

**THE VILLAGE AT PENN STATE**

**A PENNSYLVANIA SUB PLANNED UNIT DEVELOPMENT ASSOCIATION**

**PURSUANT TO THE PROVISIONS OF THE PENNSYLVANIA UNIFORM  
PLANNED COMMUNITY ACT, 68 Pa. C.S. § 5101 et. seq.**

## ARTICLE I

INTRODUCTORY PROVISIONS.....	4
Section 1.1    Applicability.....	4
Section 1.2    Definitions.....	4
Section 1.3    Compliance.....	4
Section 1.4    Office.....	4
Section 1.5    Incorporation of Statutory Law.....	4

## ARTICLE II

THE PLANNED COMMUNITY.....	4
Section 2.1    Composition.....	4
Section 2.2    Annual Meetings.....	4
Section 2.3    Place of Meetings.....	5
Section 2.4    Special Meetings.....	5
Section 2.5    Notice of Meetings.....	5
Section 2.6    Adjournment of Meetings.....	5
Section 2.7    Voting.....	6
Section 2.8    Proxies.....	6
Section 2.9    Quorum.....	6
Section 2.10   Conduct of Meetings.....	7

## ARTICLE III

EXECUTIVE BOARD.....	7
Section 3.1    Number and Qualification.....	7
Section 3.2    Delegation of Powers; Managing Agent.....	7
Section 3.3    Election and Term of Office.....	8
Section 3.4    Removal or Resignation of Members of the Executive Board.....	8
Section 3.5    Vacancies.....	8
Section 3.6    Organization Meetings.....	8
Section 3.7    Regular Meetings.....	9
Section 3.8    Special Meetings.....	9
Section 3.9    Waiver of Notice.....	9
Section 3.10   Quorum of the Executive Board.....	9
Section 3.11   Compensation.....	9
Section 3.12   Conduct of Meetings.....	9
Section 3.13   Action Without Meetings.....	9
Section 3.14   Validity of Contracts with Interested Executive Board Members.....	10
Section 3.15   Inclusion of Interested Board Members in the Quorum.....	10

## ARTICLE IV

OFFICERS.....	10
Section 4.1    Designation.....	10
Section 4.2    Election of Officers.....	10
Section 4.3    Removal of Officers.....	10
Section 4.4    President.....	10
Section 4.5    Vice President.....	11
Section 4.6    Secretary.....	11
Section 4.7    Treasurer.....	11

## ARTICLE V

COMMON EXPENSES; BUDGETS.....	12
Section 5.1    Fiscal Year.....	12
Section 5.2    Preparation and Approval of Budget.....	12
Section 5.3    Assessment and Payment of Common Expenses.....	12
Section 5.4    Further Assessments.....	13
Section 5.5    Initial Budget.....	13
Section 5.6    Delivery of Approved Budget and Notice of Capital Expenditure; Effect of Failure to Prepare and Adopt Budget.....	13
Section 5.7    Accounts; Audits.....	14
Section 5.8    Payment of Common Expenses.....	14
Section 5.9    Collection of Assessments.....	14
Section 5.10   Statements of Unpaid Assessments.....	14

## ARTICLE VI

COMPLIANCE AND DEFAULT.....	14
Section 6.1    Relief.....	14

## ARTICLE VII

AMENDMENTS.....	15
Section 7.1    Amendments to By-Laws.....	15
Section 7.2    Approval of Mortgages.....	16
Section 7.3    Amendments to the Declaration.....	16
Section 7.4    HUD/VA Rights.....	16

## ARTICLE VIII

MISCELLANEOUS.....	16
Section 8.1    Notices.....	16
Section 8.2    Captions.....	17
Section 8.3    Gender.....	17

**ARTICLE I**  
**INTRODUCTORY PROVISIONS**

Section 1.1    Applicability.

These By-Laws provide for the governance of the incorporated Sub Association pursuant to the requirements of Section 5306 of the Act with respect to the Sub Planned Community created by the recording of the Sub Declaration among the land records of Centre County, Pennsylvania.

