

BYLAWS

OF

DUFFY HIGHLANDS HOMEOWNER'S ASSOCIATION

BYLAWS
OF
DUFFY HIGHLANDS HOMEOWNER'S ASSOCIATION

ARTICLE I
Introductory Provision

1.1 Applicability. These Bylaws provide for the governance of the Homeowner's Association created by the recording of the Declaration of Planned Community for **DUFFY HIGHLANDS** (the "Declaration"), in the office of Recorder of Deeds of Butler County, Pennsylvania, pursuant to the requirements 68 Pa.C.S. § 5306 of the Pennsylvania Uniform Planned Community Act (the "Act").

1.2 Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration of Planned Community or, if not defined therein, the meanings specified or used for such terms in the Act.

1.3 Compliance. Pursuant to the provisions of the Act, every Lot Owner and all persons entitled to occupy a Lot thereon shall comply with these Bylaws.

1.4 Office. The office of the Association and the Executive Board shall be located at the Planned Community or at such other place as may be designated from time to time by the Executive Board.

ARTICLE II
The Association

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

2.2 Annual Meetings. An annual meeting of the Association shall be held each year in the same month as the first meeting of the Lot Owners at a date and time to be designated by the Executive Board. At such annual meetings:

- (a) The Executive Board of the Association shall be elected by ballot of the Lot Owners in accordance with the requirements of Section 3.3 of these Bylaws (subject to the Declaration); and
- (b) Such other business as may properly come before the meeting may be transacted.

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

2.4 Special Meetings. The President shall call a special meeting of the Association if so directed by resolution of the Executive Board or upon a petition signed and presented to the Secretary by Lot Owners entitled to cast at least twenty-five percent (25%) of the votes in the Association. The notice of any special meeting shall state the time, place, and purpose thereof. Such meeting shall be held within forth-five (45) days after receipt by the President of said resolution or petition; provided, however, that if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 5.9 below, such meeting shall be held within fifteen (15) days after receipt by the President of said resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.5 Notice of Meetings. The Secretary shall give to each Owner a notice of each annual or regularly-scheduled meeting of the Association at least fifteen (15) but not more than sixty (60) days, and of each special meeting of the Lot Owners at least ten (10) but not more than forty-five (45) days, prior to such meeting, stating the time, place, and purpose thereof. The giving of a notice of meeting in the manner provided in this Section and Section 9.1 of these Bylaws shall be considered service of notice. The Notice of Meeting must state the time and place of the meeting, the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget or assessment changes, and any proposal to remove an Executive Board member of officer.

2.6 Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Lot Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less fifteen (15) days after the time for which the original meeting was called.

2.7 Voting.

- (a) In General. Voting at all meetings of the Association shall be on a Lot basis, with each Lot Owner entitled to one (1) vote.
- (b) Multiple Owners. Where the ownership of a Lot is in more than one (1) Owner, the Owner who shall be entitled to cast the vote of such Lot shall be the Owner named in a certificate executed by all of the Owners of such Lot and filed with the Secretary (the "Designated Owner"). Such certificate shall be valid unless revoked by a subsequent certificate similarly executed. In the absence of such named Designated Owner from the meeting, the Owner who shall be entitled to

cast the vote of such Lot shall be the Owner owning such Lot who is present. If the Designated Owner is not present, and more than one other Owner or Owners owning such Lot is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 5310(a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. Any certificate executed by all Lot Owners shall be valid until revoked by a subsequent certificate similarly executed. Except where execution by Owners of a Lot in the same manner as a deed is required, and subject to the provisions of the Act, the Declaration, and these Bylaws, wherever the approval or disapproval of a Lot Owner is required by this subpart, the Declaration or the Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Lot at any meeting of the Association.

