

# ***VILLAS OF ECONOMY***

## ***a Planned Community***

### **BY-LAWS**

#### **ARTICLE I.**

##### **APPLICABILITY; NAME AND LOCATION:**

1.01 These By-Laws provide for the governance of the Association pursuant to the requirements of Section 5306 of the Pa Planned Community Act ("Act").

1.02 The corporation, referred to in these By-Laws as the "Association," is Villas of Economy Homeowners Association, Inc., a Pa non-profit corporation. The registered office of the Association is at 375 Golfside Drive, Wexford, Pennsylvania 15090, but meetings of the members and directors may be held at other places within Pennsylvania as designated by the Board of Directors.

#### **ARTICLE II.**

##### **DEFINITIONS:**

2.01 "Association" shall mean and refer to Villas of Economy Homeowners Association, Inc., its successors and assigns.

2.02 "Common Property" or "Common Elements" are all portions of the condominium other than the Units.

2.03 "Common Expenses" are expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

2.04 "Common Expense Liability" is the liability for common expenses allocated to each unit.

2.05 "Declarant" shall mean and refer to Zokaites Properties, LP., a Pennsylvania Limited Partnership, its successors and assigns.

2.06 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Property recorded in the Office of the Recorder of Deeds for the County of Beaver on \_\_\_\_\_, 2012 in Deed Book Volume \_\_\_\_\_, page \_\_\_\_\_.

2.07 "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

2.08 "Owner" or "Unit Owner" shall mean and refer to one or more persons or entities to whom ownership of a unit has been conveyed, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

2.09 "Property" shall mean and refer to that certain real property described in the Declaration.

2.10 "Unit" shall mean and refer to a portion of the condominium designated for separate ownership, the boundaries of which are described in the Declaration.

2.11 Any other capitalized term not defined herein shall have the meaning specified for such term in the Declaration and/or the Act.

**ARTICLE III.**  
**MEETINGS OF MEMBERS:**

**Annual Meetings**

3.01 Regular annual meetings of the Members shall be held at 3:00 p.m. on the first Wednesday in June of each year.

**Special Meetings**

3.02 Special meetings of the Members may be called at any time by the President or by the Board of Directors, or on written request of the Members who are entitled to vote one-fourth of all the votes of the membership.

**Notice of Meetings**

3.03 Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of the notice, postage prepaid, at least fifteen days before the meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied by the Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

**Quorum**

3.04 The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-third of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, a quorum is not present or represented at any meeting, the Members entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

**Proxies**

3.05 At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease on conveyance by the member of his or her Lot.

**ARTICLE IV.**  
**SELECTION AND TERMS OF OFFICE OF DIRECTORS:**

**Number and Control**

4.01 (a) The affairs of this Association shall be managed by a Board of three (3) Directors, who must be either Unit Owners or a designee of the Declarant.

(b) No later than sixty (60) days following conveyance of 25% of the Units that may be created by Declarant, one Director shall be elected by the Unit Owners other than the Declarant.

(c) No later than the earlier of (i) seven years after the date of the recording of this Declaration, or (ii) 180 days after conveyance of 75% of the Units that may be created by Declarant, all members of the Board shall resign, and the Unit Owners (including Declarant to the extent of Units owned by Declarant) shall elect a new, three member Board. A special meeting shall be called for this purpose, if necessary. Declarant may not unilaterally remove any members of the Board of Directors elected by Unit Owners other than Declarant.

(d) At the first initial meeting of the membership following transition from Declarant control to owner control, three (3) members shall be elected to serve on the Board of Directors. The individual receiving the most number of votes shall serve a term of three (3) years, the individual receiving the second most votes shall serve a term of two (2) years, and the individual receiving the third most votes shall serve a term of one (1) year on the Board of Directors. At each subsequent annual meeting, the member receiving the most votes shall serve a term of three (3) years. If more than one Director is to be elected, the above rule shall be modified as necessary and applied so that the three Directors serve staggered terms of one, two and three years.

**Term of Office**

4.02 Subject to Section 4.01, the term of office of any Board member shall be fixed at three years, or until their death, adjudication of incompetency, removal or resignation.

**Removal**

4.03 Any director may be removed from the Board, with or without cause, by a 67% vote of the Members of the Association. In the event of death, resignation, or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall until the next membership meeting, at which time the Members shall vote and select a replacement Director.

**Compensation**

4.04 No director shall receive compensation for any service he or she may render to the Association; however, any director may be reimbursed for actual expenses incurred in the performance of his or her duties.

**Action Taken Without Meeting**

4.05 The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written vote of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

**ARTICLE V.**  
**NOMINATION AND ELECTION OF DIRECTORS:**

**Nomination**

5.01 Nomination for election to the Board of Directors may be made by any Unit Owner.

**Election**

5.02 Election to the Board of Directors shall be by secret written ballot. At the election, the member or their proxies may cast, in respect to each vacancy, one (1) vote for each Unit. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for the Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit. The persons receiving the largest number of votes shall be elected. No member of this Association shall have the right to cumulate his or her votes for the election of Directors, or otherwise, or for any other purpose except for the right to exercise a cumulative voting privilege specifically granted or reserved by law.

**ARTICLE VI.**  
**MEETINGS OF DIRECTORS:**

**Regular Meetings**

6.01 After the period of Declarant control, regular meetings of the Board of Directors shall be held at least quarterly, may be held without notice, and at the place and hour that may be fixed from time to time by resolution of the Board.

**Special Meetings**

6.02 Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than ten (10) days' notice to each director.

**Quorum**

6.03 A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**ARTICLE VII.**  
**POWERS AND DUTIES OF BOARD OF DIRECTORS:**

**Powers**

7.01 The Board of Directors shall have power to:

(1) Adopt and publish rules and regulations governing the use of the Common Property and the personal conduct of the members and their guests on the Common Property, and establish penalties for the infraction of the rules and regulations;

(2) Suspend the voting rights and right to use the recreational facilities of a Member during any period in which the member shall be in default in the payment of any assessment levied by the Association; these rights may also be suspended after notice and hearing, for a period not to exceed sixty days for infraction of published rules and regulations;

(3) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, the Declaration, or the Act;

(4) Declare the office of a member of the Board of Directors to be vacant in the event the member shall be absent from three consecutive regular meetings of the Board of Directors; and

(5) Employ a manager, management company, an independent contractor, or other employees as they deem necessary, and prescribe their duties, including authorizing said manager or employee to collect assessments and fees, and to sign checks drawn on appropriate Association bank accounts.

(6) Select, appoint, employ, retain and remove at pleasure all consultants (engineers, attorneys, accountants, etc.), officers, agents and employees of the Association, prescribe their duties, delegate to them such powers as may not be inconsistent with these By-Laws, fix their compensation and require from them, if deemed advisable, an indemnity bond or other security for faithful service.

**Duties**

7.02 It shall be the duty of the Board of Directors to:

(1) Cause to be kept a complete record of all its acts and corporate affairs and present a statement of its acts and corporate affairs to the members at the annual meeting of the members, or at any special meeting when the statement is requested in writing by one-fourth of the members who are entitled to vote;

(2) Supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;

- (3) As more fully provided in the Declaration:
  - (a) Fix the amount of the annual assessment against each Unit at least thirty days in advance of each annual assessment period;
  - (b) Send written notice of each assessment to every Owner subject to assessment at least thirty days in advance of each annual assessment period; and
  - (c) Foreclose the lien against any property for which assessments are not paid within thirty days after due date or bring an action at law against the owner personally obligated to pay the assessments.
- (4) Issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid; a reasonable charge may be made by the Board for the issuance of these certificates; if a certificate states an assessment has been paid, the certificate shall be conclusive evidence of the payment;
- (5) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (6) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (7) Cause the Common Property to be maintained.
- (8) Fix the amount of any special assessments.
- (9) To prevent the use of the property or Units to be in violation of any governmental approvals.

**ARTICLE VIII.**  
**OFFICERS AND THEIR DUTIES:**

**Enumeration of Officers**

8.01 The officers of the Association shall be a president, who shall at all times be a member of the Board of Directors, a secretary, and a treasurer, and other officers as the Board may from time to time by resolution create.

**Election of Officers**

8.02 The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

### **Term**

8.03 The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he or she shall sooner resign, or shall be removed, or otherwise become disqualified to serve.

### **Special Appointments**

8.04 The Board may elect other officers as the affairs of the Association may require, each of whom shall hold office for the period, have the authority, and perform the duties that the Board may, from time to time, determine.

### **Resignation and Removal**

8.05 Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Resignations of an officer shall take effect on the date of receipt of the notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

### **Vacancies**

8.06 A vacancy in any office may be filled by appointment by the Board. The officer appointed to fill a vacancy shall serve for the remainder of the term of the officer he or she replaces.

### **Multiple Offices**

8.07 The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Paragraph 8.04 of this Article.

### **Duties**

8.08 The duties of the officers are as follows:

(1) The president shall preside at all meetings of the Board of Directors; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds, and other written instruments.

(2) The vice-president shall act in the place and stead of the president in the event of his or her absence, inability, or refusal to act, and shall exercise and discharge all other duties as may be required of him or her by the Board.

(3) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the members; keep the corporate seal of the Association and affix it on all papers requiring the seal; service notice of meetings of the Board and the members; keep appropriate current records showing the members of the Association together with their addresses; and perform other duties as required by the Board.

(4) The treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse the funds as directed by resolution of the board of

Directors; sign all checks and promissory notes of the Association; keep proper books of account; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members within thirty days of completion.

**ARTICLE IX.**  
**COMMITTEES:**

9.01 The Board of Directors may appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

**ARTICLE X.**  
**BOOKS AND RECORDS:**

10.01 The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member or any mortgage holder. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

10.02 Prior to the Planned Community containing 50 Units, any member or any mortgage holder may audit the Association's books and records at their expense. After the Planned Community contains 50 units, the Association must obtain and make available a PA Certified Public Accountant audited financial statement within 120 days of the end of each year.

**ARTICLE XI.**  
**ASSOCIATION BUDGET**

11.01 On or before the first day of November of each year, the Board of Directors 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 Property and those parts of the Units as to which it is the responsibility of the Board of Directors to maintain, repair and replace. Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. The budget shall segregate Common Expenses and Limited Common Expenses.

11.02 On or before the next succeeding fifth day of November, the Board of Directors shall make the budget available for inspection and shall send to each Unit Owner a copy of the budget. Such budget shall constitute the basis for determining each Unit Owner's assessments for Common Expenses and Limited Common Expenses and shall take effect at the beginning of the fiscal year for which it is adopted.

11.03 The Association, by majority vote of all votes in the Association, may reject any budget or capital expenditure approved by the Board of Directors, within thirty (30) days after approval by the Board of Directors.

**ARTICLE XII.**  
**ASSESSMENTS:**

12.01 As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments that are secured by a continuing lien on the property against which the assessment is made. Any assessments that are not paid when due shall be delinquent. If an assessment is not paid within thirty days after the due date, the assessment shall bear interest from the date of delinquency at the rate of fifteen (15%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of the action shall be added to the amount of the assessment. In addition, any assessment not paid on or before the due date shall automatically be assessed Thirty Dollars (\$30.00) as a late charge. No Owner may waive or otherwise escape liability for the assessments by nonuse of the Common Property or abandonment of his or her Unit. As stated in the Declaration, the lien for the assessments shall be subordinate to the lien of any first mortgage. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to the payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due from the lien thereof.

**ARTICLE XIII.**  
**MEMBERSHIP:**

**Membership Generally**

13.01 Every person or entity who is an Owner as defined in herein. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit that is subject to assessment by the Association. Membership cannot be transferred except upon a sale or transfer of any Unit. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for the Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

**Certificate**

13.02 The Directors shall provide each Member with a certificate of membership in the Association upon written request of the member.

**ARTICLE XIV**  
**INDEMNIFICATION OF OFFICERS AND DIRECTORS:**

14.1 The Association shall indemnify every Director, Officer and Committee member, his heirs, executors and administrators, against all loss, costs and expenses, including counsel

fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director, Officer or Committee member of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matter covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty for gross negligence or willful misconduct in the performance of his duty as such Director, Officer or Committee member in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director, Officer or Committee member may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as Common Expenses; provided, however, that nothing in this Article shall be deemed to obligate the Association to indemnify any Member, who is or has been a Director, Officer or Committee Member of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Association or as a Member.

14.2 The Board may obtain insurance to satisfy the indemnification obligation of the Association and all Owners set forth above, if and to the extent available at reasonable cost.

**ARTICLE XV.**  
**AMENDMENTS:**

15.01 These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

**ARTICLE XVI.**  
**MISCELLANEOUS:**

**Fiscal Year**

16.01 The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year; except that the first fiscal year shall begin on the date of incorporation.

**Conflicts**

16.02 In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

**Membership Minutes**

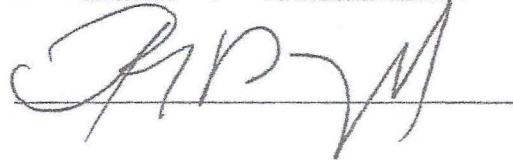
16.03 The Membership register and minutes of proceedings of the Members and Directors shall be open to inspection upon demand of any member at any reasonable time during office hours, and for a purpose reasonably related to his interest as a Member.

**Robert's Rules of Order**

16.04 The rules contained in Robert's Rules of Order, revised, shall be used as a guide for all Members meetings and Directors meetings of the Association, except in instances of conflict between said Rules of Order and the By-Laws of the Association or provisions of law.

IN WITNESS WHEREOF, we, being all of the Directors of the Villas of Economy Homeowners Association, Inc., sign these By-Laws on this 18 day of APRIL, 2012.

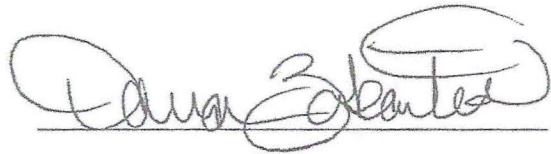
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