Section 1.2    Definitions.

Capitalized terms used herein without definition shall have the meanings specified for such terms in the Sub Declaration to which these By-Laws pertain, or if not defined therein, the meanings specified or used for such terms in the Act.

Section 1.3    Compliance.

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

Section 1.4    Office.

The office of the Sub Planned Community, the incorporated Sub 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.

Section 1.5    Incorporation of Statutory Law.

The Sub Planned Community shall be an incorporated Sub Association pursuant to the laws of the Commonwealth of Pennsylvania. The Board of Directors described therein shall be referred herein and in the Sub Declaration as the Executive Board. However, once the Sub Association is turned over to the homeowners of the Sub Association, they will have the option to become a non-profit corporation.

**ARTICLE II**  
**THE SUB PLANNED COMMUNITY**

Section 2.1    Composition.

The Sub Planned Community is hereby organized on the date hereof as an incorporated Sub Association. The Sub Planned Community shall consist of all of the Unit Owners acting as a group in accordance with the Act, the Master Declaration, the Sub Declaration and these By-Laws. The incorporated Sub Association shall have the responsibility of administering the Sub Planned Community, establishing the means and methods of collecting assessments and charges, arranging for the management of the Sub Planned Community and performing all of the other acts that may be required or permitted to be performed by the incorporated Sub Association pursuant to the Act and the Sub Declaration. The foregoing responsibilities shall be performed by the Executive Board as more particularly set forth in these By-Laws.

NOVEMBER 15th of each year unless such dates shall occur on a holiday, in which event the meetings 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 3.3 of these By-Laws and such other business as may properly come before the meeting may be transacted. In addition, the Executive Board will appoint any members to the Master Executive Board that it is entitled to appoint.

Section 2.3 Place of Meetings.

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

Section 2.4 Special Meetings.

2.4.1 The President shall call a special meeting of the incorporated Sub 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 twenty-five (25%) percent of the votes in the Sub Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within forty-five (45) days after receipt by the President of such resolution or petition, provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 5.2 below, such meeting shall be held within fifteen (15) days after receipt by the President of such resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.4.2 No later than sixty (60) days after conveyance of twenty-five (25%) percent of the Units which may be created to Unit Owners other than the Declarant, a special meeting of the Sub Association shall be held, at which time, at least one (1) member of the Executive Board shall be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty (50%) percent of the Units which may be created to Unit Owners other than the Declarant, at least two (2) members and not less than thirty-three (33%) percent of the Executive Board shall be elected by Unit Owners other than the Declarant.

2.4.3 Such successor members shall serve until the annual meeting of the incorporated Sub Association following the meeting at which they were elected.

2.4.4 Notwithstanding the foregoing, if any meeting required pursuant to Sections 2.4.2 and 2.4.3 above could be held on the date an annual meeting of the incorporated Sub Association is scheduled, then such meetings shall be held concurrently with such annual meeting.

Section 2.5 Notice of Meetings.

The Secretary shall give to each Unit Owner a notice of each annual or regularly scheduled meeting of the incorporated Sub Association at least ten (10) but not more than sixty (60) days and of each special meeting of the Unit Owners at least ten (10) but not more than forty-five (45) days prior to such meeting, stating the

or official. The giving of a notice of meeting in the manner provided in this Section 2.5 and Section 8.1 of these By-Laws shall be considered service of notice.

Section 2.6 Adjournment of Meetings.

If at any meeting of the Sub 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 (48) hours after the time lot which the original meeting was called.

Section 2.7 Voting.

