

ARTICLE IV

Officers

4.1. Designation. The principal officers of the Recreation Association shall be the President, the Secretary and the Treasurer, all of whom shall be members of and elected by the Executive Board. The offices of Secretary and Treasurer may be held by one person. The Executive Board may appoint a vice-president, assistant treasurer, assistant secretary and such other officers as in its judgment may be necessary.

4.2. Election of Officers. The officers of the Recreation 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. The resulting vacancy shall be filled, from the pool of potential candidates of the Sub-Association from which the vacancy occurs, 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 the next annual meeting of the Sub-Association, from which the vacancy occurred, at which such seat is to be filled upon expiration of the term of his predecessor.

4.4. President. The President shall be the chief executive officer of the Recreation Association, shall preside at all meetings of the Recreation 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 Lot 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 Recreation 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 (if any) 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 another 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 delegated or assigned him by the Executive Board or by the President.

4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Recreation Association and of the Executive Board, have charge of such books and papers as the Executive Board may direct, maintain a register setting forth the place to which all notices to Lot Owners and holders of mortgagees on any Lots 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 Recreation Association pursuant to Sections 5315(g), 5407(b) of the Act and Sections 5.10 and 5.12 below, upon payment of the fee set by the Executive Board for such service.

4.7. Treasurer. The Treasurer shall have the responsibility for the safekeeping of Recreation Association funds and securities, 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 Recreation 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 the Commonwealth of Pennsylvania.

4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Recreation Association for expenditures or obligations in excess of \$2,500 shall be executed by two officers of the Recreation Association. All instruments for expenditures or obligations of \$2,500 or less may be executed by any one officer of the Recreation Association.

4.9. Compensation of Officers. No officer who is also a member of the Executive Board shall receive any compensation from the Recreation 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; Budgets

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

5.2. Preparation and Approval of Budget.

(a) On or before the first day of December of each year (or thirty days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall adopt any annual budget for the Recreation 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 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 Recreation 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 Lot 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.

(b) On or before the fifth day of December (or twenty 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 Recreation Association office and shall send to each Lot 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 Lot Owners' assessments for General Common Expenses of the Recreation Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.9 below.

(c) The Executive 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.

5.3. Assessment and Payment of Common Expenses.

(a) Common Expenses. The Executive Board shall calculate the monthly assessments for Common Expenses against each Lot by multiplying (i) 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 income expected to be received from sources other than Common Expenses assessments and the operation of the Reserved Common Elements to which the Common Expenses pertain, by (ii) the Percentage Interest (expressed in decimal form) allocated to such Lot, and dividing the resultant product by (iii) the number of 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 month and shall be a lien against each Lot Owner's Lot 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 Lot Owner an itemized account 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 Lot Owners in accordance with their Percentage Interests and shall be payable in one or more monthly assessments, as the Executive Board may determine.

(b) Supplemental Assessments. If the Executive Board determines that the estimate of total charges for the current fiscal year is, or will become, inadequate to meet all Common Expenses for any reason, it shall immediately determine the approximate amount of the inadequacy. Subject to the provisions of Section 5.4, the Board shall have the authority to levy, at any time by a majority vote, a Supplemental Assessment, reflecting a revision of the total Common Expense Assessment. Written notice of any change in the amount of Supplemental Assessments levied by the Recreation Association through the Board shall be given to all Lot Owners not less than thirty (30) days prior to the effective date of such Supplemental Assessment.

(c) Reserves. The Executive Board may 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 non-payment of any Lot Owner's assessments, the Executive Board may at any time levy further assessments for Common Expenses which shall be assessed against the Lot Owners according to their respective Percentage Interests with regard to Common Expenses and shall be payable in one or more monthly assessments as the Executive Board may determine. Payments for said purposes may be classified as capital contributions at the discretion of the Board.

5.4. Further Assessments. The Executive Board shall serve notice on all Lot Owners of any further assessments pursuant to Sections 5.3(a) or (b) or otherwise as permitted or required by the Act, the Declaration and these Bylaws, including, but not limited to, the right to levy fines, 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 monthly assessment if pursuant to Section 5.3 which is due more than thirty (30) days after the delivery of such notice of further assessments. All Lot 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.

5.5. Fines. The Executive Board shall have the power to levy fines as set forth in the Act, which shall be considered as a further assessment against the Lot as set forth in Section 5.4 hereof.

5.6. Initial Budget. At or prior to the time assessment of Common Expenses commences, the Executive Board shall adopt the budget, as described in this Article, for the period commencing on the date the Executive 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 Lot Owners during such period as is provided in Section 5.3 above.

5.7. 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 Lot 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 Lot Owner shall continue to pay each monthly assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

5.8. Accounts. All sums collected by the Executive Board with respect to assessments against the Lot Owners or from any other source may be commingled into a single fund. Reserves shall be maintained in a separate fund, although different types of reserves may be commingled in one fund. All books and records of the Recreation Association shall be kept in accordance with good and accepted accounting practices, and the same shall be reviewed and a compilation prepared at least once each year by an independent accountant retained by the Executive Board.

5.9. Rejection of Budget; Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Recreation Association, by majority of all votes in the Recreation 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 Recreation Association is subject to the requirement that the consent of Lot Owners entitled to cast at least two-thirds of the votes in the Recreation 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 10% of such aggregate amount after taking into account any projected increases in income, and (ii) to borrow money so that loans of the Recreation Association then outstanding would exceed 10% of such aggregate amount.

