

BYLAWS
OF
THE MEADOWS AT WALNUT BANK CONDOMINIUM ASSOCIATION

ARTICLE I INTRODUCTION

1.1 Applicability. These Bylaws provide for the governance of the Association pursuant to the requirements of Section 3306 of the Pennsylvania Uniform Condominium Act 68 Pa.C.S.A. Section 3101, et seq. (the NAct"). The Real Estate is located in Richland Township, Bucks County, Pennsylvania, as more particularly described in the Declaration, and has been submitted to the provisions of the Act by the recording of the Declaration in the Office for the Recording of Deeds in and for Bucks County, in Deed Book _____, at page _____.

1.2 Definitions. 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.

1.3 Compliance. Pursuant to the provisions of the Act, every Unit Owner and all those entitled to occupy a Unit shall comply with these By-Laws.

1.4 Office. The office of the Condominium, the Association, and the Executive Board shall be located at the Property or at such other places as may be designated from time to time by the Executive Board.

ARTICLE II THE ASSOCIATION

2.1 Composition. The Association is hereby organized on the date hereof as an unincorporated association. The Association shall consist of all of the Unit Owners acting as a group in accordance with the Act, the Declaration and these Bylaws. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium 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. Except as to those matters which the Act specifically requires to be performed by the vote of the Association, the foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in these Bylaws.

2.2 Annual Meetings. The annual meeting of the Association shall be held during the month of June of each year. At such annual meeting the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.4 of these Bylaws (subject to the provisions of the Declaration) and such other business as may properly come before the meeting may be transacted.

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

2.4 Special Meetings.

a. 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 Unit Owners entitled to cast at least 25% of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within 45 days after receipt by the Secretary of said resolution or petition; provided, however, if the purpose includes the consideration of a capital expenditure, such meeting shall be held within 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.

b. On a day within 60 days after conveyance 25% of the Units to Unit Owners other than the Declarant, a special meeting of the Association shall be held at which two members of the Executive Board designated by the Declarant shall resign, and the Unit Owners, 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 3 years and the successor receiving the next highest number of votes shall serve for 2 years, except that the term of such member shall be subject to the provisions of paragraph 2.4(c) below. Further, if such members are elected at a special meeting of the Association, the term of office shall end on the date of the regular annual meeting of the year in which the term of office would otherwise end.

c. On a day within 120 days preceding the date by which all Declarant-appointed members of the Executive Board must resign pursuant to *Article XXI* of the Declaration, a special meeting of the Association shall be held at which all of the members of the Executive Board shall resign and the Unit Owners (including Declarant to the extent Units owned by Declarant) shall elect a five member Executive Board. The two (2) successors receiving the highest number of votes shall serve for 3 years, the two (2) successors receiving next highest number of votes shall serve for 2 years, and the remaining member shall serve for 1 year. Further, if such members are elected at a special meeting of the Association, the term of office shall end on the date of the regular annual meeting of the year in which the term of office would otherwise end.

d. If any meeting required pursuant to subparagraphs a, b and c above can be held on the date of the annual meeting, then such meeting shall be held concurrently with such annual meeting.

e. Nothing herein shall be interpreted or construed to preclude the Declarant from electing to turn over control of the Association earlier than the final date for such turnover pursuant to the Declaration and/or these Bylaws, or to render invalid the election of a new Executive Board pursuant to Section 2.4(c) above due to the election of the Declarant to turn over control of the Association earlier than the final date for such turnover.

2.5 Notice of Meetings. The Secretary shall mail to each Unit Owner a notice of each annual or regularly scheduled meeting of the Association at least ten but not more than sixty days, and of each special meeting of the Unit Owners at least ten but not

more than forty-five days, prior to such meeting, stating the time, place and purpose thereof. The giving of a notice of meeting in the manner provided in this Section and Section 8. 1 of the Bylaws shall be considered service of notice.

2.6 Adjournment of Meetings. If at any meeting of the Association a quorum is not present, the Executive Board may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

2.7 Voting. As set forth in Article IV of the Declaration, each Unit shall be entitled to one (1) vote. 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 is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 3310(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. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Unit at any meeting of the Association. Except with respect to election of members of the Executive Board, and except where a greater number is required, at a duly convened meeting at which a quorum is present, a majority of the aggregate Percentage Interest in the Condominium voting in person, by proxy and by absentee ballot at one time (Majority of the Unit Owners present") is required to adopt decisions at any meeting of the Association. Any specified percentage of the Unit Owners means the Unit Owners owning such Percentage Interests in the aggregate. In all elections for Executive Board members, each Unit Owner shall be entitled to cast for each vacancy to be filled the number of votes allocated to his Unit in the Declaration. Those nominees receiving the greatest number of votes shall be elected and, if nominees are being elected for unequal terms, the nominees receiving the highest number of votes shall be elected to the longest terms. Except as set forth in Section 2.4b above, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units owned by the Declarant are entitled. No votes allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting.

2.8 Proxies and Absentee Ballots. A vote may be cast in person, proxy or by absentee ballot. If a Unit is owned by more than one Person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. Such proxy may be granted by any United Owner in favor of only another Unit Owner, a Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only of the particular meeting designated therein and must be filed with 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 year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

2.9 Quorum. Except as otherwise provided in these Bylaws, the presence in person, by

proxy or by absentee ballot of Unit Owners of ten percent (10%) or more of the aggregate Percentage Interests at the commencement of a meeting shall constitute a quorum at all meetings of the Association. If a meeting is adjourned pursuant to Section 2.6 above, the quorum at such second meeting shall be deemed to be present, throughout any meeting if persons entitled to cast 10% of the votes of the Association are present in person, by proxy and by absentee ballot at the beginning of the meeting.

2.10 Conduct of Meeting. The President (or in his absence, any Vice- President) shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

ARTICLE III EXECUTIVE BOARD

3.1 Number and Qualification. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of five persons, all of whom shall be Unit Owners or designees of the Declarant. The Declarant shall have the right in its sole discretion to replace such directors as may be designated by the Declarant, and to designate their successors.

3.2 Powers and Duties. 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 required to be exercised and done by the Association. The Executive Board shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not be in conflict with the Act, the Declaration or these Bylaws. The Executive Board shall delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Executive Board on such matters relating to the duties of the Managing Agent {as defined in Section 3.3), if any, which may arise between meetings of the Executive Board as the Executive Board deems appropriate.

The following are supplements and restrictions with respect to the duties and powers of the Executive Board.

a. The Executive Board shall maintain current copies of the Declaration, Bylaws and rules and regulations of the Association, including all amendments thereto, and shall keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. The current copies of the Declaration, Bylaws and rules and regulations, including all amendments thereto, the books and records, and vouchers evidencing the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, and Permitted Mortgagees, during general business hours on working days at the times and in the manner set and announced by the Executive Board for the general knowledge of Unit Owners. The current copies of the Declaration, Bylaws and rules and regulations, including all amendments thereto, the books and records, and the most

recent audited financial statement of the Association, if such is prepared, shall be available for examination by prospective purchasers of Units during general business hours on working days at the times and in the manner set and announced by the Executive Board for the general knowledge of Unit Owners. All books and records shall be kept in accordance with good and accepted accounting practices, and same shall be reviewed at least once each year by an independent accountant retained by the Executive Board who shall not be a resident of the Condominium or a Unit Owner. The cost of such review shall be a Common Expense. Upon written request for same by a Permitted Mortgagee, the Executive Board shall have an audited statement prepared for the preceding fiscal year by an independent accountant retained by the Executive Board who shall not be a resident of the Condominium or a Unit Owner. The Executive Board shall make the audited statement available to the Permitted Mortgagee. The cost of such audited statement shall be a Common Expense.

b. The Executive Board may notify a Mortgagee of any default thereunder by the Unit Owner of the Unit subject to such Mortgage, in the event default continues for a period exceeding thirty days, if such notice is requested by a Mortgagee.

c. The Executive Board may borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care upkeep and maintenance of the Common Elements; provided, however, that (i) the consent of two-thirds (2/3) of all Unit Owners obtained at a meeting duly called and held for such required to borrow any sum in excess of \$100,000.00.

If any sum borrowed by the Executive Board on behalf of the Condominium pursuant to the authority contained in this Sub-paragraph c is not repaid by the Unit Owners Association, a Unit Owner who pays to the creditor such proportion thereof as his Percentage Interest bears to the total Percentage Interest in the Condominium 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 to file against such Unit Owners Condominium Unit.

d. The Executive Board may adopt the annual budget, amendments thereto, and assess Common Expenses, late fees, fines and special assessments.

e. The Executive Board may appoint such committees as are deemed appropriate to the sole discretion of the Board of Directors.

f. The Executive Board may do such other things and acts not inconsistent with the Act, the Declaration or these Bylaws which the Executive Board may be authorized to do by a resolution of the Association.

3.3 Managing Agent. The Executive Board may employ for the Condominium a "Managing Agent" at a compensation established by the Executive Board.

a. Requirements. The Managing Agent shall be a bona fide business enterprise, unaffiliated with the Declarant, which manages residential communities with common areas and facilities. Such firm shall have a minimum of two years' experience in real estate community management and shall employ persons possessing a high level of competence and the technical skills necessary to proper management of the Condominium. The Managing Agent must be able to advise the Executive Board regarding the administrative operation of the condominium and shall employ a personnel expert in the areas of condominium insurance, accounting, and condominium regulations.

b. Duties. 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; provided, however, where a Managing Agent does not have the power to act under the Act, the Declaration or these Bylaws such duties shall be performed as advisory to the Executive Board. 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 expense;
- (2) To adopt, repeal or remand rules and regulations;
- (3) To designate signatures on Association Bank Accounts;
- (4) To borrow money on behalf of the Association;
- (5) To acquire and mortgage Units;
- (6) To designate Reserve Common Elements;
- (7) To allocate limited Common Elements.

The Managing Agent shall perform the obligations, duties and services relating to management of the property, the rights of mortgagees and the maintenance of reserve funds in compliance with the provisions of the Bylaws.

c. Standards. 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 accrual 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 others providing goods or services to the Association whether in the form of commissions, finders fees, services 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 Association disclosing:
 - a. All income and disbursement activity for the preceding months;
 - b. The stats of all accounts in an "actual" as compared to "projected" (budget) format; and

d. Limitations. Subject to the provisions of Section 3305 of the Act, during the period when persons designated by the Declarant constitutes a majority of the Executive Board, the Executive Board may employ any Managing Agent. Any contract with the Managing Agent must provide that it be terminated prior to the end of the contact term with cause only, on no mere than sixty (60)'s written notice; excepting, however, the following termination of Declarant's control and

the election of a new five (5) member Executive Board as set forth in Section 2.4 (c) hereof, the new Executive Board may terminate the contract with the Managing Agent without cause on no more than ninety (90) days written notice.

3.4 Election and Term of Office.

a. At the annual meeting of the Association, subject to the provisions of the Declaration, the term of office of members of the Executive Board to be elected (except as set forth in Section 2.4(b) and 2.4(c) above) shall be fixed at 3 years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors, of their 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:

(1) Any Unit Owner may submit to the Association at least fifteen days before the meeting at which the election is to be held, or as otherwise designated by the Executive Board in the notice of the meeting, a nominating petition signed by said Unit Owner together with a statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Association shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting; or

(2) Nominations may be submitted from the floor at the meeting at which the election is held.

3.5 Removal or Resignation of Members of the Executive Board. Except with respect to members designated by Declarant, at any regular or special meeting duly called, any one or more of the members of the Executive Board may be removed with or without cause by a majority of all Unit Owners and a successor may then and there be elected to fill the vacancy this created. Any Unit Owner proposing the removal of a Board Member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit Owner shall be given at least ten days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. 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.

3.6 Vacancies. Except as set forth in Section 3.1 above with respect to members appointed by the Declarant, vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of the Unit Owners shall be filled by a vote of a majority of the remaining members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the 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 terms of the member being replaced and until a successor shall be elected at an annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor. In the case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term.

3.7 Organization Meeting. The first meeting of the Executive Board following the annual meeting of the Association shall be held within ten days thereafter at such time and place as shall be fixed by the President (even if he is outgoing President) at the meeting at which such

Executive Board shall have been elected, and no notice shall be necessary to the newly elected members of the Executive Board in order legally to constitute such meeting, if a majority of the Executive Board members shall be present at such meeting.

3.8 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 a majority of the members, but such meeting shall be held at least once every four months during each fiscal year. Notice of regular meeting of the Executive Board shall be given to each member, by mail or telegraph, at least three business days prior to the day named for such meeting.

3.9 Special Meetings. Special Meetings of the Executive Board may be called by the President on three business days' notice to each member, given by mail, facsimile machine or telegraph, which notice shall state the time, place and purpose of the meeting. Special meeting of the Executive Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two members of the Executive Board.

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 of the time, place and purpose of such meeting. If all members are present at any meeting of the Executive Board, no notice shall be required any business may be transacted at such meeting.

3.11 Quorum of the Executive Board. At all meetings of the Executive Board a majority of the members shall constitute a quorum for the transaction of business, and 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. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. 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 by means of which all persons participating in the meeting can hear each other.

3.12 Fidelity Bonds. As may be required by the Declaration, 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 Condominium funds. The premiums on such bonds shall constitute a Common Expense. Fidelity insurance may be provided through the Managing Agent in lieu of the above.

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

3.14 Conduct of Meeting. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meeting, recording therein all resolutions adopted by the Executive Board 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 meeting of the Executive Board when not in conflict with the Declaration, these Bylaws or the Act.

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

3.16 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 violable 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 the circumstances specified in either of the following subparagraphs exists:

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 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.

3.17 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 3.16 hereof.

ARTICLE IV OFFICERS

4.1 Designation. The principal officers of the Association shall be the President, Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint as assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President and Vice-President shall be members of the Executive Board. Any other officers may, but need not be, Unit Owners or members of the Executive Board. An officer other than the President may hold more than one office.

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

4.3 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 regular meeting of the Executive Board called for such purpose.

4.4 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 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. The President shall cease holding such office at such time as he ceased to be a member of the Executive Board.

4.5 Vice-President. The Vice-President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the President, on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Executive Board or by the President. The Vice-President shall cease holding such office at such time as he ceases to be a member of the Executive Board.

4.6 Secretary. 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 corporation organized under the laws of Pennsylvania. The Secretary shall, upon request, provided any Person or cause to provide to any Person entitled thereto a written statement or certification of the information required to be provided by the Association pursuant to Sections 331 S(g), 3407(a) and 3407(b) of the Act and Section 5.10 below.

4.7 Treasurer. 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 corporation organized under the laws of Pennsylvania.

4.8 Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of \$500.00 shall be executed by two officers of the Association. All such instruments for expenditures or obligations of \$500.00 or less may be executed by any one officer of the Association. Notwithstanding the foregoing, the authority to execute all such documents may be delegated to the Managing Agent by the Executive Board.

4.9 Compensation of Officers. No officer who is also a member of the Executive Board shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any out-of-pocket expenses incurred in performing his duties; provided, however, the Secretary and Treasurer may be compensated for their services if the Executive Board determines such compensation to be appropriate.

ARTICLE V COMMON EXPENSES

5.1 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

may begin anytime and end at the end of the calendar year.

5.2 Preparation and Approval of Budget.

5.2.1 On or before the first day of December of each year (or thirty days before the beginning of the fiscal year if the fiscal year is other than the calendar 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 as to which it is the responsibility of the Executive Board 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 Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Executive Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements.

5.2.2 At least thirty days before the beginning of the fiscal year, 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 Owners' assessments for General Common Expenses and Limited Expenses of the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.

5.2.3 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.

5.3 Assessment and Payment of Common Expenses.

5.3.1 General Common Expenses. The Executive Board shall calculate the monthly assessments for General Common Expenses against each Unit by multiplying (a) 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 income expected to be received from sources other than Common Expense assessments and the operation of the Limited Common Elements to which the Limited Expenses pertain, by (b) the Percentage Interest (expressed in decimal form) allocated to such Unit, and dividing the resultant by (c) the number of calendar months in such 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 Unit Owner's Unit as provided in the Act and the Declaration. 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 Interests and shall be payable in one or more monthly assessments, as the Executive Board may determine.

5.3.2 Reserves. The Executive Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against reserves. 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 Expense and/or Limited Expense, which shall be assessed against the Unit Owners either according to their respective Percentage Interests with regard to General Common Expenses or in accordance with allocable share of limited Expense with regard to Limited Expenses (whichever is appropriate), and shall be payable in one or more monthly assessments as the Executive Board may determine.

5.4 Further Assessments. The Executive Board shall serve notice on any or all Unit Owners of any further assessments pursuant to Sections 5.3.1 or 5.3.2 or otherwise as permitted or required by the Act, the Declaration and these Bylaws on any or all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly assessment which is due more than ten days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the amount of such monthly assessments. Such assessment shall, be a lien as of the effective date as set forth in the preceding Sections 5.3.1 and 5.3.2.

5.5 Initial Budget. At or prior to the time the Executive Board determines to begin assessments, the Executive Board shall adopt the budget, as described in this Article, for the period commencing on the date assessments are to begin and ending on the last day of the fiscal year in which such determinations occurs. Assessments shall be levied and become a lien against the Units during such period as provided in Section 5.3 above.

5.6 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 Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly assessment at the rate established for the previous fiscal year until notice of the monthly assessment which is due more than ten days after such new annual or adjusted budget shall have been delivered.

5.7 Accounts; Audits. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and the same shall be inspected at least once a year by an independent accountant retained by the Executive Board. Upon written request for same by a Permitted Mortgagee, the Executive Board shall have an audited statement prepared for the preceding fiscal year by an independent accountant retained by the Executive Board. Upon timely written request for same, the Executive Board shall make the audited financial statement available to the Permitted Mortgagee within 120 days of the end of the Association's fiscal year.

5.8 Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article V. No Unit 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 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 jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five days following a written request therefor to the Executive Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount herein set forth; and provided, further, that, subject to Section 331 S {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.

5.9 Collection of Assessments. The Executive Board or the Managing Agent, at the request of the Executive Board, shall take a prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty days from the due date for payment hereof. Any assessment not received within fifteen days after due shall accrue a late charge in the amount of \$10.00 in addition to interest at the rate of 15% per annum or such other rate as may be determined by the Executive Board.

5.10 Statement of Common Expenses. The Executive Board shall promptly provide any Unit Owner, contract purchaser or Permitted Mortgagee so requesting the same in writing with a written statement for all unpaid assessments for Common Expenses due from such Unit Owner. The Executive Board or Manager 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 VI COMPLIANCE AND DEFAULT

6.1 Relief. Each Unit Owner shall be governed by, and shall comply with of the terms of the Declaration, these Bylaws, the Rules and Regulations and the Act as any of the same may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

a. Additional Liability Each Unit 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 any members of his family, of his employees, agents 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 rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its right of subrogation.

b. Costs and Attorney's Fees. In any proceeding arising out of any alleged default by a Unit

Owner, the Association shall be entitled to recover the costs of such proceedings, including such reasonable attorney's fees as may be determined by the Court.

c. No Waiver of Rights. The failure of the Association, the Executive Board or of a Unit 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 Unit 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 Unit 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 Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaw contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights: (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

e. Penalty Assessment. In addition to any of the assessments provided for in Article V, should any Unit Owner violate any of the Rules and Regulations adopted by the Executive Board, or breach any Bylaw therein contained or breach any provisions of the Declaration or the Act, then, in that event, the Executive Board in addition to other rights granted to it herein, may upon a majority vote of the Executive Board members present, impose a penalty assessment upon the defaulting Unit Owner. In each instance, the Executive Board, in its discretion, shall have the right to make penalty assessments on a per diem or per incident basis, pursuant to rules and regulations promulgated by the Executive Board. All Unit Owners so assessed shall be obligated to pay the amount of such assessment along with their next monthly assessment and such penalty assessment shall be a lien as of the effective date as set forth in the preceding sections of these Bylaws.

ARTICLE VII AMENDMENTS

7.1 Amendments to Bylaws. These Bylaws may be modified or amended by a simple majority of all Unit Owners, except where otherwise expressly set forth herein or in the Act; provided, however, that until the date on which all Declarant-appointed Board members voluntarily resign or are required to resign pursuant to the provisions of the Declaration, Section 2.2, Section 2.4, Section 3.1, and this Section 7.1. of the Bylaws may not be amended without the consent in writing of the 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 provisions 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 the Federal Home loan Mortgage Corporation with respect to condominium projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the Owners of any liens on all or 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.

7.2 Approval of Mortgages. These Bylaws contain provisions concerning various rights and interest 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 amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Permitted Mortgagee shall be adopted without the prior written consent of such Permitted Mortgagee.

7.3. Amendments to the Declaration. Amendments to the Declaration shall be made in accordance with the applicable provisions of the Declaration of Condominium.

ARTICLE VIII MISCELLANEOUS

8.1. 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, return receipt requested, postage prepaid (or otherwise as the Act may permit, (i) if to a Unit Owner, at the single address which the Unit 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 Unit Owner, or (ii) if the Unit Owners Association, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit 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.

8.2 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 intents of any provision thereof.

8.2 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 contexts () requires.