Voting at all meetings of the Sub Association shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the Percentage Interest assigned to such Unit Owners in the Sub Declaration. If the Owner of a Unit is an Incorporated Sub Association, joint venture, partnership or unincorporated association, the natural person who shall be entitled to cast the vote for such Units shall be the natural person named in a certificate executed by such entity pursuant to its governing documents. If the Owner of a Unit is a trust, the trustee or trustees shall be deemed to be the owners for voting purposes. 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 natural 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 natural person who shall be entitled to cast the vote of such Unit shall be the natural person owning such Unit who is present. If more than one of the multiple owners is present, then such votes shall be cast in accordance with their unanimous agreement pursuant to Section 5310(a) of the Act. There shall be deemed to be 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 Owners of the Unit. Such certificates shall be called until revoked by a subsequent certificate similarly executed. Subject to the requirements of the Act, wherever the approval or disapproval if a Unit Owner is required by the Act, the Sub Declaration or these By-Laws, such approval or disapproval shall be made only by the natural person who would be entitled to cast the vote for such Unit at any meeting of the Sub Association. Except with respect to election of member of the Executive Board and except where a greater number is required by the Act, the Sub Declaration or these By-Laws, the owners of more than fifty (50%) percent of the aggregate Percentage Interests in the Sub Planned Community voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of an incorporated Sub 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 at such election the number of votes allocated to the Unit or Units owned by such Unit Owner as provided in the Sub Declaration. Those candidates for election receiving the greatest number of votes cast to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms. Except as set forth in Section 2.4.2, if the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Sub Association to cast the votes to which such Unit or Units are entitled. No votes allocated to a Unit owned by the Sub Association may be cast. There shall be no cumulative or class voting.

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 another Unit Owner, a holder of a mortgage on a Unit 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 of 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.

Section 2.9 Quorum.

Except as set forth below, the presence in person or by a proxy of Unit Owners of fifty (50%) percent or more of the aggregate Percentage Interests at the commencement of all meetings shall constitute a quorum at all meetings of the Unit Owners Sub Association. If a meeting is adjourned pursuant to Section 2.6 above, the quorum at such second meeting shall be deemed present throughout any meeting of the Sub Association if persons entitled to cast fifty (50%) percent of the votes which may be cast for the election of the Executive Board are present in person or by proxy at the beginning of the meeting.

Section 2.10 Conduct of Meetings.

The President (or in the President's absence, one of the Vice-Presidents) shall preside over all meetings of the incorporated Sub Association and the Secretary, or such other person as the President may appoint, 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 incorporated Sub Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the incorporated Sub Association when not in conflict with the Sub Declaration, these By-Laws or the Act. All votes shall be tallied by tellers appointed by the President.

**ARTICLE III**  
**EXECUTIVE BOARD**

Section 3.1 Number and Qualification.

The affairs of the Sub Association shall be governed by an Executive Board (hereinafter referred to as the "Board"). The Board shall be composed of at least five (5) natural persons, all of whom shall be Unit Owners or designees of the Declarant.

Section 3.2 Delegation of Powers; Managing Agent.

The Board may employ for the Sub Planned Community a Managing Agent at the compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including but not limited to, all of the duties listed in the Act, the Sub Declaration and these By-Laws, provided, however, where a Managing Agent does not have the power to act under the Act, the Sub Declaration or these By-Laws, such duties shall be performed as advisory

- 3.2.1 To adopt the annual budget and any amendment thereto which budget shall include the assessments made by the Master Executive Board and which budget shall also include the Sub Association's Common Expenses and Limited Common Expenses as outlined in the Sub Planned Unit Development Declaration;
- 3.2.2 To adopt, repeal or amend the Rules and Regulations, provided they do not alter or amend any Rules and Regulations promulgated by the Master Executive Board, which affects the Sub Planned Unit Development. The interpretation of whether such proposed Rules and Regulations alter, amend or change any of the rules and regulations of the Master Association shall be determined by the Master Executive Board whose decision shall be final and binding. To that end prior to the adoption of any rules and regulations they shall be submitted to the Master Executive Board for its interpretation;
- 3.2.3 To designate signatories on the corporate Sub Association bank accounts;
- 3.2.4 To borrow money on behalf of the corporate Sub Association.
- 3.2.5 To acquire and mortgage Units; and
- 3.2.6 To allocate Limited Common Elements.

Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty (30) days written notice and without cause on no more than ninety (90) days written notice. The term of any such contract may not exceed one year.

