

BYLAWS  
OF  
WEATHERSTONE HOMEOWNERS' ASSOCIATION, INC.

The undersigned, being all of the members of the First Board of Directors of the Weatherstone Homeowners' Association, Inc. (the "Association"), a Pennsylvania nonprofit corporation comprised of the owners of all the Lots in the Weatherstone, A Planned Community, located in West Vincent Township, Chester County, Pennsylvania and created pursuant to a Declaration of Covenants, Conditions and Restrictions recorded or intended to be recorded in the Office of the Recorder of Deeds of Chester County (the "Declaration"), hereby adopt the following as the Bylaws of the Association:

ARTICLE I. GENERAL PROVISIONS

Section 1.1. Definitions. All of the terms used herein, unless specifically defined herein, shall have the same meanings as are set forth in the Declaration.

Section 1.2. Administration of the Property and Association. The administration of the Property and the operations, regulation and management of the Association shall be governed by these Bylaws, as the same may from time to time be amended pursuant to the provisions hereof.

Section 1.3. Office. The Board of Directors may maintain an office at the Property or at such other place in the vicinity of the Property as the Board of Directors may determine. All costs related to the maintenance of such office shall be Common Expenses.

Section 1.4. Use of Association's Name. The name in which all contracts shall be entered into, title to property shall be acquired, held, dealt in and disposed of, bank accounts shall be opened, and suits shall be brought and defended by the Board of Directors or the officers, on behalf of and as agents for the Owners in the manner specified by the Declaration and these Bylaws, is "Weatherstone Homeowners' Association, Inc."

ARTICLE II. THE ASSOCIATION

Section 2.1. Membership in the Association of Owners. The Association shall commence operation upon the effective date of the Declaration. Every person who acquires title to a Lot shall automatically become a member of the Association and shall continue to be a member of the Association at all times that he or she has legal title to such Lot. Membership in the Association is an incident of ownership of a Lot and may not be resigned, terminated or transferred other than by transfer of title to the Lot to which such membership is appurtenant. Transfer of title to a Lot shall automatically constitute transfer of membership in the Association,

but the Association may treat the transferor Owner as the member of the Association for that Lot for all purposes hereunder until the Association or the Board of Directors has actual notice of the execution and delivery of a deed to the Lot by the transferor to the transferee.

Section 2.2. First Meeting of the Association. The President of the Board of Directors shall call the first meeting of the Association in accordance with the requirements of Section 6.2 of the Declaration.

Section 2.3. Annual Meetings of the Association.

(a) Annual meetings of the Association shall be called by the President and held on the first day of April in each year if a business day, and if not, then on the next succeeding business day.

(b) At the annual meetings, the Owners shall elect by ballot members of the Board of Directors and may transact such other business as may properly come before the meeting.

Section 2.4. Special Meetings of the Association. The President shall promptly call a special meeting of the Association when so directed by a resolution of the Board of Directors or by a petition signed by twenty-five percent (25%) of the Owners. The resolution or petition shall specify in each case the purpose of such meeting. Meetings so requested shall be held not later than thirty (30) days nor earlier than ten (10) days after such request is received. No business shall be transacted at such special meeting other than as specified in the notice thereof.

Section 2.5. Notice of Meetings of the Association. The Secretary of the Board of Directors shall give notice of the first meeting and each annual and special meeting of the Association to the Owners in accordance with the provisions of Section 10.1 hereof, at least ten (10) and not more than thirty (30) days prior to the meeting date. The notice shall specify the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws which is to be considered at such meeting.

Section 2.6. Place of Meeting. Meetings of the Association shall be held at the Property, or at such other suitable place in the vicinity of the Property convenient to the Owners as may be specified by the Board of Directors in the notice thereof.

Section 2.7. Voting.

(a) Owners may cast their votes at all meetings either in person or by proxy.

(b) The persons or entities from time to time entitled to exercise the voting rights appurtenant to the Lots shall be those shown at the time of reference on a voting list to be continuously maintained by the Secretary, which list shall be closed for each meeting at the close of business on the business day next preceding the meeting date. That list shall reflect the Owners of record of each Lot. However, where the purchaser of a Lot exhibits to the Secretary a fully executed agreement of sale in which the right to vote pending settlement is placed in the purchaser, the purchaser shall be shown on the list as the Owner entitled to vote. The voting list shall be kept at the Property and may be inspected during regular business hours by any Owner or purchaser, and it shall be kept open to inspection throughout each meeting of the Owners.

