

Bylaws of
**CHATHAM CREEK
COMMUNITY ASSOCIATION, INC.**

INCORPORATED UNDER THE LAWS
OF THE
COMMONWEALTH OF PENNSYLVANIA

LAW OFFICES
OF
BLAKINGER, BYLER & THOMAS, P.C.
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Lancaster, PA 17603
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**BYLAWS OF
CHATHAM CREEK COMMUNITY ASSOCIATION, INC.**

ARTICLE I - OFFICES

Section 1.01. These Bylaws provide for the governance of the Chatham Creek Community Association, Inc. (the "Association") pursuant to the requirements of Section 5306 of the Uniform Planned Community Act (the "Act"), 68 Pa.C.S. § 5101 et. seq. The Real Estate located in Windsor Township, York County, Pennsylvania, and more particularly described in the Declaration, (hereinafter the "Property") has been submitted to the provisions of the Act by the recording of the Declaration by the Recorder of Deeds in and for York County in Record Book ~~1593~~, Page ~~0118~~, as amended.

Section 1.02. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws pertain or, if not defined therein, the meanings specified or used for such terms in the Act.

Section 1.04. The registered office of the Association shall be 214-A Willow Valley Lakes Drive, Willow Street, PA, or at such other place as may be designated from time to time by the Executive Board.

Section 1.04. The Association shall have the responsibility of administering the Community, establishing the means and methods of collecting assessments and charges, arranging for the management of the Community and performing all of the other acts that may be required or permitted to be performed by the Association pursuant to the Act and the Declaration.

ARTICLE II - SEAL

Section 2.01. The Association seal shall have inscribed thereon the name of the Association, the year of its organization and the words "Corporate Seal, Pennsylvania."

ARTICLE III - MEMBERS

Section 3.01. Any Unit Owner, Declarant, or designee thereof who owns a Class A or Class B share in the Community shall be a Member of the Association.

Section 3.02. The annual meetings of the Association shall be held On the first Thursday in April, or at such other time as the Association may set forth in accordance with the provisions of these Bylaws.

Section 3.03. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Executive Board.

Section 3.04. The President shall call a special meeting of the Association if so directed by resolution of the Executive Board or upon a petition signed and presented to the Secretary by any group of Class A or Class B shareholders entitled to cast at least twenty-five percent (25%) of the total Class A and Class B votes in the Association. The special meeting shall be held within forty-five (45) days after receipt by the Secretary of said resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure, such meeting shall be held within fifteen (15) days after receipt by the Secretary of said resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

Section 3.05. The Secretary shall mail to each Unit Owner a notice of each annual or regularly scheduled meeting of the Association at least ten (10) but not more than sixty (60) days, and of each special meeting of the Association at least ten (10) but not more than forty-five (45) days, prior to such meeting, stating the time, place and purpose thereof.

Section 3.06. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit Owners, the Declarant or its designee owning twenty percent (20%) or more of the Units at the commencement of a meeting shall constitute a quorum at all meetings of the Association. If a meeting is adjourned pursuant to Section 3.08, a quorum at such second meeting shall be deemed to be present if an equal or greater number of Members is present at the re-convened meeting.

Section 3.07. Each Unit Owner and the Declarant shall have the number of votes, and shall be entitled to vote in the manner prescribed in the Declaration. Each Class A and Class B vote shall be counted equally. Where the ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote of such Unit shall be the Person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named Person from the meeting, the Person who shall be entitled to cast the vote of such Unit shall be the Person owning such Unit who is present. If more than one Person owning such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 5310(a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple owners casts the vote allocated to that Unit without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Unit. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. No votes allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting.

Section 3.08. A vote may be cast in person or by proxy. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein

and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the Person presiding over the meeting of written notice of revocation from the grantors of the proxy. No proxy shall be valid for a period in excess of one (1) year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

Section 3.09. If at any meeting of the Association a quorum is not present, Members entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight (48) hours after the time the original meeting was called.