### Section 3.3 Election and Term of Office.

- 3.3.1 At the annual meeting of the incorporated Sub Association, the election of members of the Sub Board shall be held. The term of office of any Sub Board member to be elected (except as set forth in Sections 2.4.2, 2.4.3 and 3.5 hereof) shall be fixed at three (3) years. The members of the Sub Board shall hold office until the earlier of which may occur, the election of their respective successors, their death, adjudication of competency, removal or resignation. Any Sub Board member may serve an unlimited number of terms and may succeed himself.
- 3.3.2 Persons qualified to be members of the Sub Board may be nominated for election only as follows:
  - A. Any Unit Owner may submit to the Secretary, at least thirty (30) days before the meeting at which the election is to be held, a nominating petition signed by the Unit Owners owning at least ten (10) Units in the aggregate, together with a statement that the person nominated is willing to serve on the Sub 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; and



Section 3.4 Removal or Resignation of Members of the Executive Board.

Except with respect to members designated by the Declarant, at any regular or special meeting of the incorporated Sub Association duly called, any one or more of the members of the Sub Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Sub Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a Sub 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 (10) days notice by the Secretary of the time, place and purpose of the meeting and they shall be given an opportunity to be heard at the meeting. A member of the Sub Board may resign at any time and shall be deemed to have resigned upon transfer of title of his Unit. The Declarant shall have the right to remove and replace any or all members appointed by the Declarant in accordance with the Act.

Section 3.5 Vacancies.

Except as set forth in Section 3.4 above with respect to members appointed by the Declarant, vacancies in the Sub Board caused by any reason other than the removal of a member by vote of Unit Owners shall be filled by a vote of majority of the remaining members at a special meeting of the Sub 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 Sub Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Sub Association at which such seat is to be filled upon expiration of the term of his predecessor. In case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term.

Section 3.6 Organization Meeting.

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

Section 3.7 Regular Meetings.

Regular meetings of the Sub 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 every four (4) months during each fiscal year. Notice of regular meetings of the Sub Board shall be given to each member, by mail or telecopy, at least three (3) business days prior to the day named for such meeting.

Section 3.8 Special Meetings.

Special meetings of the Sub Board may be called by the President on at least three (3) business days notice to each member, given by mail or telecopy, which notice shall state time, place and purpose of the meeting. Special meetings of the Sub

Any member may at any time, in writing, waive notice of any meeting of the Sub Board and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Sub 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 Sub Board, no notice shall be required and any business may be transacted at the meeting.

Section 3.10 Quorum of the Executive Board.

A quorum is deemed present throughout any meeting of the Sub Board if persons entitled to cast fifty (50%) percent of the votes on the Sub Board are present at the beginning of the meeting. The votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Sub Board. If at any meeting of the Sub Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. 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 Sub 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.

Section 3.11 Compensation.

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

Section 3.12 Conduct of Meetings.

The President shall preside over all meetings of the Sub Board and the Secretary, or such other person as the President may appoint, shall keep a minute book of the Sub Board meetings, recording therein all resolutions adopted by the Sub 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 Sub Board if and to the extent not in conflict with the Sub Declaration, By-Laws or the Act.

Section 3.13 Action Without Meetings.

Any action by the Sub Board required, or permitted to be taken, at any meeting may be taken without a meeting if all of the members of the Sub 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 Sub Board.

Section 3.14 Validity of Contracts with Interested Executive Board Members.

No contract or other transaction between the incorporated Sub Association and one or more of its Sub Board members or between the incorporated Sub Association and any corporation, firm or association in which one or more of the Sub Board members are directors or officers or are financially interested shall be void or voidable because such Sub Board member or members are present at any meeting

3.14.1 The fact that a Sub Board member is also such, a director or officer or has financial interest is disclosed or known to the Sub Board and is noted in the minutes thereof, and the Sub 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 Sub Board member or members; or

3.14.2 The contract or transaction is made in good faith and is not unconscionable to the incorporated Sub Association at the time it is authorized, approved or ratified.

Section 3.15 Inclusion of Interested Sub Board Members in the Quorum.

Any Sub 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 Sub Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.14 hereof.

