

BYLAWS
OF
BLUE COURSE
CONDOMINIUM ASSOCIATION

ARTICLE 1
INTRODUCTION

1.1 Applicability. These Bylaws provide for the governance of the Blue Course Condominium Association pursuant to the requirements of Section 3006 of the Pennsylvania Uniform Condominium Act (the "Act"). The Real Estate located in State College, Centre County, Pennsylvania, and more particularly described in the Declaration, has been submitted to the provisions of the Act by the recording of the Declaration in the office for the Recording of Deeds in Centre County in Deed Book , 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 Bylaws.

1.4 Office. The office of the Condominium, the Association, and the Executive Board shall be located at the Property or at such other place 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. A Unit Owner shall automatically become a member of the Association at the time he acquires title to his Unit and he shall continue to be a member so long as he continues to hold title to his Unit. 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 meetings of the Association shall be held on the twentieth (20th) day of

September of each year (or one hundred days before the beginning of the fiscal year), unless such date shall occur on a Saturday or Sunday or holiday, in which event the meeting shall be held on the succeeding Monday. At such annual meetings 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 Article 18 of the Declaration) and such other business as may properly come before the meeting may be transacted.

2.3 Place of Meetings. Meetings 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 the rejection of a budget or 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 sixty days after conveyance of twenty-five percent of the Units including all Units to be created within any convertible real estate 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.

c. On a day within sixty days preceding the date by which all Declarant-appointed members of the Executive Board must resign pursuant to Article 18 of the Declaration, a special meeting of the Association shall be held at which all of the remaining members of the Executive Board designated by the Declarant shall resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units, 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, the next highest number of votes for 2 years and the next highest number of votes for 1 year.

d. If any meeting required pursuant to subparagraphs 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.

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 twenty 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, Unit Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

2.7 Voting. At all meetings of the Association, each Unit shall be allocated one vote equal to that of all other Units. Where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one person owning such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 3310(a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple owners casts the votes

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 by the Act, the Declaration or these Bylaws, the owners of more than fifty percent of the total votes allocated to Unit Owners entitled to vote in the Condominium, voting in person or by proxy at one time at a duly convened meeting at which a quorum is present ("Majority of the Unit Owners"), is required to adopt decisions at any meeting of the Association. Any specified percentage of the Unit Owners shall be determined by multiplying the specified percentage by the total percentage interest allocated to all Unit Owners 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, if the Delcarant owns

or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units 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. A vote may be cast in person or by proxy. 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 Unit Owner in favor of only another Unit Owner, a Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of written notice of revocation from the grantors of the proxy. No proxy shall be valid for a period in excess of one 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 or by proxy of Unit Owners of fifty percent or more of the total aggregate votes allocated to Unit Owners entitled to vote 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 30% of the votes of the Association are present in person or by proxy 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 or 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.

2.11 Voting Rights. A Unit Owner shall be deemed to be "in good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association if, and only if, he shall have fully paid all assessments made or levied against him and his Unit by the Association as hereinafter provided, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him and against his Unit, at least three (3) days prior to the date fixed for such annual or special meeting.

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 three (3) persons, the majority 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 so 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 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. Such books and vouchers evidencing the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, 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 the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited annually by an Independent Certified Public Accountant retained by the Executive Board who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

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

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 at least sixty-six and two-thirds percent (66 2/3%) of the total aggregate of all votes allocated to Unit Owners entitled to vote in the Condominium must be obtained at a meeting duly called and

held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of \$15,000.00, provided however, that the Executive Board may only borrow such sums if the loan documents contain the following language: "If any sum borrowed by the Executive Board on behalf of the Condominium pursuant to the authority contained in this subparagraph "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 Interests 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 Owner's Condominium Unit."

The Executive Board shall not, however, expend any sum in excess of Fifteen Thousand (\$15,000.00) Dollars on any one item of repair or replacement of capital improvement or Common Elements without the consent of a majority of all votes allocated to Unit Owners.

d. 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.

e. In order to insure the success of the entire Condominium, the Executive Board shall review leases to ascertain whether or not:

1. The intended use and occupancy of the premises is lawful.

2. The intended use will not be a nuisance to other occupants.

3. A provision in the lease which binds the lessee to all the terms and conditions in the Bylaws of the Blue Course Condominium Association and the Declaration of Condominium.

4. There are rules on handling garbage and refuse.

5. There are agreements on designated parking, if any.

6. There is adequate Tenant Insurance naming Landlord and the Association as their interests may appear.

7. Tenant agrees to comply with all rules and regulations of the Executive Board.

8. The general terms and conditions of the lease are consistent with the goals and purpose of the association.

The Executive Board may establish a reasonable fee for review of a lease.

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, which manages residential condominium communities with common areas and facilities. The Managing Agent must be able to advise the Executive Board regarding the administrative operation of the Condominium and shall employ

personnel expert in the areas of condominium insurance, accounting, labor relations 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 Elements;
2. to adopt, repeal or amend Rules and Regulations;
3. to designate signatories on Association bank accounts;
4. to borrow money on behalf of the Association;
5. to acquire and mortgage Units;
6. to designate Reserved Common Elements;
7. to allocate Limited Common Elements.

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 these 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, service fees or otherwise; any discounts received shall benefit the Association;
5. any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Executive Board; and
6. a monthly financial report shall be prepared for the Unit Owners Association disclosing:
 - a. all income and disbursement activity for the preceding month;
 - b. the status of all accounts in an "actual" as compared to "projected" (budget) format; and

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

d. Limitations. Subject to the provisions of Section 3305 of the Act, during the period when persons designated by the Declarant constitute a majority of the Executive Board, the Executive Board may employ any Managing Agent. Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty days' written notice and without cause on no more than ninety days' written notice, without payment of any penalty or liquidated damage amount. The term of any such contract may not exceed two years.

3.4 Election and Term of Office.

a. At the annual meetings of the Association, subject to Article 18 of the Declaration, the term of office of members of the Executive Board to be elected (except as set forth in Section 2.4b and 2.4c above) shall be fixed at three years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or 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 Secretary at least thirty days before the meeting at which the election is to be held a nominating petition signed by Unit Owners owning at least three Units in the aggregate, together with a statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or hand deliver the 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 for each vacancy on the Executive Board for which no more than one person has been nominated by petition.

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 the Unit Owners and a successor may then and there be elected to fill the vacancy thus 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 seven 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 term 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 the 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 meetings shall be held at least once every four months during each fiscal year. Notice of regular meetings 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 or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on the written request of a 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 and 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 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.

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 Meetings. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings, recording 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 meetings 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 a 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 voidable because such Executive Board member or members are present at any meeting of the Executive Board which authorized or approved the contract or transaction or because his or their votes are counted, if 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, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an 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. 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 each 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 ceases 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 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, provide any Person or cause to be provided to any Person entitled thereto a written statement or certification of the information required to be provided by the Association pursuant to Sections 3315(g), 3407(a) and 3407(b) of the Act and Sections 5.9 and 5.11 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 \$5,000.00 shall be executed by any two officers of the Association. All such instruments for expenditures or obligations of \$5,000.00 shall be executed by any two officers of the Association. All such instruments for expenditures or obligations of \$5,000.00 or less may be executed by any one officer of the Association.

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 November of each year (or sixty 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. The budget shall segregate General Common Expenses and Limited Expenses.

5.2.2 On or before the next succeeding fifth day of November (or fifty-five days before the beginning of the fiscal year if the fiscal year is other than the calendar 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.

5.3 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 Limited Expenses and income

expected to be received from sources other than Common Expense assessments and the operation of the Limited or Reserved Common Elements to which the Limited Expenses pertain, by (b) the Percentage Interest (expressed in decimal form as reflected on Exhibit B of the Declaration) allocated to such Unit, and dividing the resultant product 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. Within ninety days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit (who has registered an address with the Secretary an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to General Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed 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 Limited Expenses. The Executive Board shall calculate the monthly assessments for Limited Expenses against each Unit obligated to pay Limited Expenses by multiplying (a)

the total amount of the estimated funds required for Limited Expenses 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 the operation of the Limited or Reserved Common Elements to which the Limited Expenses pertain other than Limited Expense Assessments by (b) the share of Limited Expenses (expressed in decimal form) allocated to each such Unit, and dividing the resultant product 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 owners' Unit as provided in the Act and the Declaration. Within ninety days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit (who has registered an address with the Secretary) an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to Limited Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Unit Owners obligated to pay Limited Expenses in accordance with their allocable share of Limited Expenses and shall be payable in one or more monthly assessments, as the Executive Board may determine.

5.3.3 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 such 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 shares of Limited Expenses 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 all Unit Owners of any further assessments pursuant to Sections 5.3.1, 5.3.2, or 5.3.3 or otherwise as permitted or required by the Act, the Declaration and these Bylaws on 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 assessments 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 determination 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 sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with generally accepted accounting principles and the same shall be audited annually by an Independent Certified Public Accountant retained by the Executive Board.

5.8 Rejection of Budget; Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Association, by majority vote of all votes in the Association, may reject any budget or capital expenditure approved by the Executive Board, within thirty days after approval by the Executive Board. The power of the Executive Board to expend funds, incur expenses or borrow money on behalf of the Association is subject to the requirement that the consent of Unit Owners entitled to cast at least two-thirds of the votes in the Association obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to (i) expend funds or incur expenses that it is reasonably anticipated will cause the aggregate amount of all expenses in the budget (including reserves) to be exceeded by more than 5% of such aggregate amount after taking into account any projected increases in income, and (ii) to borrow money so that loans of the Association then outstanding would exceed 5% of such aggregate amount.

5.9 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 responsible for any amount in excess of the amount therein set forth; and provided, further, that, subject to Section 3315(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 rate share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

5.10 Collection 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 thereof. Any assessment not paid within five days after due shall accrue a late charge in the amount of 5% of the overdue assessment in addition to interest at the rate of 15% per annum or such other rate as may be determined by the Executive Board.

5.11 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 of all unpaid assessments for Common Expenses due from such Unit Owner. The Executive Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation, to the extent permitted by the Act.

ARTICLE VI

COMPLIANCE AND DEFAULT

6.1 Relief. Each Unit Owner shall be governed by, and shall comply with, all 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 or 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 rights of subrogation.

b. Cost and Attorney's Fees. In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and 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.

ARTICLE VII

AMENDMENTS

7.1 Amendments to Bylaws. These Bylaws may be modified or amended only by vote of a Majority of Unit Owners, except as 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 Article 19 of the Declaration, (i) Section 2.2, (ii) Section 2.4, (iii) Section 3.1, and (iv) this Section 7.1 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 provision hereof, or with the Act or the Declaration, 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 holders of any liens on all or any part of the Property, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

7.2 Approval of Mortgagees. These Bylaws contain provisions concerning various rights and interests of Permitted Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Permitted Mortgagees on which they may rely in making loans secured by such Mortgages. Accordingly, no 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. Any two officers or Executive Board members of the Association may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

ARTICLE 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 to 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 intent of any provision thereof.

8.3 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 content so requires.

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