Section 2.8. Quorum. The presence at a meeting in person or by proxy of the Owners of twenty percent (20%) of the Lots shall constitute the presence of a quorum. If less than a quorum is present at any meeting, a majority of such Owners present in person or by proxy may adjourn the meeting, in which event notice of the adjourned meeting shall be given in the manner provided in Section 2.5.

Section 2.9. Acts of the Association. Except as otherwise required by the Declaration or these Bylaws, acts of the Association shall require the affirmative vote of more than one-half of all votes entitled to be cast at a meeting where a quorum is present.

Section 2.10. Acts of the Association Without a Meeting. Any action which may be taken by the Owners at a meeting of the Association may also be taken without a meeting by written consent to such action signed by not fewer than the number of Owners whose votes would have been sufficient to take such action, had a special meeting at which all Owners were present been held for the purpose of taking such action. Such written consent shall state in detail the action so taken. Each action so taken without a meeting shall be reported to the Association.

### ARTICLE III. THE BOARD OF DIRECTORS

Section 3.1. Number and Qualifications. The business, operation and affairs of the Property and of the Association shall be managed on behalf of the Owners, in compliance with and subject to the Declaration and these Bylaws, by the Board of Directors. All of the members of the Board of Directors who are elected by the Owners other than the Declarant must be Owners.

#### Section 3.2. Powers and Duties.

(a) Subject to the limitations and restrictions contained in the Declaration or herein, the Board of Directors shall on behalf of the Owners have all powers and duties necessary to administer and manage the business, operation and affairs of the Property and of the Association. Such powers and duties of the Board of Directors include, but are not limited to, the following:

Directors are subject to the right of the Owners of at least fifty-one percent (51%) of the Lots ("Majority of Owners"), by a resolution duly adopted at any meeting of Owners, to change the Rules. Copies of any amendments or changes to the Rules shall be promptly furnished by the Board of Directors to each Owner.

(ii) The opening and maintaining of bank accounts on behalf of the Association and the designation of the signatures therefor, subject to the provisions of Section 1.4;

(iii) The initiation, prosecution, defense and settlement of litigation for and against the Board of Directors, the Association and the Property, and the payment of any adverse judgment entered therein, provided that the Board of Directors shall make no settlement which results in a liability against the Board of Directors, the Association or the Property in excess of \$10,000.00 without the prior approval of a Majority of Owners;

(iv) The obtaining of insurance pursuant to the Declaration;

(v) The repair or restoration of the Common Facilities following damage or destruction of the Common Facilities, or a permanent taking of the Common Facilities or a portion thereof by the power of (or a power in the nature of) eminent domain or by an action or deed in lieu of condemnation;

(vi) The ownership, purchase, lease, holding and selling or otherwise disposing of, on behalf of the Owners, (A) items of personal property necessary to or convenient in the management of the business and affairs of the Association and the Board of Directors in the operation and management of the Property, including, without limitation, furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies, and (B) Lots, pursuant to Article VIII hereof;

(vii) The borrowing of money on the credit of the Association to obtain funds for any expenditure which may be made by the Board of Directors or the Association, and the assignment in connection with such borrowing of the Association's right to future income, including the right to receive Common Expense assessments;

(viii) The review and approval of proposed Lot leases.

(b) The Board of Directors may appoint various committees composed of members of the Board of Directors and/or Owners to make recommendations to the Board of Directors with respect to the exercise of powers and duties conferred upon the Board of Directors by the Declaration or these Bylaws and to which the Board of Directors may delegate all of the powers referred to in Section 3.2 hereof.

(c) The Board of Directors may employ a professional managing agent, at a compensation established from time to time by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize and direct. The Board of Directors may delegate to the managing agent all of the powers referred to in Section 3.2 hereof except those listed in Section 3.2(a)(i) (as regards promulgation of

(b) The Board of Directors may appoint various committees composed of members of the Board of Directors and/or Owners to make recommendations to the Board of Directors with respect to the exercise of powers and duties conferred upon the Board of Directors by the Declaration or these Bylaws and to which the Board of Directors may delegate all of the powers referred to in Section 3.2 hereof.

(c) The Board of Directors may employ a professional managing agent, at a compensation established from time to time by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize and direct. The Board of Directors may delegate to the managing agent all of the powers referred to in Section 3.2 hereof except those listed in Section 3.2(a)(i) (as regards promulgation of Rules) and 3.2(a)(viii) hereof, provided that except in emergency situations which threaten immediate injury or damage to persons or property, the Board of Directors must authorize or approve all expenditures in excess of \$500 made by the managing agent prior to payment by the managing agent. The Board of Directors shall enter into a written agreement with the managing agent with respect to its duties, responsibilities and compensations. Each such agreement shall (i) be for an initial term of not longer than one (1) year, (ii) be renewable by the parties for renewal terms of not longer than one (1) year each, and (iii) be terminable by either party without cause (and without payment of any termination fee) upon thirty (30) days written notice.

Section 3.3. Members of the First Board of Directors. The members of the first Board of Directors shall be those persons appointed by Declarant. The members of the First Board of Directors, or their respective successors, if any, designated from time to time by Declarant, shall serve until the meeting of Owners at which the Owners are empowered to elect all three members of the Board.

Section 3.4. Removal of Members of the Board of Directors. At any regular or special meeting of Owners, any one or more of the members of the Board of Directors (other than members designated by the Declarant who may be removed and replaced by the Declarant at any time and from time to time) may be removed with or without cause by the affirmative vote of Owners (other than the Declarant) entitled to vote more than 50% of the votes allocable to Lots owned by persons other than the Declarant, and a successor may then or thereafter be elected by a Majority of Owners to fill the balance of the term of the member of Board of Directors so removed. Any member of the Board of Directors whose removal has been proposed by any Owner shall be given an opportunity to be heard at the meeting.

Section 3.5. Vacancies. Vacancies in the Board of Directors caused by any reason (other than the removal of a member thereof by a vote of the Owners) shall be filled by a vote of a majority of the remaining members of the Board of Directors (even though less than a quorum) promptly after the occurrence of the vacancy, and each person so elected shall be a member of the Board of Directors for the remainder of the term so filled.

Section 3.6. Organization Meeting of the Board of Directors. An organization meeting of the Board of Directors shall be called by the President and held within ten (10) business days following each annual meeting of the Association, at such time and place as the newly elected members of the Board of Directors shall determine, for the purposes of organization, election of officers and such other business as may be brought before the meetings.

Section 3.7. Meetings of the Board of Directors. Regular meetings of the Board of Directors shall be called by the President. Special meetings of the Board of Directors may be called by the President or by two or more members of the Board of Directors, and held on notice by letter or telegram, mailed or transmitted not later than five days prior to the meeting date, specifying the time, place and purposes of the meeting. No business may be transacted at a special meeting called by members of the Board of Directors other than as specified in the notice thereof, unless all members attend or waive notice. At regular meetings called by the President, the Board of Directors may transact all business within the authority of the Board of Directors. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors meetings, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors if and to the extent not in conflict with the Declaration and these Bylaws.

Section 3.8. Place of Meeting. Meetings of the Board of Directors shall be held at the Property or at such other place in the vicinity of the Property as the Board of Directors may specify.

Section 3.9. Waiver of Notice. Any notice of any meeting of the Board of Directors may be waived by any member thereof in writing prior to, at or subsequent to the meeting, and attendance at the meeting shall constitute a waiver of notice thereof.

Section 3.10. Quorum. A majority of the members of the Board of Directors then in office shall constitute a quorum at any meeting of the Board of Directors, and the act of a majority of the members at which a quorum is present at the beginning of such meeting shall be the act of the Board of Directors. If less than a quorum is present at the beginning of any meeting, a majority of those present may adjourn the meeting from time to time, and at any adjourned meeting at which a quorum is present any business may be transacted which could have been transacted at the meeting originally called, without further notice.

Section 3.11. Action by Written Consent. The members of the Board of Directors may act by unanimous consent in writing in lieu of a meeting.

Section 3.12. Participation in Meetings by Communications Equipment. One or more members of the Board of Directors may participate in and be counted for quorum purposes at any

meeting of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Section 3.13. Compensation of Members of the Board of Directors. No member of the Board of Directors shall be compensated for acting as such, unless such compensation shall be approved in advance by a Majority of Owners.