**ARTICLE IV**  
**OFFICERS**

Section 4.1 Designation.

The principal officers of the Sub Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Sub Board. The Sub 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 Sub Board. Any other officers may, but not need to, be Unit Owners or members of the Sub Board. An officer other than the President may hold more than one office.

Section 4.2 Election of Officers.

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

Section 4.3 Removal of Officers.

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

Section 4.4 President.

The President shall be the chief executive officer of the incorporated Sub Association, preside at all meetings of the incorporated Sub Association and of the Sub Board and have all of the general powers and duties which are incident to the office of President of an incorporated Sub Association organized under the laws of

ASSOCIATION. THE PRESIDENT shall cease holding such office at such time as the President ceases to be a member of the Sub Board.

Section 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 Sub Board shall appoint some other member of the Sub 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 delegated or assigned to the Vice President by the Sub Board or by the President. The Vice President shall cease holding such office at such time as the Vice President ceases to be a member of the Sub Board.

Section 4.6 Secretary.

The Secretary, or such other person as the President may appoint, shall keep the minutes of all meetings of the incorporated Sub Association and of the Sub Board, have charge of such books and papers as the Sub Board may direct, maintain a register setting forth the place to which all notices to Unit Owners and holders of mortgages on any Units hereunder shall be delivered and, in general, perform all the duties incident to the office of secretary of an incorporated Sub Association organized under the laws of Pennsylvania. The Secretary shall, upon request, provide any person or cause to be provided to any person entitled thereto, a written statement or certification of the information required to be provided by the incorporated Sub Association pursuant to Section 5315(h), Section 5407(a) and Section 5407(b) of the Act and Sections 5.6 and 5.11 below.

Section 4.7 Treasurer.

The Treasurer shall have the responsibility for the safekeeping of the incorporated Sub Association funds and securities, be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for all preparation of all required financial data and be responsible for the deposit of all monies in the name of the Sub Board, the incorporated Sub Association or the Managing Agent, in such depositories as may from time to time be designated by the Sub Board and, in general, perform all the duties incident to the office of treasurer of an incorporated Sub Association organized under the laws of Pennsylvania.

Section 4.8 Execution of Documents.

All agreements, contracts, deeds, leases, checks and other instruments of the incorporated Sub Association, for the expenditures or obligations in excess of \$5,000.00, shall be executed by any two (2) officers of the incorporated Sub Association. All such instruments, for expenditures or obligations of \$5,000.00 or less, may be executed by any one officer of the incorporated Sub Association.

Section 4.9 Compensation of Officers.

No officer who is also a member of the Sub Board shall receive any compensation from the incorporated Sub Association for acting as such officer, but may be reimbursed for any out-of-pocket expenses incurred in performing such officer's

## COMMON EXPENSES; BUDGETS

### Section 5.1 Fiscal Year.

The fiscal year of the Sub Association shall be the calendar year unless otherwise determined by the Sub Board; provided, however, that the first fiscal year shall begin upon the recordation of the Sub Declaration.

### Section 5.2 Preparation and Approval of Budget.

5.2.1 On or before November 15th of each year, the Sub Board shall adopt an annual budget for the Sub Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Limited Common Elements and those parts of the Units as to which it is the responsibility of the Sub Association to maintain, repair and replace and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, these By-Laws, the Master Declaration, the Sub Declaration and the By-Laws of the Master Association or a resolution of the incorporated Sub 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 Sub Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements, and the amount assessed by the Master Association as the Sub Association's share of its operating budget as set forth in its Sub Declaration and By-Laws.

5.2.2 On or before November 1st, the Sub Board shall make the budget available for inspection at the Sub Association office and shall send to each Unit Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Unit Owners assessments for General Common Expenses and Limited Common Expenses for the incorporated Sub 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 Sub Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

### Section 5.3 Assessment and Payment of Common Expenses.

The Sub Board shall calculate the yearly assessments for General Common Expenses, as defined in the Master Declaration and the Sub Declaration against each Unit by dividing the total amount of the estimated funds required by the total number of Units.

