

CAMERON'S KNOLL HOMEOWNERS ASSOCIATION
A Pennsylvania Nonprofit Corporation

Bylaws

Cameron's Knoll
A Planned Residential Community

CAMERON'S KNOLL HOMEOWNERS ASSOCIATION

BYLAWS

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Article I. Introductory Provisions

Section 1.01 Applicability

These Bylaws provide for the governance of CAMERON'S KNOLL HOMEOWNERS ASSOCIATION, a Pennsylvania nonprofit corporation (the Association) pursuant to the requirements of the Pennsylvania Uniform Planned Community Act (the Act) with respect to the Community created by the recording of the Declaration in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania at Document ID 5590978.

Section 1.02 Purpose

The purpose of this corporation is to be the homeowners association for Cameron's Knoll in the Township of Fulton, Lancaster County, Pennsylvania, in accordance with the Act.

Section 1.03 Definitions

Capitalized terms which are not defined herein shall have the meanings specified for those terms in the Act or in the Declaration.

Section 1.04 Compliance

Every present and future Owner and all persons occupying any Unit within Cameron's Knoll shall comply with the Act, the Declaration, these Bylaws and the Rules and Regulations.

Section 1.05 Office

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

Section 1.06 Seal

The Association may, but (unless required by law) need not obtain or use a corporate seal.

Article II. The Association

Section 2.01 Organization and Membership

The Association is organized as a Pennsylvania nonprofit corporation, and the provisions of the Pennsylvania Nonprofit Corporation Law of 1988 as amended (15 Pa. C.S.A. §5101 *et seq.*) (the NPC) also apply to the Association and to these Bylaws. In the event of conflict between the Act and the NPC, the provisions of the Act control. All Owners shall be members of the Association, and shall act in accordance with the Act, the

Declaration, these Bylaws, and the Rules and Regulations. 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, the Declaration, these Bylaws, and the Rules and Regulations. The foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in these Bylaws.

Section 2.02 Annual Meetings

Except as otherwise designated by the Executive Board, the annual meetings of the Association shall be held at 7:00 p.m. on the third Monday of the month of April each year, unless such date shall occur on a holiday, in which event the meeting shall be held on the next succeeding Monday which is not a holiday. At such annual meetings, at least one member of the Executive Board shall be elected by ballot of the Owners in accordance with the requirements of this Article (unless otherwise provided by operation of reserved Special Declarant Rights), and such other business as may properly come before the meeting may be transacted.

Section 2.03 Place of Meetings

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

Section 2.04 Special Meetings

(a) The Secretary 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 Owners entitled to cast at least ten percent (10%) of the votes in the Association. The notice of any special meetings shall state the time, place, and purpose of the meeting. Such meeting shall be held within forty-five (45) days after receipt by the Secretary of the resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure, such meetings shall be held within fifteen (15) days after receipt by the Secretary of the resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

(b) The Declarant shall cause special meetings to be called for the election of Executive Board members in the course of the transition from Declarant control as provided in Section 3.06 of the Declaration. Each new member's appointment shall be effective as of the end of the meeting, and shall continue until the first election after the date of the termination of Declarant's control.

(c) Notwithstanding the foregoing, if any meeting required pursuant to this section could be held on the date an annual meeting of the Association is scheduled, then this meeting shall be held concurrently with the annual meeting.

Section 2.05 Election of Executive Board Upon Termination of Declarant's Control

At the first election after the termination of Declarant's control, three members shall be elected to the Executive Board (Executive Board Members). The two members receiving the highest number of votes shall serve for a term of two years; the remaining member shall serve for a period of one year. In all subsequent elections, the Executive Board Members shall be elected for a term of two years and until their successors are elected.

Section 2.06 Notice of Meetings

The Secretary shall give to each Owner 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 Owners at least ten (10) but not more than forty-five (45) days prior to the meeting, stating the time, place, and purpose thereof. Notice of any meeting shall be in writing and shall be hand delivered or sent prepaid by United States mail to the mailing address of Dwelling or to any other mailing address designated in writing by the Owner.

Section 2.07 Quorum

The presence in person or proxy of Owners of ten percent (10%) or more of the Total Votes at the commencement of a meeting shall constitute a quorum at all meetings of the Association.

Section 2.08 Adjournment of Meetings

If at any meeting of the Association a quorum is not present, Owners entitled to cast a majority of the votes represented at the meeting may adjourn the meeting to such time and place as they may determine. Provided, however, that in the case of any meeting called for the election of directors those who attend the second of such adjourned meetings, although less than a quorum as fixed in these Bylaws or in the Articles, shall nevertheless constitute a quorum for the purpose of election of directors. And provided further that in the case of any meeting called for any other purpose those who attend the second of such adjourned meetings, although less than a quorum as fixed in these Bylaws or in the Articles, shall nevertheless constitute a quorum for the purpose of acting upon any resolution or other matter set forth in the notice of the meeting; if written notice of such second adjourned meeting, stating that those Owners who attend shall constitute a quorum for the purpose of acting upon such resolution or other matter, is given to each Owner entitled to vote at such second adjourned meeting at least ten days prior to the day named for the second adjourned meeting.

Section 2.09 Voting

(a) Voting at all meetings of the Association shall be on the basis of one vote per Unit Owner. An Owner owning more than one Unit shall have the number of votes equal to the number of that Owner's Units. The total number of votes (Total Votes)

which may ever be cast by all the Owners is equal to the number of Units in the Community.

(b) When a Unit is owned by more than one person or entity, the vote for such Unit shall be exercised as its record owners, among themselves determine; but in no event shall more than one vote be cast with respect to any Unit. If agreement cannot be reached on who shall cast the vote for any Unit, the Owner whose name appears first on the deed shall be deemed to have authority to vote.

(c) At all elections for Executive Board members, those candidates for election receiving the greatest number of votes cast in such elections shall be elected. No votes allocated to a Unit owned by the Association may be cast.

Section 2.10 Proxies

A vote may be cast in person or by proxy. Such proxy may be granted by any Owner, or the Declarant. Proxies shall be duly executed in writing, shall be valid only for one year unless it designates a shorter time, and must be filed with the Secretary at or before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of written notice of revocation from the grantor of the proxy. A proxy is void if it is not dated or purports to be revocable without notice.

Section 2.11 Classes of Voting Membership and Cumulative Voting

There shall be no class voting and cumulative voting absent appropriate amendment the Declaration.

Section 2.12 Conduct of Meetings

The President shall preside over all meetings of the Association (and in the President's absence, any person whom the Secretary shall appoint upon the Secretary calling the meeting to order), and the Secretary shall keep minutes of the meeting and record in the minute book all resolutions adopted at the meeting as well as any other business transacted.

Article III. Executive Board

Section 3.01 Number and Qualification

The affairs of the Association shall be governed by the Executive Board Members which shall be known as the Executive Board or the Board. The Executive Board shall be composed of three natural persons who are residents of Pennsylvania, at least twenty-one (21) years old, and Owners (or designees of the Declarant during the period of Declarant control). No Board member may have any ownership interest in the same Unit as any other Board member (excepting the Declarant).

Section 3.02 Managing Agent

The Executive Board may employ for the Community a managing agent (Managing Agent) at a compensation established by the Executive Board. The Managing Agent shall perform such duties and services as the Executive Board shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration, these Bylaws, and the Rules and Regulations; provided, however, that if a Managing Agent shall not have the power to act under the Act, the Declaration, these Bylaws, or the Rules and Regulations such duties shall be performed as advisory to the Executive Board. Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty (30) days' written notice and without cause on not less than sixty (60) days' written notice, and that termination shall be without penalty. The term of such contract may not exceed one year.

Section 3.03 Delegation of Powers to Managing Agent

The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration, these Bylaws, and the Rules and Regulations other than the following powers:

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

Section 3.04 Election and Term of Office

(a) At the annual meetings of the Association, the election of members of the Executive Board (whose terms are expiring) shall be held. The term of office of any Executive Board member shall be fixed at two years and until a successor is chosen. A member of the Executive Board shall hold office until the earlier to occur of the election of his respective successor or his death, adjudication of incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself.

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

- (i) Any Owner may submit to the Secretary at least thirty (30) days before the meeting at which the election is to be held a nominating petition signed by Owners owning at least seven Units in the aggregate, together with a statement that the

person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or hand deliver the appropriate submissions to every Owner along with the notice of such meeting; and

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

Section 3.05 Removal or Resignation of Members of the Executive Board

(a) Except with respect to members designated by Declarant, at any meeting of the Association, any one or more of the members of the Executive Board may be removed with or without cause by Owners entitled to cast a majority of the Total Votes; in which event a successor shall be elected to fill the vacancy thus created.