- (c) Ownership by an Entity other than an Individual. If the Owner of a Lot is a corporation, joint venture, partnership, or unincorporated association, then the natural person who shall be entitled to cast the vote for such Lot shall be the person named in a certificate executed by such entity pursuant to its governing documents. If the Owner of a Lot is a trust, then the Trustee or Trustees shall be deemed to be the Owner for the voting purposes, however the Trustees shall designate one Trustee to cast the vote of such Lot. The natural person who shall be entitled to cast the vote of such Lot shall be the person named in a certificate executed by all of the Owners of such Lot and filed with the secretary or, in the absence of such named person from the meeting or the failure to execute and file such a certificate, the person who shall be entitled to cast the vote of such Lot shall be the person owning such Lot who is present. If multiple Owners of a Lot are present, then the votes allocated to that Lot may be cast only in accordance with their unanimous agreement unless the Declaration expressly provides otherwise. There shall be deemed to be unanimous agreement if any one of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Except where execution by Owners of a Lot in the same manner as a deed is required, and subject to the provisions of the Act, the Declaration, and these Bylaws, wherever the approval or disapproval of a Lot Owner is required by this subpart, the Declaration, or the Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Lot at any meeting of the Association.
- (d) Votes Required. Except with respect to election of members of the Executive Board and except where a greater number is required of members of the Executive Board and except where a greater number is required by the Act, the Declaration, or these Bylaws, the Owners of more than fifty (50%) percent of the aggregate number of Lots, 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 the Association.

- (e) Elections. In all elections for Executive Board members, each Owner shall be entitled to cast for each vacancy to be filled at such election one (1) vote per Lot owned by such Lot Owner as provided in the Declaration. Those candidates receiving the greatest number of votes cast in such elections shall be elected and, if Executive Board members are being elected to unequal terms, then the candidates receiving the highest number of votes shall be elected to the longest terms.
- (f) Declarant's Votes. If the Declarant owns or holds title to one (1) or more Lots, then the Declarant shall have the right, at any meeting of the Association, to cast the votes to which such Lot or Lots are entitled.
- (g) Association Votes. No votes allocated to a Lot owned by the Association may be cast.
- (h) Cumulative and Class Voting. There shall be no cumulative or class voting.

2.8 Election by Mail. All matters which might be voted upon at a meeting of the Lot Owners including, but not limited to, the election of members of the Executive Board, may also be submitted, at the discretion of the Executive Board, to the Lot Owners by a mail ballot. The Executive Board shall prepare for distribution an official ballot form and shall circulate a ballot to each Owner authorized to vote pursuant to Section 2.7 above as if a meeting were being held on the date of the ballot. All Lot Owners shall be required to execute the ballot unless a certificate has been filed with the Secretary naming a Designated Owner. Ballots shall be distributed and counted in accordance with Rules and Regulations to be adopted by the Executive Board.

2.9 Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Lot Owner or in case of multiple Owners, by the Designated Owner, in favor of only another Owner, a Permitted Mortgagee, or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein or adjournment thereof, and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of written notice of revocation from the grantor(s) 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. Any proxy must be eighteen (18) years or older.

2.10 Quorum. Except as set forth below, the presence in person or by proxy of Lot Owners of twenty percent (20%) or more of Owners of Lots created at commencement of a meeting shall constitute a quorum at all meetings of the Homeowner's Association. If a meeting is adjourned pursuant to Section 2.6 above, then the quorum at such second meeting shall be deemed present throughout any meeting of the Association if persons entitled to cast ten percent (10%) 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.

2.11 Conduct of Meetings. The President (or in his absence, the Vice-President) shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of

all transactions occurring at each meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws, or the Act. All votes shall be tallied by tellers appointed by the President.

ARTICLE III

Executive Board

3.1 Number and Qualification. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of not less than three (3) nor more than five (5) natural persons, all of whom shall be designees of the Declarant, Lot Owners, or officers, directors, shareholders, partners, or employees of Owners. No more than one (1) member shall be elected from any Lot. The initial Board shall consist of three (3) members. The number of members may be increased to five (5) at any annual meeting of the Owners by a vote of a majority of the Owners.