Assessments for the General Common Expenses due from the Sub Association and payable to the Master Association shall be due and payable to the Master Association on a quarterly basis, commencing with the date of March 15 and payable each quarter thereafter. Special assessments shall be due and payable as set forth by the Executive Board.

on a calendar year basis and shall be due and payable annually. Payments shall be due and payable to the Sub Association no later than January 31st each year and shall be a lien against each Unit Owners Unit as provided in the Act and the Sub Declaration. Within ninety (90) days after the end of each fiscal year, the Sub 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 the funds received during such fiscal year less expenditures actually incurred and sums paid unto reserves. Any net shortage with regard to General Common Expenses, after application of such reserves as the Sub 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 Sub Board may determine.

Assessments for the first year shall be prorated from the date of settlement, utilizing the annual budget assessment schedule, for the current year, which shall be established by the Executive Board and used in the computation of the first year assessment amount due.

5.3.1 Reserves. The Sub 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 fiscal year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Unit Owners assessments, the Sub Board may at any time levy further assessments for General Common Expenses and/or Limited Common Expenses 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 Common Expenses with regard to Limited Expenses (whichever if appropriate) and shall be payable in one or more monthly assessments as the Sub Board may determine.

#### Section 5.4 Further Assessments.

The Sub Board shall serve notice on all Unit Owners of any further assessments pursuant to Sections 5.3 and 5.3.1, or otherwise as permitted or required by the Act, the Sub Declaration and these By-Laws by a statement in writing giving the amount and reasons therefore and such further assessments shall, unless otherwise specified in the notice, become effective with the next annual assessment which is due more than ten (10) days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the amount of such assessments. Such assessments shall be a lien as of the effective date as set forth in the preceding Sections 5.3 and 5.3.1.

#### Section 5.5 Initial Budget.

At or prior to the time assessment of Common Expenses commences, the Sub Board shall adopt the budget, as described in this Article, for a period commencing on the date the Sub Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as is provided in Section 5.3 above.

The Sub Board shall deliver to all Unit Owners copies of each budget approved by the Sub Board and notice of any capital expenditure approved by the Sub Board promptly after such approval. The failure or delay of the Sub Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owners obligation to pay such Unit Owners 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 assessment at the rate established for the previous fiscal year until the new annual budget shall have been adopted.

Section 5.7 Accounts; Audits.

All sums collected by the Sub 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 Sub Association shall be kept in accordance with good and accepted accounting practices, and the same, may be audited by an independent accountant retained by the Sub Board, at such time as the Board decides.

Section 5.8 Payment of Common Expenses.

Each Unit Owner shall pay the Common Expenses and Controlled Facility Expenses (hereinafter Common Expenses) assessed by the Sub Board pursuant to the provisions of this Article. No Unit Owner may exempt himself from the liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any 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 for the purchasers right to recover from the selling Unit Owner amounts paid by the purchaser therefore; 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 (5) days following a written request thereof to the Sub Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed by subject to a lien for any unpaid assessments with respect to the time period covered by such statement, in excess of the amount therein set forth; and, provided further that, subject to Section 5315(b)(2) of the Act, each record holder of a mortgage on a Unit 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 holder comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

Section 5.9 Collection of Assessments. The Sub Board or the Managing Agent, at the request of the Sub Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner, which remains unpaid for more than thirty (30) days from the due date for payment thereof. Any assessment not paid within ten (10) days after its due date shall accrue interest charges in the amount of fifteen percent (15%) of the overdue assessment, in addition, a late fee of Five Dollars (\$5.00) per day will be assessed, plus attorney fees equal to fifteen percent (15%) of the total due and payable shall be assessed. In addition, Unit Owners shall pay, and

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

### Section 6.1 Relief.

Each Unit Owner shall be governed by and shall comply with, all of the terms of the Master and Sub Declarations, these By-Laws, the Rules and Regulations of the Master and Sub Association 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 Master and Sub Declarations, a default by a Unit Owner shall entitle the Sub Association, acting through its Sub Board or through the Managing Agent, to the following relief:

- 6.1.1 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 his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Sub Board. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, occupancy or abandonment of any Units or its appurtenances. Nothing contained herein however, shall be constructed as modifying any waiver by any insurance company of its rights of subrogation.
- 6.1.2 Costs and Attorney's Fees. In any proceeding 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.
- 6.1.3 No Waiver of Rights. The failure of the incorporated Sub Association, the Sub Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Sub Declaration, these By-Laws, the Rules and Regulations or the Act shall not constitute a waiver of the right of the incorporated Sub Association, the Sub Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Corporation, the Sub Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Sub Declaration, these By-Laws, 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 Sub Declaration, these By-Laws, the Rules and Regulations or the Act or at law or in equity.
- 6.1.4 Abating and Enjoining Violation of Unit Owners. The violation of any Rules and Regulations adopted by the Sub Board, the breach of any By-Law



to cause the Unit in which, or as to which, such violation or breach exists and summarily 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 Sub 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.
- C. To fine the Unit Owner for any amount stated in the Rules and Regulations as a fine.

## ARTICLE VII AMENDMENTS

### Section 7.1 Amendments to By-Laws.

These By-Laws may be modified or amended only by vote of Unit Owners entitled to cast a majority of the votes in the incorporated Sub Association, except as otherwise expressly set forth herein or in the Act; provided, however, that until the date on which Declarant-appointed Sub Board members voluntarily resign or are required to resign pursuant to Article XII of the Sub Declaration, Section 2.4 and Section 3.1 of the By-Laws and this Section may not be amended without the consent in writing of the Declarant. Additionally, if any amendment is necessary in the judgment of the Sub Board to cure any ambiguity or to correct or supplement any provision of these By-Laws that is defective, missing or inconsistent with any other provision hereof or with the Act or the Sub 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 Sub Planned Community projects, then at any time and from time to time the Sub 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 Sub Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

Notwithstanding the above, these By-Laws may not be amended if the amendment shall in any way amend, alter or change any of the provisions of the Master Declaration. To that end, before any amendment may be adopted it must be submitted to the Master Executive Board to determine if such amendment will amend, alter or change any of the provisions of the Master Declaration. The interpretation of whether the proposed amendment of this Sub Declaration shall amend, alter or change any provision of the Master Declaration shall be the exclusive decision of the Master Executive Board whose decision shall be final.

### Section 7.2 Approval of Mortgages.

These By-Laws contain provisions concerning various rights and interests of record holders of mortgages on Units. Such provisions in these By-Laws are to be construed as covenants for the protection of such holders of which they may rely in making loans secured by such mortgages. Accordingly, no amendment or modification of these By-Laws impairing or affecting such rights, priorities,

Any two (2) officers or Sub Board members of the corporation may prepare, execute, certify and record amendments to the Sub Declaration on behalf of the Sub Association.

Section 7.4 HUD/VA Rights.

HUD/VA has the right to veto amendments while there is a special Declarant.

**ARTICLE VIII**  
**MISCELLANEOUS**

Section 8.1 Notices.

All notices, demands, bills, statements or other communications under these By-Laws 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, postage prepaid or otherwise as the Act may permit if:

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

8.1.2 To the incorporated Sub Association, the Sub Board or the Managing Agent, at the principal office of the Managing Agent or at such other address 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.

Section 8.2 Captions.

The captions herein are inserted only as a matter of convenience and for reference, and in no way defines, limits or describes the scope of these By-Laws or the intent of any provision thereof.

Section 8.3 Gender.

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

ATTEST:

By: *Carol Barker* Secretary  
By: *David Pepper* President  
By: *Paul Li* Vice President  
By: *Carol Barker* Secretary  
By: *Robert L. J. J. J.* Treasurer

Commonwealth of Pennsylvania :

County of Centre :

On this, the 13th day of August, 2003, before me, the undersigned officer, personally appeared David Pepper, who acknowledged himself/herself/themselves to be the President of smb Homeowner Association and that he/she/they as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the David Pepper by himself/herself/themselves as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*Sandra M. Beck*  
Notary Public  
My Commission Expires:

