Unit, and all drapes and attached floor coverings placed in or about the Unit, including those provided by the Member, whether exempted by law or not, to secure the payment of any and all sums and the performance of any and all obligations which are or may at any time become due from the Member to the Corporation pursuant to any provision in these By-Laws, the Articles of Incorporation, the Occupancy Agreement or the Rules and Regulations of the Corporation. This lien shall remain in effect at all times until full

payment of all such sums and until final performance of all such obligations. To evidence this lien, all issued and outstanding Shares of the Corporation shall be continuously and irrevocably pledged as security to the Corporation. In the event the Member fails to make full and timely payment of any sum or sums due and owing by the Member to the Corporation or in the event the Member fails to perform the Member's obligations as required pursuant to any provision in the By-Laws, the Articles of Incorporation, the Occupancy Agreement or the Rules and Regulations of the Corporation, and such failure continues uncured for more than thirty (30) days after written notice specifying the default from the Corporation to the Member (and to any Share Lender of the Member), then the Corporation shall have the irrevocable and immediate right to take physical possession of said Shares and of the Unit and to exercise all rights and remedies available to the Corporation under these By-Laws, the Articles of Incorporation, the Occupancy Agreement, the Rules and Regulations of the Corporation and applicable law, including all the rights and remedies of a secured party under the Uniform Commercial Code, all such rights and remedies being cumulative and enforceable alternatively, successively or concurrently. Waiver or failure to exercise any such right or remedy shall not be construed as a waiver or release of the same or any other right or remedy. The Corporation shall exercise such rights in the event the Member fails to make any payment of any sum or sums due or owing by the Member to the Share Lender and the Share Lender has requested the Corporation to so act as required by a recognition agreement between the Share Lender and the Corporation and the Member. If notice is required by law to be made to the Member before any sale, not less than five (5) days' written notice to the Member prior to the time of any public sale or the time after which any private sale may be held shall be reasonable. The aforesaid lien of the Corporation shall be subordinate to any lien or security interest in favor of the Share Lender, except for that portion of the Carrying Charges due from the Member equal to Member's pro rata share of the Corporation's obligations for prior and current years' real estate taxes and special assessments, and except for that portion of the Carrying Charges which becomes due and payable from and after the date on which a Share Lender takes possession of the Unit or accepts a conveyance of any interest therein or in the Shares (other than as security) . This provision shall not be amended, changed, modified or rescinded without the prior written consent of each affected Share Lender. Any subsequent transferee, assignee or holder of the Shares, whether through judicial proceeding, private or public sale or otherwise shall be subject to all the provisions of these By-laws, the Articles of Incorporation, the Occupancy Agreement, and the Rules and Regulations of the Corporation.

ARTICLE IX

OCCUPANCY

Section 1. Form Occupancy Agreements. The Board of Directors shall adopt a form of Occupancy Agreement to be used by the Corporation for the Occupancy of all Units at the Property. Such Occupancy Agreement shall be for such term and shall contain such restrictions, limitations and provisions with respect to the assignment thereof, the subletting of the Unit and the sale and/or transfer of the Shares appurtenant thereto, and such other terms, provisions, conditions and covenants as the Board of Directors may determine.

Section 2. Assignment of Occupancy Agreement or Transfer of Shares. Occupancy Agreements and Shares shall be assigned or transferred only in compliance with and shall never be assigned or transferred in violation of the terms, conditions or provisions of such Occupancy Agreements and these By-Laws and the applicable law. Any assignment in violation thereof shall be null and void and of no effect. A duplicate original of each Occupancy Agreement shall always be kept on file at the principal office of the Corporation. No assignment of any Occupancy Agreement or transfer of the Share shall take effect as against the Corporation for any purpose until a written application as formulated by the Board of Directors has been delivered to the Board of Directors and the Board of Directors has consented to the same. Such consent shall not be unreasonably held or delayed by the Corporation. The Corporation shall not consent to any assignment of an Occupancy Agreement or transfer of Shares by a Member until the assignee has assumed and agreed to perform and comply with all covenants and conditions of the Occupancy Agreement, these By-laws, Articles of Incorporation and the Rules and Regulations of the Corporation, all shares appurtenant to the Occupancy Agreement have been transferred to the assignee, all sums due have been paid to the Corporation and all necessary consents have properly been obtained.