3.2 Delegation of Powers; Managing Agent. The Executive Board may employ for the Planned Community a "Managing Agent" at a compensation established by the Executive Board. The Managing Agent shall perform such duties and services as the Executive Board shall authorize including, but not limited to, all of the duties listed in the Act, the Declaration, and these Bylaws; provided, however, that where a Managing Agent does not have the power to act under the Act, the Declaration, or these Bylaws, such duties shall be performed as advisory to the Executive Board. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration, and these Bylaws other than the following powers:

- (a) to adopt the annual budget and any amendment thereto or to assess any Common Expenses;
- (b) to adopt, repeal or amend Rules and Regulations;
- (c) to designate signatories on Association bank accounts;
- (d) to borrow money on behalf of the Association;
- (e) to acquire and mortgage Lots;
- (f) to designate Reserved Common Elements; and
- (g) 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 three (3) years.

3.3 Election and Term of Office.

- (a) At the annual meetings of the Association, subject to the Declaration, the election of members of the Executive Board shall be held. Elections may also be held by mail as set forth in Section 2.8 hereinabove. At the first annual meeting, two board members shall be elected for two (2) year terms and one board member shall be elected for a one (1) year term. Thereafter, the term of office of any Executive Board member to be elected (except as set forth in Section 3.5 hereof) shall be two (2) years. If the Executive Board is expanded to five (5) members, the terms of the Executive Board members shall be staggered, with two (2) members serving for a three (3) year term, two (2) members serving for a two (2) year term, and the fifth (5th) member serving for a one (1) year term. The length of term shall be determined by the number of votes received by each member, i.e., the member receiving the most votes shall serve for the longer term, and the member receiving the least votes shall serve for the one (1) year term, and so on. The members of the Executive Board shall hold office until the earliest to occur of the election of their respective successors, their death, adjudication of incompetency, removal, or resignation. Notwithstanding the foregoing provisions, an Executive Board member may not serve for more than five (5) consecutive years. At the expiration of five (5) consecutive years of service, said member shall resign and thereafter be ineligible for service as an Executive Board member for a period of no less than five (5) years following expiration of said term.
- (b) Within sixty (60) days after conveyance of twenty-five percent (25%) of the Lots by Owners other than the Declarant, a special meeting of the Association shall be held at which one (1) of the members of the Executive Board designated by the Declarant shall resign (such member to be selected by the Declarant), and the Owners, excluding the Declarant as an Owner, shall thereupon elect a successor member of the Executive Board to act in the place and stead of the member resigning. Such successor member shall serve until the annual meeting of the Association following the meeting at which he was elected. After occupation of twenty-five percent (25%) of the Lots by Owners other than the Declarant, not less than 25% of the members of the Executive board shall be elected by the Members.
- (c) No later than (60) days after the conveyance of fifty percent (50%) of the Lots to Lot Owners other than Declarant, at least thirty-three percent (33%) of the members of the Executive Board shall be elected by the Owners.
- (d) Within sixty (60) days after occupation of seventy-five (75%) percent of the Lots by Lot Owners other than Declarant, a special meeting of the Association shall be held at which time any remaining Declarant-appointed Board members shall resign and the Owners shall elect a new Board member or members, a special meeting of the Association shall be held at which all of the members of the Executive Board designated by the Declarant shall resign, and the Owners, including the Declarant if the Declarant owns one or more Lots, shall thereupon elect successor members of the Executive Board to act in the place and stead of those resigning. The successor member receiving the highest number of votes

shall serve until the second annual meeting of the Association following the date of the election of the successor Board member elected pursuant to subparagraph (b) above, and the successor member(s) receiving the next highest number of votes shall serve until the first annual meeting of the Association following the date of the election of the successor Board member elected pursuant to subparagraph (b) above.

- (e) Notwithstanding the foregoing, if any meeting required pursuant to subparagraphs (a), (b) or (c) above could be held on the date an annual meeting of the Association is scheduled, then such meeting(s) shall be held concurrently with such annual meeting.
- (f) Persons qualified to be members of the Executive Board may be nominated for election only as follows:
 - (i) Any Lot Owner may submit to the Secretary, at least fifteen (15) days before the meeting at which the election is to be held, a nominating petition signed by Owners owning at least two (2) Lots in the aggregate, together with a statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail, or hand deliver the submitted items to every Owner along with the notice of such meeting; and
 - (ii) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board; and
 - (iii) In the event an election is held by mail, nominations shall be submitted by mail not less than forty-five (45) days prior to the date selected for the election and shall be accompanied by a biographical sketch. The Executive Board shall mail an official ballot, together with a copy of the biographical information, to all Owners not less than twenty (20) days prior to the date set for the election. Ballots may be returned by mail or in person up to 5:00 p.m. on the date set for the election.

3.4 Removal or Resignation of Members of the Executive Board.

- (a) Except with respect to members designated by Declarant, at any regular or special meeting of the Association duly called, any one or more of the members of the Executive Board may be removed with or without cause by Owners entitled to cast a majority of all votes in the Association and a successor may then be elected to fill the vacancy thus created in accordance with the provisions of Section 3.5. Any Owner proposing removal of a Board member shall give notice thereof to the Secretary. Any member whose removal has been proposed by an Owner shall be given at least ten (10) days' notice by the Secretary of the time, place, and purpose of the meeting and shall be given an opportunity to be heard at the meeting.

- (b) A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Lot or upon termination of his relationship with the Owner if the Owner is an entity other than a person. Declarant shall have the right to remove and replace any or all members appointed by Declarant at any time and from time to time until the required resignation date specified in the Declaration.

3.5 Vacancies. Except as set forth in Section 3.4 above with respect to members appointed by Declarant, vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of the Owners shall be filled by a vote of a majority of the remaining members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor. In the case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term.

3.6 Organization Meeting. The first meeting of the Executive Board following each annual meeting of the 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), and no written notice shall be necessary to the newly elected members of the Executive Board in order to legally constitute such meeting, if a majority of the Executive Board members shall be present at such meeting.

3.7 Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the members, but such meetings shall be held at least once each fiscal year. Notice of regular meetings of the Executive Board shall be given to each member, by U.S. Mail or email, at least five (5) business days prior to the day named for such meeting.

3.8 Special Meetings. Special meetings of the Executive Board may be called by the President on at least three (3) business days' notice to each member, given by U.S. Mail or email, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two (2) members of the Executive Board.

3.9 Waiver of Notice. Any member may at any time, in writing, waive notice of any meeting of the Executive Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Executive Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all members are present at any meeting of the Executive Board, then no notice shall be required, and any business may be transacted at such meeting.

3.10 Quorum of the Executive Board. At all meetings of the Executive Board, a majority of the members shall constitute a quorum for the transaction of business and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Executive Board. If at any meeting of the Executive Board there is less than a

quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment through which all persons participating in the meeting can hear each other.

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

3.12 Conduct of Meetings. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings, recording all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Executive Board if and to the extent not in conflict with the Declaration, these Bylaws, or the Act.

3.13 Action Without Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board. Action may also be taken by conference, telephone, or similar electronic means where all Board members can participate simultaneously.

3.14 Validity of Contracts with Interested Executive Board Members. No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm, or association in which one or more of the Executive Board members are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

- (a) The fact that an Executive Board member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in the minutes, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members with a financial interest; or
- (b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved, or ratified.

3.15 Inclusion of Interested Executive Board Members in the Quorum. Any Executive Board member holding such director or officer position or having such financial interest in another corporation, firm, or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves, or ratifies a contract or transaction of the type described in Section 3.14 hereof.

ARTICLE IV

Officers

4.1 Designation. The principal officers of the Association shall be the President, Vice President, the Secretary and the Treasurer, all of whom shall be 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 an Assistant Treasurer, Assistant Secretary, and such other officers as in its judgment may be necessary.

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

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

4.4 President. The President shall be the chief executive officer of the Association, shall preside at all meetings of the Association and of the Executive Board, and have all of the general powers and duties which are incident to the office of president of a corporation organized under the laws of Pennsylvania, including without limitation, the power to appoint committees from among the 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 Association. The President shall cease holding such office at such time as he ceases to be a member of the Executive Board.

4.5 Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, then 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 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 Association pursuant to the Act and Article V 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 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 Association or the Managing Agent, in such depositories as may from time

to time be designated by the Executive Board and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of Pennsylvania.

4.8 Execution of Documents. All agreements, contracts, deeds, leases, checks, and other instruments of the Association for expenditures or obligations in excess of Five Thousand Dollars (\$5,000) shall be executed by two officers of the Association. All instruments for expenditures or obligations of Five Thousand Dollars (\$5,000) or less may be executed by any one officer of the Association.

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

ARTICLE V

Common Expenses; Budgets

5.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year 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 (30) days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Lots as to which it is the responsibility of the Executive Board to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies, and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws, or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Planned Community, and the rendering to the Owners of all related services. Such budget shall also include such reasonable amounts as the Executive Board considers necessary to provide working capital, a general operating reserve, and reserves for contingencies and replacements. The budget shall segregate General Common Expenses and Limited Common Expenses. Further, as and when more than one type of structure is constructed and created as a Lot in the Planned Community, the budget may also segregate as Limited Common Expenses the expense of the maintenance, repair, and replacement of each particular type of structure, and certain components of Limited Common Elements appurtenant to the Lot.

- (b) On or before the fifth (5th) day of December (or twenty (20) days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall make the budget available for inspection at the Association office and shall send to each 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 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) In General. Except as provided in Subsection (b) below, all Common Expense assessments made in order to meet the requirements of the Association's annual budget shall be deemed to be adopted and assessed on an annual basis payable in installments as determined by the Executive Board. Once a Lot is created, the Owner shall be responsible for its pro rata share of the Common Expenses, in addition to the Limited Common Expenses and Special Assessments and reserves as hereinafter defined as same may relate to such Lot. The obligation to pay Common Expenses that benefit fewer than all of the Lots shall be assessed exclusively against the Lots benefited on an equal basis.
- (b) Unoccupied Lots. A Lot which is either unimproved, unoccupied, or for which a certificate of occupancy has not been issued for the improvement(s) thereon, shall not be required to pay a full monthly assessment to the Association, but shall be required to pay an assessment which equals a percentage of that to be assessed against said Lot once occupied (as set forth in the Association's Budget). For purposes of this calculation, the assessment shall not include a share of the cost of Common Expenses attributable to property damage insurance costs, any recreational area costs, or any item or amenity from which such unoccupied Lot has not yet obtained a benefit.
- (c) Adoption and Accounting. Assessments shall be deemed to have been adopted and assessed as determined by the Executive Board and shall be a lien against each Owner's Lot as provided in the Act and the Declaration. Within ninety (90) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each 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 Owners in accordance with their Percentage Interests and shall be payable in assessments, as the Executive Board may determine.

- (d) 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 General Common Expense Assessment. Written notice of any change in the amount of Supplemental Assessments levied by the Association through the Board shall be given to all Owners not less than thirty (30) days prior to the effective date of such Supplemental Assessment.
- (e) Limited Expenses. The Executive Board shall calculate the assessments for Limited Expenses, if any, against each Lot obligated to pay Limited Expenses by multiplying (i) the total amount of the estimated funds required for Limited Expenses set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting any income expected to be received from the operation of the Limited or Reserved Common Elements to which the Limited Expenses pertain other than Limited Expense Assessments by (ii) the share of Limited Expenses (expressed in decimal form) allocated to each 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 basis as determined by the Executive Board and shall be a lien against each Owner's Lot as provided in the Act and the Declaration. Within one hundred twenty (120) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Owner and to each Permitted Mortgagee, who has registered an address with the Secretary, an itemized accounting of the Limited Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to Limited Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Lot Owners obligated to pay Limited Expenses in accordance with their allocable share of Limited Expenses and shall be payable in one or more assessments, as the Executive Board may determine.
- (f) 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 Owner's assessments, the Executive Board may at any time levy further assessments for General Common Expenses, which shall be assessed against the Lot Owners according to their respective Percentage Interests with regard to General Common Expenses and shall be payable in one or more 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), (b), or (c), 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 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 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 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 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 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 Association, by majority vote of all votes in the Association, may reject any budget or capital expenditure approved by the Executive Board, within thirty (30) days after approval by the Executive Board. The Executive Board shall be required to obtain the consent of Lot Owners entitled to cast at least two thirds of the votes in the Association, at a meeting duly called and held in accordance with the Bylaws herein, in order to (i) expend funds or incur expenses that are reasonably anticipated to 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) borrow money so that loans of the Association then outstanding would exceed 10% of such aggregate amount.

5.10 Payment of Common Expenses. Each Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article V. No 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 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 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 Owner amounts paid by the purchaser therefore. Any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Owner within five (5) days following a written request 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, 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, may take prompt action to collect any assessments for Common Expenses due from any Owner, which remain unpaid for more than thirty (30) days from the due date for payment thereof. Any assessment not paid within five (5) days after its due date shall accrue a late charge in the amount of eight percent (8%) of the overdue assessment in addition to interest at the rate of fifteen percent (15%) 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 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 General Common Expenses and income from the operation of the Common Elements, other than Limited Common Elements with regard to which Limited Expenses are assessed, in excess of the amount required for actual General Common Expenses and reserves for future General 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 Assessments of General Common Expenses against that Lot under the then current fiscal year's budget and thereafter, until exhausted. Any amounts accumulated from Assessments for Limited Expenses and income from the operation of Limited Common Elements to which such Limited Expenses pertain in excess of the amount required for actual Limited Expenses and reserves for future Limited Expenses shall be credited to each Lot assessed for a share of such Limited Expenses in proportion to the share of such Limited Expenses so assessed. These credits will be applied, unless the Declaration provides otherwise, to the next Assessments of Limited 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 Association may assess that expense exclusively against his Lot(s).

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

- (a) Additional Liability. Each 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 an Owner under the Declaration, these Bylaws, the Rules and Regulations, or the Act, the Association shall be entitled to recover the reasonable costs and expenses of the Association, including attorney's fees.
- (c) No Waiver of Rights. The failure of the Association, the Executive Board, or of an Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration, these Bylaws, the Rules and Regulations, or the Act shall not constitute a waiver of the right of the Association, the Executive Board, or the Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies, and privileges granted to the Association, the Executive Board, or any 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 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 or Lot in which, or as to which, such violation or breach exists and summarily to

abate and remove, at the expense of the defaulting 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 Association shall have the right to terminate any services, which it performs or provides to or for an Owner, including utility service to individual Lots or 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 Owner.
- (f) Suspension of Voting Rights. Any 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 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 the Declaration, (i) Section 2.4, (ii) Section 3.4, and (iii) this Section 7.1 may not be amended without the consent in writing of Declarant, as long as Declarant owns any Lots. 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 single family residential 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 Planned Community, 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 Section.

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 Association may prepare, execute, certify, and record properly adopted amendments to the Declaration on behalf of the Association.

ARTICLE VIII

Maintenance, Repair, Replacement and Other Common Expenses

8.1 By the Association. The 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, whether located inside or outside of the Lots, the cost of which shall be charged to all Lot Owners as a common expense. Further, in accordance with the Declaration, the Association may have the responsibility to perform the maintenance, repair, and replacement of certain Limited Common Elements, with the cost associated with such maintenance, repair, or replacement to either be assessed as a Common General Expense, or a Limited Expense in accordance with the Declaration.

8.2 By the Lot Owner.

- (a) Each Owner shall keep his Lot, and its appurtenances in good order, condition, and repair and in a clean and sanitary condition, and shall do all work that may at any time be necessary to maintain the good appearance and condition of his Lot. In addition, each Owner shall be responsible for all damage to any other Lots or to the Common Elements resulting from such Lot Owner's failure or negligence to make any of the repairs required by this section, or otherwise by his (or its) negligence or neglect. Each Owner shall promptly report in writing to the Executive Board or the Managing Agent any defect or need for repairs for which the Association is responsible.
- (b) Unless otherwise provided in the Declaration, the Owner of any Lot to which a Limited Common Element is appurtenant shall perform the maintenance for that Limited Common Element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water, and shall also make all repairs thereto and be responsible for the replacement thereof.

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 an Owner, at the single address which the 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 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.

IN WITNESS WHEREOF, these Bylaws have been adopted this 15th day of March 2019.

DUFFY HIGHLANDS, LP,
a Pennsylvania limited partnership

By: Duffy Highlands Holdings, LLC,
a Pennsylvania limited liability company,
its general partner

By: Brennan Family Holdings, LLC,
a Pennsylvania limited liability company,
its sole member

By: 
Robert A. Brennan, Manager