Section 3.14. Attendance by Owners. Owners who are not members of the Board of Directors shall have the right to receive notice of or to attend meetings of the Board of Directors (provided that the Board of Directors may provide that portions of each meeting shall be held without the attendance of any Owners who are not Directors). The Secretary shall give Owners notice, in accordance with Section 2.5, of each meeting of the Board of Directors. At each Board of Directors meeting, the attending Owners shall have the right to speak (subject to the rules of the Board of Directors), but not the right to vote.

Section 3.15. Transactions with Members of the Board of Directors. The Board of Directors, on behalf of the Association, may enter into contracts or other transactions with members of the Board of Directors or with any entity in which a member of the Board of Directors is an officer or director or has a financial interest (either directly or indirectly through any spouse, parent, child or sibling). Such contracts and transactions shall be valid and enforceable obligations of the Association, provided either:

(a) if such member of the Board of Directors is present at the meeting at which such contract or transaction is to be acted upon, or has knowledge that such action is contemplated, that (i) the fact that such member of the Board of Directors is such an officer or director or has such a financial interest is disclosed to the Board of Directors prior to the entering into of such contract or transaction, (ii) such fact is entered into the minutes of the meeting of the Board of Directors at which such contract or transaction is approved, and (iii) such contract or transaction is approved in good faith by the requisite number of votes (counting such member of Board of Directors as present for purposes of determining a quorum but not for purposes of determining approval); or

(b) if such member of the Board of Directors is not present at such meeting and does not have knowledge of the pendency of the contemplated contract or transaction, such contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized and approved.

#### ARTICLE IV. OFFICERS

Section 4.1. Number and Qualifications. The officers of the Board of Directors and of the Association shall include a President, Treasurer and Secretary.

Section 4.2. Election, Term and Removal. The officers and any assistant officers shall be elected annually by the Board of Directors at its organization meeting, and shall serve until the next following organization meeting or until their successors are elected. Any officer may be removed at any time, with or without cause, by a majority in number of the members of the Board of Directors.

Section 4.3. Vacancies. Any vacancy in any office by reason of death, resignation, removal or otherwise, shall be promptly filled by the Board of Directors, and the successor appointed shall serve the balance of the term so filled.

Section 4.4. President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of Owners and of the Board of Directors at which he or she is present, and shall have all powers and duties customarily vested in chief executive officers, including the power to execute, acknowledge and deliver instruments on behalf of the Board of Directors and the Association.

Section 4.5. Treasurer. The Treasurer shall be the chief financial officer of the Association. He or she shall have charge and custody of the funds of the Association. The Treasurer shall keep detailed books and records of all assets, liabilities, receipts and expenditures of the Board of Directors and of the Association. Such records shall specify and itemize the maintenance, repair and replacement expenses of the Common Elements and any other expenses incurred. He or she shall keep an accurate record of assessments against Lots for Common Expenses and of the payment thereof by each Owner. Pursuant to Section 1.4 hereof, he or she shall deposit the funds of the Association in the name of the Association in such depositories as the Board of Directors may from time to time designate. He or she shall render to the Board of Directors on request an accounting of all his or her transactions as Treasurer and of the financial condition of the Association, and in general he or she shall have the powers and duties customarily vested in chief financial officers. The Treasurer shall present an annual financial report for the preceding fiscal year at each annual meeting of Owners. The Treasurer and any other employee or agent of the Association handling Association funds may be required to furnish a bond if so required by the Board of Directors, the cost of which bond shall be a Common Expense.

Section 4.6. Secretary. The Secretary shall be responsible for giving any requisite notice to Owners and to members of the Board of Directors, and for keeping the minutes of all meetings of the Association and of the Board of Directors. He or she shall maintain records containing the calls, notices, waivers of notice and minutes of all meetings of the Association and of the Board of Directors, all proxies to vote at meetings of the Association and all written consents of the Board of Directors. The Secretary shall maintain the voting list required by Section 2.7(b) of these Bylaws, a list of all holders of mortgages and a list of all addresses submitted for notice purposes pursuant to the Declaration or these Bylaws. The Secretary shall be the custodian of all the books and records of the Association other than those whose custody is



placed herein in the Treasurer, and in general shall have the powers and duties customarily vested in Secretaries.

Section 4.7. Compensation of the Officers. No officer or assistant officer of the Association shall be compensated for acting as such, unless such compensation shall be approved in advance by a majority of Owners.

Section 4.8. Execution of Instruments. No agreement, deed, lease or other instrument shall be binding upon the Association unless entered into by the Board of Directors and signed by two officers of the Association, or by one officer and by one assistant officer or other person designated by the Board of Directors, provided that one of the officers so signing must be either the President or Secretary. Any two officers or members of the Board of Directors may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

#### ARTICLE V. LIABILITY

Section 5.1. Liabilities of Individual Owners. Individual Owners and any lessees or sublessees of a Dwelling shall be jointly and severally liable for liabilities arising out of their own conduct or arising out of the ownership, occupancy, use, misuse or condition of the Dwelling or the Common Facilities.

Section 5.2. Language Concerning Liability in Agreements. Every agreement, deed, lease or other instrument entered into by the Board of Directors on behalf of the Association shall provide that the Board of Directors and the officers or assistant officers executing the same are acting only as agents for the Owners and shall have no personal liability thereunder (except to the extent, if any, that they may also be Owners at the time any such liability is assessed).

Section 5.3. Costs of Suit in Actions Brought by One or More Owners on Behalf of All Owners. If any action is brought by one or more but less than all Owners on behalf of all Owners, and recovery is had therein, the plaintiff's expenses, including reasonable counsel fees, shall be a Common Expense, but only to the extent that such expenses are less than the amount recovered on behalf of the Association. If, however, such action is brought against the Association or otherwise against all other Owners or against the Board of Directors, the officers, assistant officers, employees or agents thereof in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the plaintiff's expenses, including counsel fees, shall not be charged to or borne by the other Owners, as a Common Expense or otherwise.

Section 5.4. Noncompliance and Waiver. Any failure or any threatened failure to comply with the Declaration or the covenants, conditions and restrictions set forth in the deed to each Lot shall be grounds for an action for the recovery of damages (including the costs of the Board of Directors's taking any action necessary to correct or remedy any such failure, including

reasonable counsel fees) or for injunctive relief, or both, maintainable by any member of the Board of Directors on behalf of the Board of Directors or the Association, or, in a proper case, by an aggrieved Owner or by an Eligible Mortgagee aggrieved by any such non-compliance. The Board of Directors shall have the right to do any work and take any steps necessary to correct or prevent any failure or threatened failure to so comply, with the right by itself or its agents or employees to enter any Lot at all reasonable times to do so. The expenses thereof, and of any action undertaken by the Board of Directors pursuant to Section 6.4, together in each case with interest at the lesser of 15% per annum or the legal rate then allowed, shall be promptly assessed by the Board of Directors against the Owner and shall be collectible and enforceable in accordance with the provisions of Article VI hereof. No restriction, condition, obligation or provision contained in the Declaration, these Bylaws or in the deed to any Lot shall be deemed to have been abrogated or waived by reason of any failure, single or repeated, to enforce the same.

## ARTICLE VI. COMMON EXPENSES AND ASSESSMENTS.

Section 6.1. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 6.2. Determination of Common Expenses. The Board of Directors shall hold annual budget meetings during November of each year. At the annual budget meetings, the Board of Directors shall determine the estimated Common Expenses for the ensuing fiscal year, which determination shall be reflected in an appropriate budget, and the Common Expenses incurred and the income, if any, known and anticipated to be received during the then current fiscal year. Such determination of expenses and budgets shall include, without limitation, such amounts as the Board of Directors deems proper to provide adequate working capital, a general operating reserve, and reserves for replacements, casualty losses in excess of insurance coverage, litigation, uncollectible assessments, contingencies and the like. The reserve for maintenance, repair and replacement of the Common Elements which require periodic replacement shall be separately maintained on the Association's books, and shall be funded at least annually out of regular Common Expense assessments and, at the Board of Directors' discretion, from the initial capital contributions made by purchasers of Lots to the Association. To the extent the Board of Directors from time to time may deem necessary, the Board of Directors may also make interim determinations of anticipated Common Expenses between such regular annual determinations, and adopt revised budgets accordingly. The adoption of any such revised budget shall not require a special budget meeting of the Board of Directors, but may be enacted at any regular meeting of the Committee.

Section 6.3. Assessment of Common Expenses. Promptly following the adoption of the annual budget and each revised budget, the Board of Directors shall assess against each Lot its share of the Common Expenses theretofore incurred or budgeted estimated future Common Expenses chargeable to each Lot. All such assessments shall be in writing and, together with a copy of the annual budget, shall be promptly given to each affected Owner in the same manner as is provided in the case of notice given pursuant to these Bylaws. The Owners shall be severally

but not jointly liable for the payment of such assessments. Assessments and any installments thereof, together with interest thereon at the lower of the rate of 15% per annum or the maximum legal rate permitted to be charged therefor from the date which is ten (10) days after the date on which payment is due, shall constitute a charge against such Lot until fully paid. Assessments for annual budgets may be collected in one annual installment or in monthly installments, as the Board shall elect, and any special assessments for a revised budget may in the Board of Directors' sole discretion be collected in a lump sum or in monthly assessments. Whenever assessments shall be payable in installments, interest shall accrue only on installments which are ten (10) or more days delinquent, as aforesaid. In the event that any installment of any assessment shall be past due for more than forty-five (45) days, the remaining unpaid balance of such assessment, plus interest as aforesaid, shall, at the option of the Board of Directors, become immediately due and payable in full. The Owner's liability for any assessments under this Article VI shall not be abated due to any interruption in his or her right of occupancy of his or her Lot, or any interruption in the delivery of any services to the Owners or his or her Lot or for any other reason whatsoever, except as otherwise specifically set forth in this Article VI.

Section 6.4. Collection of Delinquent Assessments. It shall be the obligation of the Board of Directors to take prompt action to collect assessments (together with accrued interest as aforesaid) which remain unpaid after 30 days from the date on which they became due and payable as determined by the resolution pursuant to which they were made. Any delinquent assessment together with accrued interest thereon may be collected by suit initiated by the Board of Directors acting on behalf of the Association, including without limitation the delinquent Owner. The suit shall refer to the Lot against which the assessment is made and to the delinquent Owner, and shall be indexed by the Prothonotary as a *lis pendens* against the Lot. Any judgment against an Owner shall be enforceable as provided by law. The delinquent Owner shall be obligated to pay all expenses of the Association incurred in the collection of the delinquent assessment by legal proceedings or otherwise, including reasonable counsel fees. Any amounts paid by the Association for taxes for the Lot or on account of superior liens or otherwise to protect the Association's lien, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

Section 6.5. Power to Confess Judgment to Collect Delinquent Assessments.

(a) AS A MEANS OF ENFORCING THE OBLIGATION OF THE OWNERS TO PAY ALL ASSESSMENTS LEVIED PURSUANT TO THE DECLARATION AND THESE BYLAWS, THE BOARD OF DIRECTORS SHALL HAVE THE RIGHT AND POWER TO OBTAIN A JUDGMENT OR JUDGMENTS FOR DELINQUENT ASSESSMENTS BY CONFESSION AGAINST THE OWNER AGAINST WHOM SUCH DELINQUENT ASSESSMENTS HAVE BEEN LEVIED. ACCORDINGLY, EACH OWNER, BY HIS OR HER ACCEPTANCE OF THE DEED TO HIS OR HER LOT, SHALL BE DEEMED TO HAVE APPOINTED ANY ONE OR MORE MEMBERS OF THE BOARD OF DIRECTORS THE ATTORNEY-IN-FACT FOR SUCH OWNER TO CONFESS A

JUDGMENT AGAINST SUCH OWNER IN ANY COURT OF COMPETENT JURISDICTION IN THE COMMONWEALTH OF PENNSYLVANIA FOR ANY DELINQUENT ASSESSMENT OR ASSESSMENTS, FOR THE PURPOSE OF WHICH A COPY OF THIS SECTION 6.5 AND A COPY OF THE OWNER'S DEED TO HIS OR HER LOT (BOTH VERIFIED BY THE AFFIDAVIT OF ANY MEMBER OF THE BOARD OF DIRECTORS) SHALL BE SUFFICIENT WARRANT. THE AUTHORITY HEREIN GRANTED TO CONFESS JUDGMENT SHALL NOT BE EXHAUSTED BY ANY EXERCISE THEREOF BUT SHALL CONTINUE AND BE EFFECTIVE AT ALL TIMES WITH RESPECT TO EACH AND EVERY DELINQUENT ASSESSMENT. SUCH AUTHORITY TO CONFESS JUDGMENT AND THE AFORESAID APPOINTMENT OF ATTORNEYS-IN-FACT, BEING FOR SECURITY, SHALL BE IRREVOCABLE.

(b) The Board of Directors shall not exercise its right to obtain a judgment by confession (i) against any institutional lender who had acquired title to a Lot by foreclosure sale or deed in lieu of foreclosure, or (ii) against any Owner until the Board of Directors shall have given the delinquent Owner at least five (5) days' notice of its intention to do so.

Section 6.6. Initial Capital Contribution. Each person who purchases a Lot from the Declarant shall contribute at the time of conveyance of such Lot to such Purchaser as working capital for the Association an amount as set forth in his or her Agreement of Sale. Such amount shall constitute a non-refundable capital contribution to the Association, to be used to pay start-up expenses of the Association, to prepay certain expenses of the Association (such as insurance premiums) and to provide an initial reserve against unanticipated expenses, and shall not be credited as an advance payment of Common Expenses.

Section 6.7. Initial Budget. At or prior to the time the Board of Directors determines that assessment of Common Expenses shall commence, the Board of Directors shall adopt the budgets for Common Expenses, as described in this Article, for the period commencing on the date the Board of Directors determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs.

Section 6.8. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a Common Expense budget for any fiscal year shall not constitute a waiver or release in any manner of a Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay each annual assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

Section 6.9. Statement of Common Expenses. The Board of Directors shall promptly provide any Owner, contract purchaser or proposed mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from each Owner.

The Board of Directors may impose a reasonable uniform charge for the preparation of such statement and/or certificate and the reproduction of such documents in order to cover the cost of such preparation and reproduction.

## ARTICLE VII. MAINTENANCE OF THE PROPERTY

### Section 7.1. Maintenance and Repair of the Property.

(a) All Dwelling maintenance and repairs, structural or non-structural, ordinary or extraordinary shall be made by the Owner at the Owner's sole expense.

(b) All maintenance, repairs and replacements necessary to keep the Common Facilities in a good and orderly state of repair and cleanliness shall be made by the Board of Directors and charged to all Owners as a Common Expense. Pursuant to resolution duly adopted, and except as otherwise provided in these Bylaws, the Board of Directors may arrange for any additions, alterations, improvements, maintenance and repairs to the Common Facilities it deems necessary or desirable. In each case where the cost of any single item of addition, alteration, improvement or non-essential maintenance or repair is estimated by the Board of Directors to exceed \$2,000.00, the Board of Directors must obtain the prior approval of the Majority of Owners by resolution at any meeting of Owners.

(c) Each Owner shall keep his or her Dwelling in good and orderly state of repair and cleanliness.

(d) Notices of violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction, relating to any portion of the Property, shall be complied with by the Board of Directors and shall be charged as a Common Expense if the notice of violation pertains to the Common Facilities or any portion thereof. If and to the extent the notice of violation relates to any particular Dwellings, the Owners of such Dwellings shall be responsible for correcting the condition at their own expense.

Section 7.2. Liability of Owners for Damage Caused to Common Facilities. Each Owner shall be liable to the Association for all damage to any of the Common Facilities, whether within or outside his or her Lot, and to any fixtures or personal property contained within the Common Facilities, caused by the act, omission or negligence of the Owner, his or her family, domestic employees, lessees or occupants of his or her Lot, to the extent not covered by the proceeds of any insurance carried by the Association.

Section 7.3. Increase in Insurance Cost. No Owner shall use or permit the use of his or her Lot or of the Common Facilities so as to cause an increase in the rate of insurance held by the Association on the Property, and each Owner shall be liable to the Association for any such

increase with respect to the Property to the extent occasioned by the use, misuse, occupancy or abandonment of his or her Lot.

#### ARTICLE VIII. OWNERSHIP OF LOTS BY THE ASSOCIATION.

Section 8.1. Purchase of Lots by the Association. Except as otherwise stated herein, the Board of Directors, on behalf of the Association, in its own name or the name of its designee, may only purchase or otherwise acquire and hold title to any Lot or any interest therein as a result of (i) enforcement of its lien for assessments, or (ii) execution upon a judgment obtained in order to collect a delinquent assessment. The Association may borrow all or part of the funds necessary to effect any such purchase and may create a mortgage against the Lot to secure the borrowing. So long as the Association is the owner of any Lot so purchased, the Association shall have the power, in its own name or in the name of its nominee, to hold, sell, convey, lease, mortgage as aforesaid and otherwise deal in and with the Lot, and in so doing it shall be acting on behalf of all other Owners.

Section 8.2. Effect of Ownership of Lots by the Association. During any period when the Association has legal or beneficial title to a Lot:

(a) all assessments for Common Expenses and all taxes, municipal claims and charges assessed against the Lot shall be paid by the Board of Directors, and the amounts so paid, together with all other expenses of purchasing, holding, selling, conveying, mortgaging, leasing or otherwise dealing with the Lot, shall constitute a Common Expenses to be assessed against all other Owners in accordance with such adjusted Percentage Interests;

(b) the voting rights appurtenant to the Lot shall be suspended and may not be exercised or counted for quorum purposes;

(c) no notice of any meetings of the Association or of the Board of Directors or notice of assessments, budgets or the like need be given in respect to that Lot; and

(d) the rights and obligations of Owners in the event of a termination pursuant to the Declaration shall be construed, allocated and borne as if such Lot were not included in the Property.

#### ARTICLE IX. BOOKS, RECORDS AND REPORTS.

Section 9.1. Maintenance of Books and Records. The Board of Directors shall maintain or cause the proper committees, officers or managing agents to maintain complete, accurate and current books and records, fully reflecting the operations, proceedings and financial condition of the Board of Directors and the Association and the operation and condition of the

Property. Such books and records shall include without limitation the books and records to be maintained by the Treasurer under Section 4.5 and the Secretary under Section 4.6 of these Bylaws and the voting list to be maintained by the Secretary under Section 2.7 of these Bylaws.

Section 9.2. Access to Books and Records. The books and records of the Association shall be kept at the Property or at such other location in the vicinity of the Property as the Board of Directors may from time to time determine, and upon reasonable written notice shall be available for examination during regular business hours by the Owners, by persons who have entered into binding written agreements to purchase Lots, and by Eligible Mortgagees.

Section 9.3. Reports. The Board of Directors shall, within 120 days after the end of each fiscal year, provide each Owner and the holder of each mortgage with a report of receipts and disbursements of the Association for the year then ended, prepared from the books and records. The annual reports may contain additional information and financial data, and the Board of Directors may provide special or periodic interim reports.

#### ARTICLE X. MISCELLANEOUS.

Section 10.1. Notices. All notices hereunder shall be sent by first class mail, postage paid, addressed as follows: (i) if to the Board of Directors, at the Property or at such other address (including without limitation the address of any managing agent) as the Board of Directors may from time to time designate by written notice to all Owners and Eligible Mortgagees; (ii) if to the Association, in care of the Board of Directors at its address as specified in clause (i) above; (iii) if to the Owners, at their respective addresses within the Property, or at such other addresses as they may from time to time designate by written notice to the Board of Directors; and (iv) if to the Eligible Mortgagees, at their addresses on the register to be maintained by the Secretary, or at such other addresses as they may from time to time designate by written notice to the Board of Directors. All notices of meetings of the Association or of the Board of Directors which may or are required to be given to Owners may also be hand delivered to the Owners. All notices of change of address shall be deemed to have been given when received.

Section 10.2. Effective Date. These Bylaws shall become effective when the Declaration has been duly entered of record in the Office of the Recorder of Deeds for Chester County.

Section 10.3. Headings. The headings and table of contents are for reference purposes only and shall not affect the meaning or interpretation of these Bylaws.

Section 10.4. Invalidity. If any provisions of these Bylaws are determined to be invalid, the determination shall not affect the validity or effect of the remaining provisions hereof or of

the Declaration, Plans or Rules, all of which shall continue in effect as if such invalid provisions had not been included herein.

Section 10.5. Conflicts. The Declaration shall control in the case of any conflict between the provisions thereof and the provisions of these Bylaws. The Declaration and these Bylaws shall control in the case of any conflict between the provisions thereof and the provisions of the Rules.

Section 10.6. 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.

#### ARTICLE XI. AMENDMENTS.

Section 11.1. Amendments. These Bylaws may be amended from time to time by resolution duly adopted at any meeting of Owners, by the affirmative vote of a Majority of Owners, provided that Declarant shall have first consented in writing in the case of any amendment which would affect the rights of Declarant to designate members of the Board of Directors pursuant to the Declaration (so long as Declarant is the owner of any one or more Lots not theretofore sold by Declarant to others), or would otherwise have a material effect upon any of the rights, powers, privileges or options afforded Declarant hereby. Each such amendment shall be effective upon the adoption of such amendment in accordance with the provisions of this Section 11.1.

ESTABLISHED AND ADOPTED by the undersigned, being all of the members of the Board of Directors, this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

By: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_