Section 3.10. In voting for members of the Executive Board, the Person receiving the greatest number of votes shall be elected to the Executive Board. If more than one vacancy in the Executive Board is to be filled by the Association, the Person receiving the greatest number of votes shall be elected to fill the vacancy with the longest remaining term, with the Person receiving the second highest number of votes elected to fill the vacancy with the second longest remaining term.

Section 3.11. In all other matters requiring the vote of the Members of the Association, the vote of the Majority of Members present at any meeting in which a quorum is present shall be the action of the Association, unless a greater percentage is required by the Act, or prescribed elsewhere in these Bylaws.

ARTICLE IV - BOARD MEMBERS

Section 4.01. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of three (3) Persons, all of whom shall be Unit Owners or designees of the Declarant.

Section 4.02. The Executive Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Act, the Declaration or by these Bylaws delegated solely to the Association.

Section 4.03. Initially, members of the Executive Board will be appointed by the Declarant. The Declarant retains the exclusive right to appoint members of the Executive Board for SEVEN (7) years after the date of the conveyance of the first Unit, or thirty (30) days after seventy-five percent (75%) of the Units are sold and settled, whichever occurs earliest.

Section 4.04. On a day within sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Unit Owners other than the Declarant, a special meeting of

the Association shall be held at which two (2) members of the Executive Board designated by the Declarant shall resign, and the owners of Class A shares, excluding the Declarant as a Unit Owner, shall thereupon elect successor members of the Executive Board to act in the place and stead of those resigning. The successor receiving the highest number of votes shall serve for three (3) years and the successor receiving the next highest number of votes shall serve for two (2) years.

Section 4.05. On a day within sixty (60) days preceding the date by which all Declarant-appointed members of the Executive Board must resign pursuant to the Declaration, a special meeting of the Association shall be held at which all of the remaining members of the Executive Board designated by the Declarant shall resign, and the owners of Class A shares, including the Declarant if the Declarant owns one or more Units, shall thereupon elect successor members of the Executive Board to act in place and stead of those resigning. If more than one vacancy is to be so filled, the successor receiving the highest number of votes shall serve for three (3) years, the next highest number of votes for two (2) years and the next highest number of votes for one (1) year.

Section 4.06. The term of office of members of the Executive Board shall be fixed at three (3) years, except that the Declarant shall designate that one of the initial members of the Executive Board shall serve a term of one year and one of the initial members of the Executive Board shall serve a term of two years. It is the intention of these bylaws that the term of one member of the Executive Board shall expire every year.

Section 4.07. Regular meetings of the Executive Board shall be held on such dates as may be fixed from time to time by the Executive Board. The date, time, and location of every regular meeting of the Board shall be scheduled at the previous meeting of the Board. A special meeting of the Board may be called at any time by the President. Such request must be delivered to the Secretary, who must schedule the requested meeting within 30 days of receiving the request.

Section 4.08. No notice shall be required for any regular meeting of the Board. Written or personal notice of every special meeting of the Executive Board shall be given to each Board member not less than five (5) nor more than twenty (20) days prior to the day named for the meeting. Notice of a special meeting shall include the purpose for which the meeting has been called.

Section 4.09. A majority of the Board members in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the Board members present at a meeting at which a quorum is present shall be the acts of the Executive Board.

Section 4.10. One or more Persons may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in Person at such meeting.

Section 4.11. Any action which may be taken at a meeting of the Board members may be taken without a meeting, if consents in writing setting forth the action so taken shall be signed by all of the Board members in office and shall be filed with the Secretary of the Association.

Section 4.12. The Executive Board may, by resolution adopted by a majority of the Board members in office, establish one or more committees to consist of one or more Board members of the Association. Any such committee, to the extent provided in the resolution of the Executive Board or in the bylaws, shall have and may exercise all of the powers and authority of the Executive Board, except, unless otherwise provided in these bylaws, that no such committee shall have any power or authority as to the following:

- (a) The submission of any action required by statute or these bylaws to be submitted by the Executive Board for approval.
- (b) The filling of vacancies in the Executive Board.
- (c) The adoption, amendment or repeal of the bylaws.
- (d) The amendment or repeal of any resolution of the Board.
- (e) Action on matters committed by the bylaws or resolution of the Executive Board to another committee of the Board.

Section 4.13. The Board members shall serve without pay. The Board may from time to time make regulations providing for the payment of travel expenses and other expenses incurred by the Board members to attend meetings of the Board or otherwise perform their duties as Board members.

Section 4.14. Any Board member or Board members appointed by Declarant may be removed from office without assigning any cause by the Declarant. In case any one or more Board members are so removed, new Board members may be appointed at the same time by the Declarant.

Section 4.15. The Executive Board may declare vacant the office of a Board member if he or she is declared of unsound mind by an order of court or is convicted of a felony, or if within sixty days after notice of his or her selection, he or she does not accept such office either in writing or by attending a meeting of the Executive Board.

Section 4.16. Any Board member not appointed by the Declarant may be removed, with or without cause, by a vote of two-thirds (2/3) of those Members owning Class A shares, including the Declarant if it owns any Unit or Units. Such removal may

only take place at a special meeting called for the purpose of removing a specifically named Board member.

Section 4.17. A Board member of the Association shall stand in a fiduciary relation to the Association and shall perform his or her duties as a Board member, including his or her duties as a member of any committee of the Board upon which he or she may serve, 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. In performing his or her duties, a Board member shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared by any of the following:

- (a) One or more officers or employees of the Association whom the Board member reasonably believes to be reliable and competent in the matters presented.
- (b) Counsel, public accountants, or other Persons as to matters which the Board member reasonably believes to be within the professional or expert competence of such Person.
- (c) A committee of the Board upon which he or she does not serve, as to matters within its designated authority, which the Board member reasonably believes to merit confidence.

A Board member shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

Section 4.18. No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any firm or association in which one or more of the Executive Board members are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board which authorized or approved the contract or transaction, or because his or their votes are counted, if either of the following are true:

- (a) The fact that a Board member is also a director or officer or has such financial interest in another firm or association is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members; or

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

Any Executive Board member holding such director or officer position or having such financial interest in another firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board.

Section 4.19. In discharging the duties of their respective positions, the Executive Board, committees of the Board and individual Board members may, in considering the best interests of the Association, consider the effects of any action upon employees, upon suppliers and customers of the Association and upon communities in which offices or other establishments of the Association are located, and all other pertinent factors. The consideration of these factors shall not constitute a violation of the fiduciary duties of Board members.

Section 4.20. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Board member or any failure to take any action shall be presumed to be in the best interests of the Association. A Board member of the Association shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

(a) The Board member has breached or failed to perform the duties of his or her office under this section; and

(b) The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

The provisions of this section shall not apply to:

(1) The responsibility or liability of a Board member pursuant to any criminal statute; or (2) The liability of a Board member for payment of taxes pursuant to local, State or Federal law. The provision of this Section are intended to exempt the Board members from liability for monetary damages to the maximum extent permitted under any Pennsylvania law now or hereafter in effect.

Section 4.21. Notwithstanding any provision of these Bylaws to the contrary, the Executive Board may not act on behalf of the association to amend the Declaration, to terminate the planned community, or to elect members of the Board, except that the Board may fill vacancies in the Board as provided in Section 6.01.

ARTICLE V - OFFICERS

Section 5.01. The officers of the Association shall be chosen by the Executive Board and shall be a President, Vice-President, Secretary, Treasurer and any such other officers and assistant officers as the needs of the Association may require. All officers shall be natural Persons of full age. The President and Vice-President shall be members of the Executive Board. All officers shall hold their offices for a term of one and until their successors are elected and shall qualify. All officers shall have such authority and shall perform such duties as are provided by the bylaws and as shall from time to time be prescribed by the Executive Board.

Section 5.02. Any officer or agent may be removed by the Executive Board whenever in its judgment the best interests of the Association will be served thereby.

Section 5.03. The President shall be the chief executive officer of the Association; preside at all meetings of the Association and of the Executive Board; and have all of the general powers and duties which are incident to the office of president of a Association organized under the laws of Pennsylvania including without limitation the power to appoint committees from among the Unit Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5.04. The Vice-President shall act in all cases for and as the President in the latter's absence or incapacity, and shall perform such other duties as he or she may be required to do from time to time.

Section 5.05. The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board; have charge of such books and papers as the Executive Board may direct; maintain a register setting forth the place to which all notices to Unit Owners and Permitted Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary of a Association organized under the laws of Pennsylvania. The Secretary shall, upon request, provide any Person or cause to be provided to any Person entitled thereto a written statement or certification of the information required to be provided by the Association pursuant to Sections 5315(g), 5407(a) and 5407(b) of the Act and . The Secretary shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association, as provided for in the Declaration and these Bylaws.

Section 5.06. The Treasurer shall have the responsibility for the safekeeping of Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; and be responsible for the deposit of all monies in the name of the Executive Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the

Executive Board; and in general, perform all the duties incident to the office of treasurer of a Association organized under the laws of Pennsylvania.

Section 5.07. The Executive Board may select and employ a Managing Agent, who shall be its principal agent in the management of the Association and the Community. The Managing Agent shall have such qualifications and such general and specific duties set forth in these Bylaws or as the Board shall assign. Such duties shall include the administration of the day-to-day operation of the business of the Association, and may also include such duties as may be delegated from time to time by the Executive Board, specifically including the carrying out of the policies and resolutions adopted by the Executive Board relating to the operations of the Association. The Managing Agent shall make periodic reports directly to the Executive Board as requested by the Board.

(a) The Managing Agent shall be a bona fide business enterprise which manages residential communities with common areas and facilities. Such firm shall have experience in real estate community management and shall employ Persons possessing a high level of competence in the technical skills necessary to properly manage the Community.

(b) The Managing Agent shall perform such duties and services as the Executive Board shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration and these Bylaws. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws other than the following powers:

(1) to adopt the annual budget, any amendment thereto, and to assess any Common Expenses, General Common Expenses or Limited Common Expenses;

(2) to adopt, repeal or amend Rules and Regulations;

(3) to designate signatories on Association bank accounts;

(4) to borrow money on behalf of the Association;

(5) to acquire and mortgage Units;

(6) to designate Reserved Common Elements;

(7) to allocate Limited Common Elements.

(c) The Executive Board shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Executive Board:

(1) the cash basis method of accounting shall be employed;

(2) two or more Persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Association shall not be commingled with any other accounts;

(4) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or other providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;

(5) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Executive Board; and

(6) a monthly financial report shall be prepared for the Executive Board disclosing:

(i) all income and disbursements activity for the preceding month;

(ii) the status of all accounts in an "actual" as compared to "projected" (budget) format; and

(iii) any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves of five percent (5%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

Section 5.08. Subject to the provisions of Section 5305 of the Act, during the period when Persons designated by the Declarant constitute a majority of the Executive Board, any contract entered into with a Managing Agent must provide that it may be terminated without cause or penalty by the Association at any time after the Association gains control upon ninety (90) days' written notice to the Managing Agent. Any contract entered into by the Executive Board after the Declarant transfers control to the Association must be terminable by either party to such agreement for cause upon not less than ninety (90) days' written notice. The term of any management contract may not exceed one (1) year.

Section 5.09. The Executive Board may choose and employ such other officers and agents, including but not limited to assistant Treasurers and assistant Secretaries, to assist in carrying out the prescribed responsibilities and duties of the officers and agents of the Association after consultation with the President of the Association. Such additional officers and agents may be non-Board members.

ARTICLE VI - VACANCIES

Section 6.01. Vacancies in the Executive Board caused by the death, removal, or resignation of any Board members shall be filled for the remainder of the departed Board member's term by the body by whom the Board member was appointed or elected, in accordance with Sections 4.03, 4.04, and 4.05 herein; provided that prior to such appointment, the Board may fill such vacancy on an interim basis until such appointment is made. Each Board member so selected shall be a Board member until his or her successor is appointed.

Section 6.02. If the office of any officer or agent becomes vacant for any reason, the Executive Board may choose a successor or successors who shall hold office for the unexpired term in respect of which such vacancy occurred.

ARTICLE VII - BOOKS AND RECORDS

Section 7.01. The Executive Board shall keep current copies of the Declaration, Bylaws and other rules concerning the Community as well as books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Community, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such copies, books and vouchers evidencing the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or their attorneys, and by Permitted Mortgagees during general business hours on working days at the times and in the manner set and announced by the Executive Board or under other reasonable circumstances.

Section 7.02. All books and records shall be kept on a cash basis. Until the Declarant conveys twenty-five percent (25%) of the Units in the Community, the annual financial statement need not be audited. However, if any Permitted Mortgagee requests an audited statement prepared it may do so at its own expense. When the Declarant has conveyed twenty-five percent (25%) of the Units in the Community, then if a Permitted Mortgagee submits a written request for an audited statement for the preceding fiscal year, then the Executive Board will provide one audited by an independent accountant

retained by the Executive Board who shall not be a resident of the Community or a Unit Owner. The cost of such audit shall be a General Common Expense.

ARTICLE VIII - TRANSACTION OF BUSINESS

Section 8.01. Whenever the lawful activities of the Association involve among other things the charging of fees or prices for its services or products, it shall have the right to receive such income and, in so doing, may make an incidental profit. All such incidental profits shall be applied to the maintenance and operation of the lawful activities of the Association, and in no case shall be divided or distributed in any manner whatsoever among the Board members or officers of the Association.

Section 8.02. The Executive Board shall notify a Mortgagee of any default hereunder by the Unit Owner of the Unit subject to such Mortgage, in the event such default continues for a period exceeding thirty (30) days.

Section 8.03. The Executive Board may borrow money on behalf of the Association when required in connection with any one instance relating to the operation, care, upkeep, maintenance and development of the Common Elements and/or Limited Common Elements; provided, however, that the affirmative vote of a majority of Members, where both Class A and Class B votes are counted and treated equally, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of Two Hundred Thousand Dollars (\$200,000.00).

Section 8.04. If any sum borrowed by the Executive Board on behalf of the Association pursuant to the authority contained in this Section 8.03 is not repaid by the Association, a Unit Owner who pays to the creditor such proportion thereof as his Percentage Interest bears to the total Percentage Interest in the Community shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right against such Unit Owner's Unit.

Section 8.05. There shall be obtained fidelity bonds for all officers, members of the Executive Board and employees of the Association, including without limitation the Managing Agent, handling or responsible for Community funds. The premiums on such bonds shall constitute a General Common Expense.

Section 8.06. All checks or demands for money and notes of the Association shall be signed by the President, or such officer or agent, including the Managing Agent, as the Executive Board may from time to time designate.

ARTICLE IX - NOTICES

Section 9.01. Whenever written notice is required to be given to any Person, it may be given to such Person, either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram, charges prepaid, or by facsimile transmission, or by E-mail, to his or her or address (or to his or her facsimile number), supplied to the Association for the purpose of notice. If the notice is sent by mail or by telegraph, it shall be deemed to have been given to the Person entitled thereto when deposited in the United States mail or with a telegraph office for delivery to such Person, or when dispatched by facsimile transmission or e-mail. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by statute or these bylaws. When a special meeting is adjourned it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

Section 9.02. Whenever any written notice is required to be given under the provisions of the statute or the Articles or bylaws of this Association, a waiver thereof in writing, signed by the Person or Persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except as otherwise required by statute, neither the business to be transacted at nor the purpose of a meeting need be specified in the waiver of notice of such meeting. Attendance of a Person at any meeting shall constitute a waiver of notice of such meeting, except where a Person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE X - COMMON EXPENSES; GENERAL COMMON EXPENSES AND LIMITED COMMON EXPENSES

Section 10.01. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board, provided, however, that the first fiscal year may begin anytime and end at the end of the calendar year.

Section 10.02. Preparation and Approval of Budget.

(a) On or before the first day of April each year, the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount of Common Expenses, as defined by the Act, the Declaration, these Bylaws or a resolution of the Association. 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 replacements. The budget shall segregate General Common Expenses and Limited Common Expenses.

(b) On or before the fifth day of April, the Executive Board shall make the budget available for inspection at the Association office and shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Unit Owner's assessment for General Common Expenses and Limited Common Expenses of the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted.

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

Section 10.03. The Executive Board shall calculate the monthly assessments for General Common Expenses against each Unit by multiplying (a) the total amount of the Common Expenses set forth in the budget adopted by the Executive Board for the fiscal year in question by (b) the Percentage Interest (expressed in decimal form) allocated to such Unit, and dividing the resultant product by (c) the number of calendar months in each fiscal year.

Section 10.04. All assessments for General Common Expenses and Limited Common Expenses shall be deemed to have been adopted and assessed on a monthly basis, and not on an annual basis payable in monthly installments, shall be due and payable on the first day of each calendar month, and shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration.

Section 10.05. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. The purchaser of a Unit shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within fifteen (15) days following a written request therefor to the Executive Board or Managing Agent and the Unit conveyed shall not be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that, subject to Section 5315(b)(2) of the Act, each Mortgagee who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such Mortgagee comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

Section 10.06. Within ninety days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner 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 General

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 Interest and shall be payable in one or more monthly assessments, as the Executive Board may determine.

Section 10.07. The Executive Board shall build up and maintain reasonable reserves for working capital, operations, insurance deductibles, contingencies and replacements as provided for in the Declaration or the Act. If the reserves are deemed to be inadequate for any reason, including nonpayment of any Unit Owner's assessments, the Executive Board may at any time levy further assessments for General Common Expenses and/or Limited Common Expenses, as provided for in the Declaration.

Section 10.08. 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 his allocable share of the Common Expenses as herein provided.

Section 10.09. The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

Section 10.10. The Executive Board shall promptly provide any Unit Owner, a contract purchaser or Permitted 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 XI - AMENDMENTS

Section 11.01. Except as otherwise provided in the Act or these Bylaws, these Bylaws may be modified or amended only by vote of a majority of the total Class A and Class B votes of the Members of the Association at a special meeting called for the purpose of amending or modifying these Bylaws.

Section 11.02. A proposal to amend or modify these bylaws may be submitted by the Declarant, the Executive Board, or by a written petition, submitted to the Secretary and signed by at least 10% of all Members.

Section 11.03. Any proposed amendment to these Bylaws that is submitted for consideration by Unit Owners (but not if submitted by the Declarant or the Executive Board) shall be accompanied by an opinion from independent legal counsel procured at the Unit Owners' expense to the effect that the proposed amendment does not violate the

Act; any Federal National Mortgage Association, Federal Home Loan Mortgage Association, Federal Housing Administration or Veteran's Administration rule, regulation or requirement with respect to Community projects; nor any rule, regulation or ordinance of any local, state or federal governmental body or agency. HUD/VA has the right to veto amendments as long as the Declarant is in control of the Board of the homeowner's association.

Section 11.04. Until such date on which all Declarant-appointed Board members voluntarily resign or are required to resign pursuant to the Declaration, Sections 3.02, 3.03, 3.04, 3.05, 4.01, 4.03, 4.04, 4.05, 4.14, 4.16, and 11.04 may not be amended without the consent in writing of the Declarant.

Section 11.05. If any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the then current requirements of any agency or entity that has established national or regional standards with respect to loans secured by mortgages or deeds of trust on units in Community projects, including, but not limited to, the Federal National Mortgage Association, the Federal Home Loan Mortgage Association, the Federal Housing Administration or the Veteran's Administration, the Executive Board may, at any time and from time to time, effect such amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Community, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment to the Bylaws is permitted by the terms of the Act.

Section 11.06. These Bylaws contain provisions concerning various rights and interests of Permitted Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Permitted Mortgagees on which they may rely in making loans secured by such Mortgages. Accordingly, no material amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of permitted Mortgagees shall be adopted without the prior written consent of at least fifty-one percent (51%) of all such Permitted Mortgagees.

ARTICLE XII - MISCELLANEOUS PROVISIONS

Section 12.01. In the event that this Association be dissolved, all assets remaining after all debts and other obligations of the Association have been discharged shall be disbursed to the individual Unit Owners, including the Declarant if it owns one or more Units. Such disbursement shall be in proportion to the Percentage Interest held by each individual Unit Owner.

ARTICLE XIII - LIMITED LIABILITY AND INDEMNIFICATION

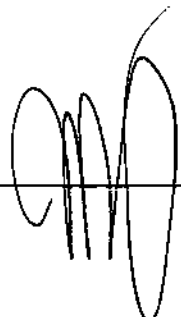
Section 13.01. Every Person who was or is a party, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative, or investigative, including but not limited to any action by or in the name of the Association, by reason of the fact that he or she or a Person of whom he or she is a legal representative is or was a Board member, officer, employee or committee member of the Association, or is or was serving at the request of the Association as a Board member or officer of another Association, as a member of any committee of the Board, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent permitted or authorized by the law of the Commonwealth of Pennsylvania, as the same exists or may hereafter be amended, against all expenses, liability and loss (including attorney's fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him or her in connection therewith. The individual shall have no right to reimbursement, however, in relation to matters as to which the individual has been adjudged liable to the Association for misconduct in the performance of his or her duties, or was derelict in the performance of his or her duty as Board member, officer or employee by reason of willful misconduct, bad faith, gross negligence or reckless disregard of the duties of his or her office or employment. The right to indemnity for expenses shall also apply to the expenses of suits which are compromised or settled if the court having jurisdiction of the matter shall approve such settlement. Determinations as to the right of indemnification, or any questions pertaining to indemnification, shall be determined by a majority vote of all disinterested Board members, even if such number does not constitute a quorum.

Section 13.02. Such right of indemnification shall not be exclusive of any other right which the Board members, officers, or representatives of the Association may have or hereafter acquire under any provisions of law, the Articles of Incorporation agreements, insurance policies, vote of disinterested Board members or otherwise, both as to action in their respective official capacities and as to action in another capacity while serving as a Board member, officer or representative. The Association may purchase insurance policies, enter into specific agreements with Board members or officers, establish a security fund, or take such additional actions as the Executive Board deems appropriate to carry out its obligation of indemnification.

Section 13.03. The rights of a Board member or officer to indemnification and advance of expenses granted under this Article are in the nature of a contract between the Association and each Board member or officer, and no amendment or repeal of any provision of this Article of the bylaws shall alter, to the detriment of such Board member or officer, the rights of such Person to the advance of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment, repeal or termination. Such rights shall continue as to a Person who has ceased to be a Board member or officer and shall inure to the benefit of the heirs, executors and administrators of such Person.

These bylaws, consisting of eighteen (18) pages, have been adopted at an annual or special meeting of the Executive Board duly called or by written consent of the Executive Board on APRIL 11, 2003.

Dated: MAY 21, 2003

 _____, Secretary

ASM:ASM: 268213.1 (15360.057) 4/2/03