(b) A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit.

(c) Declarant shall have the right to remove and replace any or all members appointed by Declarant at any time and from time to time until the required resignation dates specified in the Declaration.

Section 3.06 Vacancies

Except as otherwise provided, vacancies in the Executive Board caused by any reason other than the removal of a Board member by a vote of the Owners shall be filled by a vote of a majority of the remaining Board members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy; even though the Board members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced. In the case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term.

Section 3.07 Organization Meeting

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

Section 3.08 Regular Meetings

Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by the Executive Board; but such meetings shall be

held at least once every three months during each fiscal year. The Secretary or the President shall give written notice of regular meetings of the Executive Board to each member at least three business days prior to the day named for such meeting.

Section 3.09 Special Meetings

Special meetings of the Executive Board may be called by the President or by two Directors on at least three business days' notice to each member given by mail or in person. The notice shall state the time, place, and purpose of the meeting.

Section 3.10 Waiver of Notice

Any member may at any time, in writing, waive notice of any meeting of the Executive Board and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Executive Board shall constitute a waiver of notice by him or her of the time, place, and purpose of such meeting.

Section 3.11 Quorum of the Executive Board

At all meetings of the Executive Board, the presence of a majority of the members shall constitute a quorum for the transaction of business. The votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Executive Board. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment, if all persons participating in the meeting can hear each other.

Section 3.12 Compensation

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

Section 3.13 Conduct of Meetings

The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings, recording all resolutions adopted by the Executive Board and all transactions and proceedings occurring at such meetings.

Section 3.14 Action Without Meeting

Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall consent in writing to such action. Any written consent shall be filed with the minutes of the proceedings of the Executive Board.

Section 3.15 Validity of Contracts with Interested Executive Board Members

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

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

Section 3.16 Inclusion of Interested Executive Board Members in the Quorum

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

Section 3.17 Limitation on Personal Liability

No member of the Executive Board shall be personally liable as such for monetary damages for any action taken, or any failure to take action, unless the member has breached or failed to perform the duties of office under Subchapter 57B (relating to standard of care and justifiable reliance) of the Pennsylvania Nonprofit Corporations Law; and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Article IV. Officers

Section 4.01 Designation

The officers of the Association shall be the President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The President shall be member of the Executive Board. Any other officers may, but need not, be members of the Executive Board. An officer other than the President may hold more than one office.

Section 4.02 Election of Officers

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

Section 4.03 Removal of Officers

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

Section 4.04 President

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 corporation organized under the laws of Pennsylvania including, without limitation, the power to appoint committees from among the Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall cease holding this office when he or she ceases to be a member of the Executive Board.

Section 4.05 Secretary

(a) 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 Owners and holders of mortgages on any Units shall be delivered and, in general, perform all the duties incident to the office of secretary of a corporation organized under the laws of Pennsylvania.

(b) The Secretary shall, upon request, provide 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 the Act. To the extent permitted by the Act, the Secretary may impose a reasonable charge for the preparation of any such statement or certification and the reproduction of such documents in order to cover the cost of the preparation and reproduction.

Section 4.06 Treasurer

The Treasurer shall have the responsibility for safekeeping Association funds and securities; keeping full and accurate financial records and books of account showing all receipts and disbursements; preparing all required financial data; depositing 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 performing other duties as determined by resolutions or orders of the Executive Board.

Section 4.07 Compensation of Officers

No officer who is also a member of the Executive Board shall receive any compensation from the Association for acting as an officer, but may be reimbursed for any

out-of-pocket expenses incurred in performing duties; provided, however, the Secretary and Treasurer may be compensated for their services if the Executive Board determines the compensation to be appropriate.

Article V. Common Expenses and Budgets

Section 5.01 Fiscal Year

The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon the recordation of the Declaration and shall end at the end of the calendar year during which the Declaration was recorded.

Section 5.02 Accounts and Accounting

The Association shall keep financial records on a pure or modified cash basis, sufficiently detailed to enable the association to comply with Section 5407 (relating to resales of units) of the Act. The method of accounting may be changed by the Executive Board from time to time; provided, however, that a change in the method of accounting shall not take effect until the first day of the fiscal year that shall begin in the year following the current year of the change. All sums collected by the Association with respect to assessments against the Owners or from any other source may be commingled into a single fund. All financial and other records shall be made reasonably available for examination by any Owner and authorized agents. Within 180 days after the close of its fiscal year, the Association shall prepare annual financial statements consisting of at least a balance sheet and a statement of revenues and expenses for the Association. The cost of preparing the financial statements shall be a Common Expense. Each Owner shall be entitled to receive from the Association, within 30 days after submitting a written request to the Association, a copy of the annual financial statements and, if such financial statements are audited, reviewed or compiled by an independent certified public accountant or independent public accountant; a copy of the independent accountant's report on the financial statements. The Association may charge a fee not to exceed the cost of producing copies of records other than the financial statement.

Section 5.03 Preparation and Approval of Budgets

(a) On or before the 1st day of November of each year, the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair, and replacement of the Common Elements and those parts of the Units which it is the responsibility of the Association to maintain, repair, and replace, and the cost of wages, materials, insurance premiums, services, supplies, and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance, and repair of the Property and the rendering to the Owners of all related services. The 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) The Executive Board shall promptly make the budget available for inspection at the Association office and shall promptly deliver to each Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Owner's assessments for General Common Expenses of the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to the Owners' power to reject as provided in Section 5303(b) of the Act.

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

Section 5.04 Assessment and Payment of General Common Expenses

(a) The Executive Board shall calculate the monthly assessments for General Common Expenses against each Owner by multiplying (1) the total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Executive Board for the fiscal year in question (after deducting any Limited Common Expenses and income expected to be received from sources other than General Common Expense assessments) by (2) the Total Number of Units; and dividing the product by (3) the number of calendar months in the fiscal year. Such assessments 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 Owner's Unit as provided in the Act and the Declaration.

(b) Within ninety (90) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to General Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed *pro rata* against the Owners and shall be payable in one or more monthly assessments, as the Executive Board may determine.

(c) Surplus: Any amounts accumulated from assessments for General Common Expenses and income from the operation of the Common Elements to which such General Common Expenses pertain in excess of the amount required for actual General Common Expenses and reserves for future General Common Expenses, shall be credited to Units as provided in Section 5313 of the Act, and shall be taken into account when establishing the budget for the succeeding fiscal year; but need

not be refunded or applied (until exhausted) to subsequent successive monthly assessments.

Section 5.05 Limited Common Expenses

(a) The Board may assess any Common Expense benefiting fewer than all of the Units to the Units that are benefited by that Common Expense. This shall include, without limitation, any casualty insurance deductible paid by the Association arising out of or caused damaged to one or more but fewer than all Units. Such assessment shall be deemed on account of a Limited Common Expense.

(b) If a Limited Common Expense is caused by the neglect, negligence, or misconduct of any Owner or Owners, the Board may assess that Limited Common Expense against that Owner or Owners. The Board may assess a reasonable special assessment, to be fixed in advance by the Board, against any Owner violating any provision of the Declaration, these Bylaws, and any Rules and Regulations.

(c) The Executive Board shall calculate and apportion the monthly assessments for Limited Common Expenses against each Unit obligated to pay that particular Limited Common Expense in that same manner as provided for the assessment of General Common Expenses. Such assessments 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 affected Owner's Unit as provided in the Act and the Declaration.

(d) Within ninety (90) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized accounting of Limited Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to Limited Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Owners obligated to pay Limited Common Expenses in accordance with their allocable share of Limited Common Expenses and shall be payable in one or more monthly assessments, as the Executive Board may determine.

(e) Surplus: Any amounts accumulated from assessments for Limited Common Expenses and income from the operation of the Limited Elements to which such Limited Common Expenses pertain in excess of the amount required for actual Limited Common Expenses and reserves for future Limited Common Expenses, shall be credited to Units as provided in Section 5313 of the Act, and shall be taken into account when establishing the budget for the succeeding fiscal year; but need not be refunded or applied (until exhausted) to subsequent successive monthly assessments.

Section 5.06 Reserves

The Executive Board shall build up and maintain reasonable reserves in segregated funds for (1) replacement of Common Elements, and (2) working capital for periodic maintenance and repair. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. The working capital fund shall at all times be equal to or greater than the equivalent of two months assessments for all Owners. If the reserves are deemed to be inadequate for any reason, including nonpayment of any Owner's assessments, the Executive Board may at any time impose further assessments for General Common Expenses or Limited Common Expenses as appropriate, which further assessments shall be payable in one or more monthly assessments as the Executive Board may determine.

Section 5.07 Initial Reserves

Each Owner who purchases a Unit directly from the Declarant (except for the Unit Developer), from the Unit Developer or from any other Owner shall pay, at the time of conveyance, a one time transfer assessment in the amount of \$2,500.00 which shall be in addition to, and not in lieu of, the regular Assessments for General Common Expenses, Limited Common Expenses and Recreational Facilities Expenses payable with respect to the year in which such conveyance takes place. This section shall not apply to any Eligible Mortgagee acquiring title to a Unit by foreclosure (or by deed in lieu of foreclosure); nor to any successor in bulk to all of Declarant's right, title and interest in and to any of the Units or the Property. The general purpose of the contribution is to establish a reserve fund for the Association.

Section 5.08 Effect of Failure to Prepare or Adopt Budget

The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Owner's obligation to pay the allocable share of the Common Expenses and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay each monthly assessment at the rate established for the previous fiscal year plus ten (10%) percent until the new annual or adjusted budget is adopted.

Section 5.09 Payment of Common Expenses

Each Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of these bylaws. No Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No 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.

Section 5.10 Collection of Assessments

The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Owner which remains unpaid for more than thirty (30) days from the due date. Any assessment not paid within five (5) days after its due date shall accrue a late charge in the amount of five percent (5%) of the overdue assessment in addition to interest at the rate of fifteen percent (15%) per annum or such other rate as may be determined by the Executive Board. The Owner shall also be liable for costs and attorney fees incurred in collection of assessments or incurred in enforcement of the Association's statutory lien for assessments.

Section 5.11 Statement of Common Expenses

Upon written request signed or otherwise duly authorized by the Owner, the Executive Board shall promptly provide any Owner, contract purchaser, or proposed mortgagee with a written statement of all unpaid assessments for Common Expenses and Limited Common Expenses due from each Owner as required by the Act. To the extent permitted by the Act, the Executive Board may impose a reasonable charge to cover the cost of the preparation and reproduction.

Article VI. Compliance and Default

Section 6.01 Relief

Each Owner shall be governed by, and shall comply with all of the terms of the Act, the Declaration, these Bylaws and the Rules and Regulations. In addition to the remedies provided in the Act and the Declaration, a default by an Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

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

(b) **Costs and Attorneys Fees:** In any proceedings arising out of any alleged default by an Owner, the Association, if the prevailing party, shall be entitled to recover the costs of the proceeding and reasonable attorneys fees as may be determined by the court.

(c) **No Waiver of Rights:** The failure of the Association, the Executive Board, or an Owner to enforce any right, provision, covenant or condition which may be granted by

the Declaration, these Bylaws, the Rules and Regulations, or the Act shall not constitute a waiver of the right of the Association, the Executive Board, or the Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies, and privileges granted to the Association, the Executive Board, or any Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations, or the Act shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations, or the Act, or at law or in equity.

(d) Abating and Enjoining Violation by Owner: The breach or violation of any of the Rules and Regulations, Bylaws, the Declaration, or the Act shall give the Executive Board the right, in addition to any other rights:

(i) 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 Owner, any structure, thing or condition constituting such breach or violation, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or

(ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach or violation.

Article VII. Notice of Violations and Imposition of Penalties

Section 7.01 Violations

The Executive Board may impose the penalties set forth below for any violation of the Declaration, Bylaws, or Rules and Regulations.

Section 7.02 Notice

Notice that an Owner is in violation of the Declaration, Bylaws, or Rules and Regulations shall be given in writing by the Executive Board or Managing Agent to the Owner and, if there is a Lessee, to the Lessee. A Unit shall be held to be in violation of the Declaration, Bylaws, or Rules and Regulations if such is violated by that Unit's Owner, Lessee, or Unit Owner's or Lessee's agents, employees, servants, licensees, or visitors. Such warning shall give that Owner ten (10) days to bring the Unit into compliance and to pay any costs required by the Bylaws or Rules and Regulations and as set forth in the Notice. The Notice shall clearly specify the violation complained of. Posting on the door of any improvement on the Unit and, if the Unit is leased, delivery by certified mail to the Owner shall be adequate service of the notice.

Section 7.03 Correction Timetable

If the Owner believes the violation cannot, in the exercise of due diligence, be corrected within the time allotted, the Owner may immediately submit to the Executive Board a written plan of correction and proposed timetable. If the Executive Board approves the plan, no penalty shall attach if Owner complies with the plan.

Section 7.04 Notice of Penalty

If the violation is not corrected within the time stated in the notice or in accordance with Owner's written and approved plan of correction, the Executive Board or Managing Agent may impose and assess penalties as provided herein. Notice of penalties shall be given in writing in the same manner as the initial notice of violation.

Section 7.05 Hearing

If, within ten (10) days of delivery of notice of a penalty assessment, the Owner submits a written request for a hearing, the Executive Board or Managing Agent shall schedule a hearing before a Hearing Committee not later than thirty (30) days thereafter. At the hearing, the Managing Agent, Executive Board or any other Owner or Lessee must present evidence. The Owner and every Lessee of the Unit which is in violation shall have the opportunity to present evidence. At the conclusion of the hearing, the Hearing Committee, by majority vote, may find the Owner guilty of violating the specific paragraph(s) set forth in the Notice and impose any of the appropriate penalties set forth below, or may find the Owner not guilty of the violation.

Section 7.06 Hearing Committee

Any hearing convened pursuant to this Article shall be held before a Hearing Committee comprised of three persons, each of whom is an Owner or principal of an Owner. No committee member shall be a member of the Executive Board. The Executive Board shall appoint one member, the Owner requesting the hearing shall appoint a second member, and the two members so appointed shall select the third Hearing Committee member. If the Association has by the Rules and Regulations (or otherwise) constituted a standing Internal Dispute Resolution Committee (or similar body), such other body shall be substituted as the Hearing Committee described in this section.

Section 7.07 Penalties

For the purposes of this paragraph only, "violation" shall mean a violation found by the Executive Board or Managing Agent or, after hearing, by a Hearing Committee.

The following schedule of fines shall apply with the amount stated being the maximum fine that may be imposed. Each successive day a violation continues (and is subject to a penalty assessment) shall, for purposes of this clause, constitute a new violation.

- | | |
|-------------------------------------|----------|
| (a) First and second violations | \$100.00 |
| (b) Third through fifth violations | \$300.00 |
| (c) Sixth and subsequent violations | \$500.00 |

Section 7.08 Alternative Remedies

The provisions of this Article are not exclusive. The Executive Board may by Rules and Regulations provide for other or alternative means for abatement of violations or nuisances and for recoupment of costs related thereto. In the event the Executive Board or Managing Agent determines to take enforcement proceedings or other action cognizable under this Article, the Board or Managing Agent may elect instead to act under provisions set forth in the Rules and Regulations. And provided further, that notwithstanding any provisions of these Bylaws or the Rules and Regulations, the Association shall always have the right to any course of action or remedy available in law or equity, without the necessity of first initiating or exhausting remedies in these Bylaws or in the Rules and Regulations.

Article VIII. Amendments

Section 8.01 Amendment to Bylaws

These Bylaws may be modified or amended only by affirmative vote of Owners entitled to cast a majority of the votes in the Association, except as otherwise expressly set forth herein or in the Act. However, until the date on which all Declarant appointed Board members voluntarily resign or are required to resign pursuant to the Declaration and these Bylaws; these Bylaws may not be amended without the consent in writing of Declarant.

Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing, or inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or similar organization, then at any time the Executive Board may effect an appropriate corrective amendment without the approval of the Owners or the holders of any liens on all or any part of the Property, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

Section 8.02 Approval of Mortgagees

No material amendment or modification of these Bylaws impairing or affecting the rights, priorities, remedies or interests of a mortgage holder shall be adopted without the prior written consent of the requisite percentage of Eligible Mortgagees as set forth in the Declaration.

Section 8.03 Amendments to the Declaration

Any two officers or Executive Board members of the Association may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

Article IX. Miscellaneous

Section 9.01 Notices

All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail,

(a) if to a Owner, at the single address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Owner, or

(b) if to the Association, the Executive Board or the Managing Agent at the principal office of the Managing Agent or at such address as shall be designated by notice in writing to the Owners pursuant to this Section. If a Lot is owned by more than one person, each such person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 9.02 Captions

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

Section 9.03 Gender

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

Dated: _____, Secretary