5.10. Payment of Common Expenses. Each Lot Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article V, provided that, for assessment purposes, a Lot is deemed to be created, and thus subject to the payment of assessments, only upon issuance of an occupancy permit for that Lot or occupancy of the improvements contained within such Lot, whichever first occurs.

Declarant shall not be assessed on unsold Lots, but shall only be responsible for any actual costs incurred by the Association with respect to such Lots to which Declarant holds title on an equal basis with Lots that are sold and occupied. No Lot 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 Lot. No Lot Owner shall be liable for the payment of any part of the Common Expenses assessed against his Lot subsequent to the date of recordation of a conveyance by him in fee of such Lot. The purchaser of a Lot shall be jointly and severally liable with the selling Lot 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 Lot 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 Lot Owner within five days following a written request therefore to the Executive Board or Managing Agent and such a purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and, provided further that, subject to Section 5315(b)(2) of the Act, each Permitted Mortgagee who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against such Lot 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 Lots including the mortgaged Lot.

5.11. Collection of Assessments. The Executive Board, or the Managing Agent at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Lot Owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment not paid within five days after its due date shall accrue a late charge in the amount of 5% of the overdue assessment in addition to interest at the rate of fifteen (15%) percent per annum (or such other rate as may be determined by the Executive Board) on the amount of the unpaid assessment through date of payment.

5.12. Statement of Common Expenses. Upon request, the Executive Board shall promptly provide any Lot Owner, contract purchaser or proposed mortgagee with a written statement of all unpaid assessments for Common Expenses due. Further, the Executive Board may charge a reasonable fee for the preparation of such statement to cover the cost of its preparation, to the extent permitted by the Act.

5.13. Surplus. Any amounts accumulated from Assessments for Common Expenses and income from the operation of the Common Elements, in excess of the amount required for actual Common Expenses and reserves for future Common Expenses shall be credited to each Lot in accordance with such Lot's interests in Common Elements. These credits will be applied, unless the Declaration provides

otherwise, to the next monthly Assessments of Common Expenses against that Lot under the then current fiscal year's budget and thereafter, until exhausted.

5.14. Negligence. If any Common Expense is caused by the negligence or misconduct of any Lot Owner, the Recreation Association may assess that expense exclusively against his Lot.

ARTICLE VI

Compliance and Default

6.1. Relief. Each Lot 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 forgoing may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Lot Owner shall entitle the Recreation Association, acting through its Executive Board or through the Managing Agent, to the following relief:

(a) Additional Liability. Each Lot 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 Executive Board. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Lot Owner under the Declaration, these Bylaws, the Rules and Regulations or the Act, the Recreation Association shall be entitled to recover the reasonable costs and expenses of the Recreation Association, including attorney's fees.

(c) No Waiver of Rights. The failure of the Recreation Association, the Executive Board or of a Lot 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 Recreation Association, the Executive Board or the Lot Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Recreation Association, the Executive Board or any Lot 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 Lot Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaws contained herein or of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights: (i) to enter the Lot in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Lot 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 (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(e) Termination of Services. The Recreation Association shall have the right to terminate any services which it performs or provides to or for a Lot Owner, including utility service to individual Lots, in the event of delinquency. Prior to termination of any service, the Executive Board shall give at least ten (10) days written notice and an opportunity to appear at a meeting of the Executive Board to any delinquent Lot Owner.

(f) Suspension of Voting Rights. Any Lot Owner who is more than thirty (30) days delinquent at the time of the annual meeting shall not be permitted to vote at any meeting or mail ballot.

ARTICLE VII

Amendments

7.1. Amendments to Bylaws. These Bylaws may be modified or amended only by vote of Lot Owners entitled to cast a majority of the votes in the Recreation Association, 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 IX of the Declaration, and Section 3.1 hereof, this Section 7.1 may not be amended without the consent in writing of 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, 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 planned community projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Lot 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 Eligible 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 substantially impairing or affecting the rights, priorities, remedies or interests of a Permitted Mortgagee shall be adopted without its or their prior written consent.

7.3. Amendments to the Declaration. Any two officers or Executive Board members of the Recreation Association may prepare, execute, certify and record properly adopted amendments to the Declaration on behalf of the Recreation Association.

ARTICLE VIII

Maintenance, Repair, Replacement and Other Common Expenses

8.1. By the Recreation Association. The Recreation Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of not less than two-thirds (2/3) of the Executive Board such expense was necessitated by the negligence, misuse or neglect of a Lot Owner) of all of the Common Elements as defined herein or in the Declaration.

ARTICLE IX

Miscellaneous

9.1. 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 United States mail, postage prepaid, (or otherwise as the Act may permit), (i) if to a Lot Owner, at the single address which the Lot Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Lot Owner, or (ii) if to the Recreation 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 Lot Owners pursuant to this Section. If a Lot 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.

9.2. 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.

9.3 Capitalized Terms. Capitalized Terms not otherwise defined herein shall be defined as set forth in the Declaration or in the Act, as applicable.

9.4. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neutral genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

ARTICLE X

AMENDMENTS

10.1. Meetings. After termination of the period of Declarant control in accordance with Article 11 of the Declaration, these Bylaws 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.

10.2. Conflicts. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

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