Section 3. Approval of Occupancy by the Board of Directors is Required. No person(s) shall be entitled to occupy a Unit unless and until said individual(s) have been approved by the Board of Directors in accordance with the financial and other requirements established by the Board of Directors and pursuant to the terms of the form Occupancy Agreement, these By-Laws, the Articles of Incorporation and/or the Rules and Regulations of the Corporation. This includes but is not limited to potential purchasers/shareholders and any individual to whom the interest of a Member shall pass by death or operation of law. In the event of that a Unit passes by death or operation of law and said beneficiary or successor-in-interest does not qualify for occupancy pursuant to the requirements in effect at that time, then said individual cannot occupy the Unit and must sell the Unit to a qualified purchaser/shareholder.

ARTICLE X

Share Certificates

Section 1. Each share certificate shall state that the Corporation is organized under the laws of the Commonwealth of Pennsylvania, the name of the registered holder(s) of the shares represented thereby, and the number of shares represented by such certificates. In all other respect, the share certificates of the Corporation shall be in such form as shall be approved by the Board of Directors.

Section 2. Every share certificate shall be signed by the President, or Vice President, and by the Secretary, and shall be sealed with the corporate seal.

Section 3. The Corporation shall have a lien on the shares of Common Stock which it has issued in order to secure payment of any sums which shall be due or become due from the Shareholders for any reason whatsoever, including, without limiting the generality of the foregoing, and sums due under any Occupancy Agreement. Said lien may be foreclosed by the Corporation in a like manner as a mortgage.

Section 4. The stock of the Corporation shall be assigned and transferable on the book of the Corporation only by the person in whose name it appears on said books, or by his or her legal representative, subject to the following conditions:

- a. A Shareholder may transfer his or her stock to a member of his or her immediate family by gift, bequest, assignment, or otherwise said transferee, beneficiary or heir must first meet all qualifications established by the Board of Directors from time to time including but not limited to all financial qualifications.
- b. The Shareholder may sell all, but no less than all, of his or her stock to any individual(s) that qualify and have been approved by the Board of Directors. The Directors of the Corporation shall have sixty (60) days from the receipt by them of a written request by a Shareholder to sell his or her stock within which to approve or reject a purchaser. In the event the Directors fail to act within said sixty-day period, then and in such event, the purchase shall be considered to have been approved by the Directors and the transfer of stock shall take place forthwith provided all obligations of the stockholder to the Corporation shall have been discharged by him or her. The Corporation may refuse to transfer such stock unless all monies due to the Corporation have been paid.
- c. In order to establish standards by which the Board of Directors shall approve a transfer of stock and/or the assignment of an Occupancy Agreement, it is to be understood that all transfers and assignments, with the sole exception of the commercial units located on the first floor of the building, must be for residential use only and not for investment purposes. All purchasers and assignees must meet reasonable standards of financial stability.
- d. In the event the Corporation has terminated any Occupancy Agreement pursuant to the terms and provisions thereof, the Shareholder shall be required to deliver promptly to the Corporation his or her share or shares of stock and his or her Occupancy Agreement, both endorsed in such manner as may be required by the Corporation. The Corporation shall thereupon at its election (1) repurchase said stock at its book value as determined by the Corporation, or (2) proceed with reasonable diligence to effect a sale of the Shareholder's rights under such share or shares of stock to a purchaser and at a sale price acceptable to the Corporation. The retiring Shareholder shall be entitled to receive the book value (if the Corporation has exercised election (1) above) or sales price (if the Corporation has exercised election (2) above), but in either case less the following amounts (the determination of such amounts by the Corporation to be conclusive): (1) any amounts due to the Corporation from the Shareholder under the Occupancy Agreement; (2) the cost or estimated cost of all deferred maintenance, including painting, redecorating, floor finishing, and such repairs and replacements as are deemed necessary by the Corporation to place the Unit in suitable condition for another occupant; (3) legal and other expenses incurred by the Corporation in connection with the default of such Shareholder and the resale of his or her stock.
- e. In case of transfer by power of attorney, the power of attorney shall be deposited with the Secretary. In all cases of transfer, the former certificates must be surrendered and canceled before a new certificate may be issued.

- f. Notwithstanding anything contained herein to the contrary, at least one occupant of the Corporation's project must be an owner of Common Stock of the Corporation, and the ownership of stock of the Corporation shall be restricted to occupants of the project who shall have been approved by the Board of Directors of the Corporation.
- g. "Book value" as used in these By-Laws and the Occupancy Agreement is an accounting valuation of the net worth of the Corporation. For the purpose of this computation, net worth consists of the share capital paid in by the Shareholders and the reserve and surplus account listed under the capital account classification on the most recent balance sheet, prepared in accordance with the FHA Uniform System of Accounts. The book value of each individual share of stock is the proportionate share of the net worth applicable to such share of stock as determined by the Board of Directors.
- h. No Shareholder may mortgage, pledge, hypothecate, lien, grant a security interest in or otherwise encumber any or all of such Shareholder's stock in the Corporation and/or his or her associated Occupancy Agreement, other than in favor of the Corporation; provided however, that a Shareholder may do so as part of an arrangement at the time of their acquisition if, but only if, (1) the principle amount of such acquisition loan secured by a lien or encumbrance on such stock and/or Occupancy Agreement does not exceed sixty percent (60%) of the lesser of (a) the fair market value of stock and Occupancy Agreement or (b) the purchase price of such stock and Occupancy Agreement, (2) the acquisition loan shall provide for its full amortization in substantially equal monthly installments of principle and interest over a term of not more than fifteen (15) years, and (3) all documents creating such lien or encumbrance shall be in form and shall, contain such terms as may be approved by the Board of Directors and shall, pursuant to applicable law, permit such acquisition lien or encumbrance to be prior to any lien that might attach to such stock and/or Occupancy Agreement in favor of the Corporation pursuant to the By-Laws, Articles of Incorporation, such Shareholder's Occupancy Agreement or otherwise. At the request of the Shareholder and the lending institution making such acquisition loan, and upon the approval of the Board of Directors, the Corporation shall have the power and shall be authorized to enter into one or more agreements with such lending institution setting out the rights and obligations of the Corporation and such lending institution in respect of the Shareholder's acquisition loan, his or her stock and his or her Occupancy Agreement, on such terms and conditions as the Board of Directors shall deem appropriate. Notwithstanding anything to the contrary contained in this subsection, in any such agreement with such lending institution or elsewhere, neither the Shareholder nor such lending institution shall be permitted to lease or sublease the premises contemplated by such Occupancy Agreement in violation of the Articles of Incorporation, these By-Laws or such Occupancy Agreement.

Section 5. Lost Certificates: In the event that any Share certificate is lost, stolen, destroyed, or mutilated, the Board may authorize the issuance of a new certificate of the same tenor and for the same number of Shares in lieu thereof. The Board may, in its discretion, before the issuance of such new certificate, require the Member of the lost,

stolen, destroyed or mutilated certificate, or the legal representative of the Member, to make an affidavit or affirmation setting forth the facts relating to the loss, destruction or mutilation and such related matters as the Board may deem necessary, and to give the Corporation a bond in such reasonable sum as the Board may direct to indemnify the Corporation.

ARTICLE XI

Negotiable Instruments

Section 1. Signatures: All checks, drafts, orders for payment of money, and negotiable instruments shall be signed by such Officer or Officers or employee or employees of the Corporation or Management Agent as are designated by standing resolution, special order, or contract between the Corporation and Management Agent. Endorsements or transfers of Shares, bonds, or other securities shall be signed by the President or the Vice- President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary unless the Board of Directors, by special resolution, shall prescribe otherwise. This Section shall not be interpreted to mean that funds in the possession of the Management Agent require the signature of the Corporation.

Section 2. Safe Deposit Access: Such Officer or Officers, as from time to time shall be designated by the Board of Directors, shall have access to any safe or safe deposit box of the Corporation.

Section 3. Bonds and Securities: Such Officer or Officers, as from time to time shall be designated by the Board of Directors, shall have power to control and direct the disposition of any bonds or other securities or property of the Corporation deposited in the custody of any trust company, bank, or other custodian.

16

ARTICLE XII

Compliance and Default

Section 1. Default: If at any time one of the events specified in the following subparagraphs (a) through (h) hereof, the Corporation may terminate the Member's right to occupancy and exercise any other rights and remedies available under the Occupancy Agreement, the By-Laws, at law, or in equity. Such events of default shall include, but not be limited to, the following:

- (a) In case at any time during the term of the Occupancy Agreement the Member shall cease to be the owner of Shares, except as otherwise provided in the Occupancy Agreement or the By-Laws;
- (b) In case the Member shall attempt to transfer or assign the Occupancy Agreement in a manner inconsistent with the provisions of the Articles of Incorporation, these By-Laws or the Occupancy Agreement, or the Rules and Regulations of the Corporation promulgated by the Board with respect to leases;
- (c) In case the Member shall fail to effect and/or pay for repair and maintenance as provided for in these By-Laws and in the Occupancy Agreement;

- (d) In case the Member shall fail to pay any sum due as a Carrying Charge, Special Assessments, or otherwise due pursuant to any provision of these By-Laws or of the Occupancy Agreement;
- (e) In case the Member shall default in the performance of any of his or her obligations under the Occupancy Agreement or these By-Laws or shall fail to comply with or abide by any of the covenants, conditions, promises, or undertakings of or under the Occupancy Agreement or any article or part thereof or of any of the provisions of these By-Laws or of the Rules and Regulations of the Corporation;
- (f) In case the Member shall abandon the Unit;
- (g) In case (i) there is filed a petition in bankruptcy court by or against the Member or for the appointment of a receiver for the Member, pursuant to any applicable bankruptcy law, or an assignment by Member for the benefit of creditors, provided, however, that if any such action is commenced involuntarily against the Member, it will not constitute a default if it is dismissed or stayed within sixty (60) days after the filing date; (ii) a receiver or trustee of the property of the Member is appointed by any court; (iii) the Member makes a general assignment for the benefit of creditors; (iv) any of the Shares of the Corporation owned by the Member are duly levied upon under court process; or (v) the Occupancy Agreement or any of the Shares pass by operation of law or otherwise to anyone other than the Member or a person to whom the Member has assigned the Occupancy Agreement or the Shares in accordance with the Occupancy Agreement and these By-Laws, but this Section 1 (h) shall not be applicable if the Occupancy Agreement devolves upon the heirs or personal representatives of the Member.

Section 2. Compliance: Each Member shall be governed by, and shall comply with, all of the terms of these By-Laws, the Articles of Incorporation, the Occupancy Agreement, and the Rules and Regulations of the Corporation as any of the same may be amended from time to time.

Section 3. Additional Liability: Each Member shall be liable for the expense of all maintenance, repair, or replacement rendered necessary by his or her act, neglect, or carelessness or the act, neglect, or carelessness of any member of his or her family or his or her employees, agents, guests, or licensees. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy, or abandonment of any Unit or its appurtenances.

Section 4. Costs and Attorneys' Fees: In any proceedings arising out of any alleged default by a Member, the prevailing party shall be entitled to recover the costs of all such proceedings and such reasonable attorneys' fees as may be determined by the court.

Section 5. Late Fees: In the event of a default by any Member in paying any sum assessed as a Carrying Charge, Special Assessment or any other sum due under these By-Laws or the Occupancy Agreement which continues for a period in excess of ten (10) days, Late Fees shall be assessed in an amount established by the Board of Directors.

Section 6. Interest: In the event of a default by any Member in paying any sum assessed as a Carrying Charge, Special Assessment or any other sum due under these By-Laws or the Occupancy Agreement which continues for a period in excess of ten (10) days, interest at the rate of the maximum permitted by law, but in no event in excess of fifteen percent (15%), may be imposed in the discretion of the Board of Directors upon the principal amount unpaid from the date due until paid.

Section 7. Abating and Enjoining Violations by Members: The violation of any of the Rules and Regulations of the Corporation adopted by the Board, the breach of any By-Law contained herein, the breach of any provision of the Occupancy Agreement, or the breach of any provision of the Articles of Incorporation shall give the Board the right, in addition to any other rights set forth in these By-Laws:

- (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Member, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or
- (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; or
- (c) to terminate the Occupancy Agreement and deny the right of occupancy until such default shall be cured; provided however, that the Board shall promptly notify any Share Lender for which a First Share Lien Notification has been filed, and nothing contained herein shall impair the right of such a Share Lender to cure such default. The Corporation may, at its sole election, mitigate its damages as it sees fit, including, without limitation, the renting (on a month-to-month or other basis) of the Unit of the defaulting Member from and after the date of the aforesaid termination of the Occupancy Agreement, to and including the day preceding the effective date of any new Occupancy Agreement pertaining to the Unit of the defaulting Member.
- (d) to impose reasonable monetary fines and other sanctions or to seek injunctive relief. Such fines shall be deemed to be liquidated damages and their assessment and collection is hereby consented to by each Member, and all persons claiming title through them.

The Board shall not impose a fine or infringe upon any other rights of a Member or other occupant for violations of rules until the following procedure is followed:

1. Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:
 - (a) the alleged violation;
 - (b) the action required to abate the violation; and
 - (c) the time period, not less than five (5) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

2. Notice: At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board shall serve the violator with written notice, personally, or be certified mail, of a hearing to be held by the Board. The notice shall contain:
 - (a) the nature of the alleged violation;
 - (b) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;
 - (c) an invitation to attend the hearing and produce any statement, evidence and witnesses on his/her behalf and the right to be represented by counsel; and
 - (d) the amount of the proposed fine or other sanction to be imposed.

3. Hearing: The hearing shall be held by the Board pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any fine or sanction hereunder, proof of notice and invitation to be heard shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the person who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the fine, or sanction, if any, imposed.

The costs incurred by the Corporation with respect to the exercise of its rights and remedies hereunder shall be charged and assessed to the Member as a Special Assessment.

Section 8. Legal Proceedings: Failure to comply with any of the terms of the Occupancy Agreement, Articles of Incorporation, these By-Laws, and the Rules and Regulations of the Corporation shall be grounds for relief, including, without limitation, an action to recover any sums due for money damages, injunctive relief, any cost of actions for payment of all Carrying Charges, Special Charges, or any other charges and costs, any other relief provided for in these By-Laws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Corporation, the Board of Directors, the Managing Agent, or, if appropriate, by any aggrieved Member and shall not constitute an election of remedies.

ARTICLE XIII

Miscellaneous

Section 1. Amendments: These By-Laws may be altered, amended or repealed, but only with prior written approval of a majority vote of the outstanding shares of common stock, represented in person or by proxy, at a regular or Special Meeting of the Members.

Section 2. Notices: All notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally, or sent by mail postage prepaid or by electronic mail:

- (a) if to a Member, at the address and/or email address which the Member shall designate in writing and filed with the Secretary; or
- (b) if to the Corporation, to the Management Agent by hand-delivery, mail postage prepaid or by electronic mail, with a copy to the President by hand-delivery, mail postage prepaid or by electronic mail. If a Share is owned by more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 3. 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 By-Laws or the intent of any provision thereof.

Section 4. Seal: The Corporate Seal shall have inscribed thereon the name of the Corporation, the year of its Incorporation and the words, "Corporate Seal", and "Pennsylvania." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 5. Affixing Seal: Whenever the Corporation is required to place its Corporate Seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a corporate seal to place the word "(SEAL)" adjacent to the signature of the authorized officer.

20

Approved and adopted this ____ day of _____, 2017.

Board of Directors: