

BY-LAWS OF THE STONEHEDGE II TOWNHOME
CONDOMINIUM ASSOCIATION, INC.

A PENNSYLVANIA CONDOMINIUM
ASSOCIATION

PURSUANT TO THE PROVISIONS OF THE PENNSYLVANIA UNIFORM
CONDOMINIUM ACT, 68 Pa. C. S. A. § 3101 et seq.

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**BY-LAWS OF
THE STONEHEDGE II TOWNHOME CONDOMINIUM ASSOCIATION, INC.**

**ARTICLE I
IDENTIFICATION OF THE PROPERTY AND DEFINITIONS**

- 1.1 Applicability. These By-Laws are adopted this 29th day of MARCH, 2007, pursuant to the Uniform Condominium Act of Pennsylvania at 68 Pa C S A. § 3101 et seq (hereinafter "the Act"), for the regulation and management of the Property known and identified as The Stonehedge II Townhome Condominium, situated in South Middleton Township, Cumberland County, Pennsylvania, which has been created according to the provisions of the Act by a Declaration creating and establishing The Stonehedge II Townhome Condominium and recorded in the Office of the Recorder of Deeds in and for Cumberland County, Pennsylvania in Record Book _____, Page _____ and the accompanying Declaration Plan which was recorded in said Office in Record Book _____ Page _____.
- 1.2 Definitions. Capitalized terms when used in these By-Laws without definition shall have the same meanings ascribed to them in the Declaration to which these By-Laws pertain, or, if not defined therein, the meanings specified or used for such terms in the Act.

**ARTICLE II
ADMINISTRATION: APPLICABILITY**

- 2.1 Administration. The administration and management of **The Stonehedge II Townhome Condominium Association, Inc.** (hereinafter "Association") and the Property and the actions of the Association and the Unit Owners shall be governed by the By-Laws.
- 2.2 Applicability. All present and future Unit Owners, tenants, their licensees, servants, agents, employees and any other person or persons that shall be permitted to use the Property shall be subject to the Declaration, By-Laws and to the Rules and Regulations made and promulgated by the Association. Acquisition, rental or occupancy of any Unit shall be conclusively deemed to mean that the Unit Owner, tenant or occupant accepted and ratified the Declaration, By-Laws and the Rules and Regulations of the Association and will comply with them.
- 2.3 Principal Office. The principal office of The Stonehedge II Townhome Condominium and the Association shall be located initially at 2121 Old Gatesburg Road, Suite 200, State College, PA 16803, but thereafter may be located at such other suitable and convenient place or places as shall be permitted by law and designated by the Executive Board.

**ARTICLE III
THE ASSOCIATION**

- 3.1 Organization. The Association shall be organized, no later than the date of the Declaration of The Stonehedge II Townhome Condominium. Membership of the Association at all times shall consist exclusively of Unit Owners and shall initially be deemed an incorporated association. The management of the Association and its operation and organization shall be governed and exist according to the terms of the Act at Section 3301 through 3317 as applicable, which terms are incorporated herein by reference and made a part hereof.

- 3.2 Annual Meetings. The Annual meeting of the Association shall be held on the third (3rd) Thursday of November each year unless such date shall occur on a holiday, in which event the meeting shall be held on the succeeding Thursday, or such alternate date as the Executive Board shall decide. At such annual meetings the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Sections 3.4, 3.7 and 4.3 of these By-Laws (subject to Article XV of the Declaration) and such other business as may properly come before the meeting may be transacted.
- 3.3 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 Unit Owners as may be designated by the Executive Board.
- 3.4 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 Unit Owners entitled to cast at least twenty-five (25%) percent 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 forty-five (45) days after receipt by the President of such resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 6.3.7 below, such meeting shall be held within fifteen (15) days after receipt by the President of such resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.
- 3.4.1 Within sixty (60) days after conveyance of twenty-five (25%) percent of the Units to Unit Owners other than the Declarant, a special meeting of the Association shall be held at which time at least one (1) additional member who shall comprise not less than twenty-five percent (25%) of the Executive Board, shall be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty (50%) percent of the Units which may be created to Unit Owners other than the Declarant, one (1) additional Executive Board member; who shall comprise not less than thirty-three percent (33%) of the members of the Executive Board, shall be elected by Unit Owners other than Declarant.
- 3.4.2 Not later than the termination of any period of Declarant control, the Unit Owners shall elect an Executive Board of at least five (5) members, at least a majority of whom shall be Unit Owners. Such successor members shall serve until the annual meeting of the Association following the meeting at which they were elected.
- 3.4.3 Notwithstanding the foregoing, if any meeting required pursuant to Sections 3.4.1 and 3.4.2 above could be held on the date an annual meeting of the Association is scheduled, then such meetings shall be held concurrently with such annual meeting.
- 3.5 Notice of Meetings. The Secretary shall give to each Unit Owner a notice of each annual or regularly-scheduled meeting of the Association at least twenty (20) days but not more than sixty (60) days prior thereto, and of each special meeting of the Unit Owners at least ten (10) days but not more than forty-five (45) days, prior to such meeting, stating the time, place and purpose thereof. The giving of notice of meeting in the manner provided in this Section 3.5 and Section 11.1 of these By-Laws shall be considered service of notice.
- 3.6 Adjournment of Meetings. If at any meeting of the Association a quorum is not present, the Unit Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than

forty-eight (48) hours after the time for which the original meeting was called.

3.7 Voting: Proxies.

3.7.1 Multiple owners of a Unit. If only one of the multiple owners of a Unit is present at a meeting of the Association, he is entitled to cast all the votes allocated to that Unit. If more than one of the multiple owners are present, the votes allocated to that Unit may be cast only in accordance with their unanimous agreement unless the Declaration expressly provides otherwise. There is unanimous agreement if any one of the multiple owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit.

3.7.2 Proxies. Votes allocated to a Unit may be cast pursuant to proxy duly executed by a Unit Owner. If a Unit is owned by more than one, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date unless it specifies a shorter term.

3.7.3 Cumulative and class voting. The Declaration may provide for cumulative voting only for the purpose of electing members of the Executive Board and for class voting on specified issues affecting the class if necessary to protect valid interest of the class. A Declarant may not utilize cumulative or class voting for the purpose of evading any limitation imposed on Declarant by this subpart.

3.7.4 Units owned by Association. No votes allocated to Unit owned by the Association may be cast.

3.7.5 One Unit, One Vote. Unless otherwise indicated, each Unit shall have one vote as provided in Section 2.3 of the Declaration, as well as such voting assigned to it by the By-Laws of the Stonehedge II Planned Community Association.

3.7.6 Changes to Common Elements. Any change in the Common Elements shall require approval vote except as designated otherwise in the Declaration.

3.8 Quorums.

3.8.1 Association. Unless the By-Laws provide otherwise, a quorum is deemed present throughout any meeting of the Association if persons entitled to cast twenty percent (20%) or more of the votes which may be cast for election of the Executive Board are present in person or by proxy at the beginning of the meeting. The By-Laws may require a larger percentage or a smaller percentage but not less than ten percent (10%).

3.8.2 Executive Board. Unless the By-Laws specify a larger percentage, a quorum is deemed present throughout any meeting of the Executive Board if persons entitled to cast fifty percent (50%) of the votes on the Board are present at the beginning of the meeting.

3.9 Powers. The Association shall have the following powers, subject to provisions of the Declaration.

- 3.9.1 Adopt and amend By-Laws and Rules and Regulations by a majority vote of the Unit Owners. 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 By-Laws 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 condominium projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens, on all or any part of the property, upon receipt by the Executive Board of a opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence
- 3.9.2 Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for Common and Limited Common Expenses from Unit Owners. Designate signatories on the Associations bank accounts.
- 3.9.3 Hire and terminate managing agents and other employees, agents and independent contractors. Duties of the managing agent shall be more clearly defined under Section 4.2 of these By-Laws
- 3.9.4 Institute, defend or intervene in litigation or administrative proceedings in its own name and on behalf of itself or two or more Unit Owners on matters affecting the condominium
- 3.9.5 Make and terminate contracts and incur liabilities. Borrow money on behalf of the Association.
- 3.9.6 Regulate the use, maintenance, repair, replacement and modification of Common and/or Limited Common Elements. Adopt, repeal or amend the Rules and Regulations.
- 3.9.7 Cause additional improvements to be made as a part of the Common Elements.
- 3.9.8 Acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property. To acquire and mortgage Units.
- 3.9.9 Grant easements, leases, licenses and concessions through or over the Common Elements.
- 3.9.10 Impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements other than Limited Common Elements described in Sections 3.202(2) and (4) (relating to boundaries) of the Act
- 3.9.11 Impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, By-Laws, and Rules and Regulations of the Association
- 3.9.12 Impose reasonable charges for the preparation and/or recordation of amendments to the Declaration, other Association documents, resale certificates required by Section 3.407 (relating to resale of units) or statements of unpaid assessments.
- 3.9.13 Provide for the indemnification of its officers and Executive Board and maintain directors and officers' liability insurance.

- 3 9 14 Exercise any other powers conferred by the Declaration, Rules and Regulations or By-Laws.
- 3 9 15 Exercise all other powers that may be exercised in this Commonwealth of Pennsylvania by legal entities of the same type as the Association
- 3 9 16 Exercise any other powers necessary and proper for the governance and operation of the Association.

ARTICLE IV **EXECUTIVE BOARD**

- 4 1 Executive Board. The Executive Board shall be composed initially of three (3) members appointed by the Declarant, and shall have all the powers and duties granted by the Act and may act in all instances on behalf of the Association except for the following express limitations:
 - 4 1 1 Executive Board may not amend the Declaration or terminate the Condominium, except as allowed by law and the Condominium documents.
 - 4 1 2 Executive Board may not elect new members of the Board or determine the qualifications, powers and duties or terms of office of Board members, except that the Board may fill vacancies in its membership for the unexpired portion of any term.
 - 4 1 3 Unit Owners may by seventy percent (70%) reject any budget or capital expenditure approved by the Board within thirty (30) days after the approval
 - 4 1 4 Declarant control of the Executive Board shall, unless voluntarily terminated earlier, not extend beyond seven (7) years from the date of the first conveyance of a Unit, except that Declarant control shall, automatically terminate one hundred eighty (180) days after conveyance of seventy-five percent (75%) of the Units contained in all sections to Unit Owners other than Declarant.
 - 4 1 5 Until the sixtieth (60th) day after conveyance of twenty-five percent (25%) of the Units to Unit Owners other than Declarant, Declarant shall have the right to appoint and remove any and all officers members of the Executive Board. Declarant may not unilaterally remove any members of the Executive Board elected by Unit Owners other than Declarant.
 - 4 1 6 Within sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Unit Owners other than the Declarant, an additional person who is a Unit Owner shall be elected to the Executive Board. Only Unit Owners other than the Declarant may vote at such Transition Election
 - 4 1 7 Within sixty (60) days after conveyance of fifty percent (50%) of the Units to Unit Owners other than Declarant, an additional person who is a Unit Owner shall be elected by the Executive Board. Only Unit Owners other than the Declarant may vote at such Transition Election
 - 4 1 8 All members of the Executive Board shall resign, and the Unit Owners (including Declarant to the extent of the Units owned by

Declarant) shall elect a new five (5) member Executive Board, not later than the earlier of:

- a. Seven (7) years after the date of first conveyance of a Unit to a person other than Declarant; or
- b. One hundred eighty (180) days after seventy five (75%) of the Units have been conveyed to Unit Owners other than Declarant.

4.2 Delegation of Powers: Managing Agent. The Executive Board may employ for the Condominium 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 By-Laws, provided, however, where a Managing Agent does not have the power to act under the Act, the Declaration or these By-Laws, 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 By-Laws other than the following powers:

- 4.2.1 to adopt the annual budget, any amendment thereto or to assess any Common Expense;
- 4.2.2 to adopt, repeal or amend Rules and Regulations;
- 4.2.3 to designate signatories on Association bank accounts;
- 4.2.4 to borrow money on behalf of the Association;
- 4.2.5 to acquire and mortgage Units;
- 4.2.6 to allocate Limited Common Elements

Any contract with the Managing Agent must provide that this may be terminated with cause on no more than thirty (30) days written notice and without cause and without penalty or any termination fee on no more than ninety (90) days written notice. The terms of any such contract may not exceed two (2) years.

4.3 Election and Term of Office.

4.3.1 At any annual meetings of the Association, subject to Article 15 of the Declaration, the election of members of the Executive Board shall be held. The term of office of any Executive Board Member to be elected (except as set forth in Section 3.4.1, 3.4.2 and 3.4.3; and Section 4.4 and 4.5 hereof) shall be fixed at two (2) years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal or resignation. An Executive Board Member may serve an unlimited number of terms and may succeed themselves.

4.3.2 Person qualified to be members of the Executive Board may be nominated as follows:

- a. Any Unit Owner may submit to the Secretary at least thirty (30) days before the meeting at which the election is to be held a nominating petition signed by Unit Owners owning at least four (4) Units, and a statement that the person nominated is willing to serve on the Executive Board. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting.

- b. Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has been nominated by petition

4.4 Removal or Resignation of Members.

- 4.4.1 Except with respect to members appointed by Declarant at any regular or special meeting of the Association duly called and subject to the notice requirements set forth in Section 3.5 hereof anyone or more of the members of the Executive Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Association. A successor may then and there be elected to fill the vacancy thus created for the remainder of the term of the member being replaced. In case of multiple vacancies, the person receiving the greatest number of votes shall be elected for the longest term. Notwithstanding the foregoing, during the Declarant Control Period, an Executive Board Member elected by only the Unit Members other than the Declarant pursuant to Section 3.4 hereof, may be removed and a replacement elected only by a majority of all votes of Unit Owners other than the Declarant
- 4.4.2 Any Unit Owner proposing removal of a member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit Owner shall be given at least twenty (20) 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.
- 4.4.3 A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to their Unit, if, as a result of such transfer, such member of the Executive Board has no ownership interest in any Unit.
- 4.4.4 Declarant shall have the right to remove and replace any or all members appointed by the Declarant at any time and from time to time.

4.5 Vacancies

- 4.5.1. Except with respect to members appointed by the Declarant, members elected by the Unit Owners other than the Declarant and serving during the Declarant Control Period pursuant to Section 3.4 and vacancies caused by the removal of an Executive Board member by a vote of the Unit Owners as set forth in Section 4.4 above, all vacancies in the Executive Board shall be filled by a vote of a majority of the remaining members of the Executive Board. Such vote shall be conducted 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. Any person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced. In the case of multiple vacancies, the person receiving the greatest number of votes shall be elected for the longest term.
- 4.5.2. During the Declarant Control Period, any vacancy created by the death, adjudication of incompetency, removal or resignation of a member of the Executive Board elected by only the Unit Owners other than the Declarant pursuant to Section 3.4 hereof shall be filled by the vote of only Unit Owners other than the Declarant. Except in the case of vacancy by removal and simultaneous replacement

election pursuant to Section 4.4 above, the vote to fill a vacancy hereunder shall be conducted at a special meeting of the Association to be held for such purpose within twenty (20) days after the occurrence of such vacancy. The Secretary shall give each Unit Owner at least ten (10) days prior notice of this special meeting stating the time, place and purpose thereof. Any person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced.

- 4.6 Organization Meeting. The first meeting of the Executive Board following each annual meeting of the Association (hereinafter referred to as "Organization Meeting") shall be held within ten (10) days thereafter at such time and place fixed by the President (even if they are the outgoing President) at the meeting at which such Executive Board shall have been elected. No notice shall be necessary to the newly elected members of the Executive Board in order legally to constitute such meeting, providing a majority of the whole Executive Board shall be present at such meeting.
- 4.6.1 Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the members, but such meetings shall be held at least once every two (2) months. Notice of regular meetings of the Executive Board shall be given to each member, by mail or telefax, at least ten (10) business days prior to the day named for such meetings.
- 4.6.2 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 mail or telefax, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on written request of at least two (2) members of the Executive Board.
- 4.7 Waiver of Notice. Any member may at any time, in writing, waive notice of any meeting of the Executive Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Executive Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all members are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meeting.
- 4.8 Quorum of the Executive Board. At all meetings of the Executive Board a majority of the Members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, any business which might have been transacted at the meeting originally called may be transacted without 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 pursuant to which all persons participating in the meeting can hear each other.
- 4.9 Compensation. No member of the Executive Board shall receive any compensation from the Association for acting as such, but may be reimbursed for any reasonable expenses incurred in the performance of their duties.
- 4.10 Conduct of Meetings. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings, recording therein all resolutions adopted by the

Executive Board and a record of all transactions and proceedings occurring at such meetings. Such minute book shall be kept at the office of the Association and may be examined at any time by any member who may make copies of any provisions. The Secretary shall, upon request of any member, for a reasonable charge, supply such member with copies of such minutes as such member shall designate, certified by such Secretary as being true and correct. The then current edition of Robert's Rules of Order shall govern the conduct of the meeting of the Executive Board when not in conflict with the Declaration, these By-Laws or the Act.

- 4.11 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. Such written consent shall be filed with the minutes of the proceedings of the Executive Board.
- 4.12 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 of the Association 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 her votes are counted, if the circumstances specified in either of the following subparagraphs exists:
- 4.12.1 The fact that an Executive Board member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members; or
- 4.12.2 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.
- 4.13 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 4.14 hereof.
- 4.14 Limited Liability of the Executive Board. The Executive Board, and its members in their capacity as members, officers and employees:
- 4.14.1 Shall not be liable for the failure of any service to be obtained by the Executive Board and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Unit Owner or Person on the Property, or resulting from electricity, gas, water, rain, dust or same which may leak or flow from the outside or from any part of the Building, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Executive Board;
- 4.14.2 Shall not be liable to the Unit Owners as a result of the performance of the Executive Board members' duties for any mistake of

judgment, negligence or otherwise, except for the Executive Board members' duties;

4.14.3 Shall have no person liability in contract to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Executive Board or the Association in the performance of the Executive Board members' duties;

4.14.4 Shall not be liable to a Unit Owner, or such Unit Owner's tenants, employees, agents, customers or guests, for loss or damage caused by the theft or damage to personal property left by such Unit Owner or their tenants employees, agents, customers or guests in a Unit, or in or on the Common Elements Limited Common Elements, except for the Executive Board members' own willful misconduct or gross negligence;

4.14.5 Shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Executive Board members' own willful misconduct or gross negligence in the performance of their duties;

4.14.6 Shall have no personal liability arising out of the use, misuse or condition of the Buildings, or which might in any other way be assessed against or imputed to the Executive Board members as a result of or by virtue of their performance of their duties, except for the Executive Board members own willful misconduct or gross negligence.

4.15 Indemnification Each member of the Executive Board in his or her capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys fees, reasonably incurred by or imposed upon them in connection with any proceeding in which they may become involved by reason of their being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not they are an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of their duties: provided that, in the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if they are then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association. The indemnification by the Unit Owners set forth in this Section 4.15 shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise

ARTICLE V **OFFICERS**

5.1 Designation The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and such other officers as, in its judgment, may be necessary. The President, Vice President, Secretary and Treasurer shall be members of the Executive Board. Any other officers may,

but need not, be Unit Owners or members of the Executive Board. An officer other than the President may hold more than one office

- 5 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
- 5 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 this purpose.
- 5 4 Compensation of Officers. No officer who is also a member of the Executive Board shall receive any compensation from the Association for acting as an officer, but may be reimbursed, for any out-of-pocket expense incurred in performing his duties; provided, however, the Secretary and Treasurer may be compensated for their services if the Executive Board determines the compensation to be appropriate.
- 5 5 President. The President shall be the chief executive officer of the Association, preside at all meetings of the Association and of the Executive Board, and shall have all of the general powers and duties which are incident to the office of the President of a corporation organized under the laws of the Commonwealth of Pennsylvania, including without limitation, the power to appoint committees from among the Unit Owners from time to time as the President may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall cease holding this office at such time as he or she ceases to be a member of the Executive Board.
- 5 6 Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the President, on an interim basis. The Vice President shall also perform any other duties as shall from time to time be delegated or assigned him or her by the Executive Board or by the President. The Vice President shall cease holding this office at such time as he or she ceases to be a member of the Executive Board.
- 5 7 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Executive Committee, have charge of such books and papers as the Executive Board may direct, maintain a register setting forth the place to which all notices to Unit Owners and holders of mortgages on any Units hereunder shall be delivered and, in general, perform all the duties incident to the office of the secretary of a corporation organized under the laws of the Commonwealth of Pennsylvania.
- 5 8 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 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 the treasurer of a corporation organized under the laws of the Commonwealth of Pennsylvania.
- 5 9 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 (\$5,000.00) shall be executed by any two (2) officers of the Association. All such instruments for expenditures or

obligations of Five Thousand Dollars (\$5,000 00) or less may be executed by any one (1) officer of the Association.

- 5 10 Other Provisions. Subject to the provision of the Declaration and the Act, the By-Laws may provide for any other matters the Association deems necessary and appropriate

ARTICLE VI **COMMON EXPENSES-BUDGETS**

- 6 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
- 6 2 Preparation and Approval of Budget.
- 6 2 1 On or before the first day of November of each year, (or sixty (60) 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 and/or Limited Common Elements and those parts of the Units 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 and/or Limited Common Expenses by the Act, the Declaration, Rules and Regulations, these By-Laws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration) operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Executive Board considers necessary for contingencies and replacements. The budget shall segregate General Common Expenses and Limited Common Expenses.
- 6 2 2 On or before the 15th day of November of each year, the Executive Board shall make the budget available for inspection at the Association office and within ten (10) business days of the adoption of the budget shall send to each Unit Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the Common and/or Limited Common Expenses. Such budget shall constitute the basis for determining each Unit Owner's assessment for General Common Expenses and Limited 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 6 3 7 below
- 6 2 3 The Executive Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with these deadlines shall not be a condition precedent to the effectiveness of any budget.
- 6 3 Assessment and Payment of Common Expenses.
- 6 3 1 General Common Expenses. The Executive Board shall calculate the monthly assessments for General Common Expenses against each Unit by multiplying (a) the total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting any Limited Common Expenses from the income expected to be received from sources other than Common Expense assessments and the operation of the Limited or Reserved Common Elements to which the Limited Common Expenses pertain, by (b) the Percentage

Interest (express in decimal form) allocated to such Unit, and dividing the resultant product by (c) the number of calendar months in such fiscal year. Such assessments shall be deemed to have been adopted and assessed on a monthly basis and not on an annual basis payable in monthly installments, shall be due and payable on the first day of each calendar month, and shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration. Within one-hundred twenty (120) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the Common Expenses, Limited 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 promptly assessed against the Unit Owners in accordance with their Percentage Interests and shall be payable in one or more monthly assessments, as the Executive Board may determine.

- 6.3.2 Reserves. The Executive Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including nonpayment of any Unit Owner's assessments, the Executive Board may at any time levy further assessments for General Common Expenses and/or Limited Common Expenses which shall be assessed against the Unit Owners either according to their respective Percentage Interests with regard to General Common Expenses or in accordance with the allocable shares of Limited Common Expenses with regard to Limited Common Expenses (whichever is appropriate) and shall be payable in one or more monthly assessments as the Executive Board may determine.
- 6.3.3 Further Assessments. The Executive Board shall serve notice on all Unit Owners of any further assessments pursuant to Section 6.3 or otherwise as permitted or required by the Act, the Declaration and these By-Laws by a statement in writing giving the amount and reasons therefore, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly assessment which is made more than thirty (30) days after the delivery of such notice of further assessments. Such assessments shall be a lien as of the effective date set forth in the preceding Section 6.3.
- 6.3.4 Initial Budget. At or prior to the time assessment of Common Expenses and Limited 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 Owners during such a period as is provided in Section 6.3 above.
- 6.3.5 Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay their allocable share of the Common Expenses and Limited Common Expenses as herein provided whenever the same shall be determined and, in the absence of any

annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly assessments at the rate established for the previous fiscal year until the new annual or adjusted budget shall have adopted.

- 6.3.6 Accounts: Audits. All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once every year by an independent accountant retained by the Executive Board.

- 6.3.7 Rejection of Budget: Limitation on Expenditures and Borrowing. The Association, by a 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 power of the Executive Board to expend funds, incur expenses or borrow money on behalf of the Association is subject to the requirement that the consent of Unit Owners entitled to cast at least two-thirds (2/3) of the votes in the Association obtained at a meeting duly called and held for such purpose in accordance with the provision of these By-Laws, shall be required to (i) expend funds or incur expenses that are reasonably anticipated will cause the aggregate amount of all expenses in the budget (including reserves) to be exceeded by more than thirty-three and one-third percent (33 1/3%) of such aggregate amount after taking into account any projected increases in income, and (ii) to borrow money so that loans of the Association then outstanding would exceed twenty percent (20%) of such aggregate amount.

- 6.3.8 Payment of Common Expenses and Limited Common Expenses. Each Unit Owner shall pay the Common Expenses and/or Limited Common Expenses assessed by the Executive Board pursuant to the provisions of this Article 6 and applicable sections of the Declaration. No Unit Owner may exempt themselves from liability for their contribution toward Common Expenses and/or Limited Common Expenses by waiver of the use or enjoyment of any of the Common Elements and/or Limited Common Expenses or by abandonment of their Unit. No Unit Owner shall be liable for any part of the Common Expenses and/or Limited Common Expenses assessed against his or her Unit subsequent to the date of recordation of a conveyance by them in fee of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for their proportionate share of the Common Expenses and/or Limited Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within ten (10) days following a written request therefore to the Executive Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed by subject to a lien for, any unpaid assessments in excess of the amount therein set forth. Subject to Section 3315(b)(2) of the Act, each record holder of a mortgage on a Unit who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such holder comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation.

of such assessments or charges to all Units including the mortgaged Unit.

6.3.9 Collection of Assessments. The Executive Board or the Managing Agent at the request of the Executive Board, shall take prompt action to collect any Common Expenses and/or Limited Common Expenses due from any Unit Owner which remain unpaid for more than ten (10) days from the due date for payment thereof. Any assessment not paid within ten (10) days after its due date shall accrue a late fee of fifteen (15%) percent of the total fee annually, on the delinquency, and a penalty of five (\$5.00) dollars per day will be assessed. In addition, attorney's fees equal to fifteen (15%) percent of the total due and payable shall be assessed. The Executive Board shall also have the right, by giving five (5) days written notice to any Unit Owner who is in default in the payment of a monthly assessment as aforesaid, to accelerate the maturity of the unpaid monthly assessments for the remainder of the year and collect the same as if they were then presently due. As provided in the Act and Declaration, the Association shall have a lien on unpaid assessments.

6.3.10 IN ORDER TO EXPEDITE THE EXECUTIVE BOARD'S COLLECTION OF ANY DELINQUENT ASSESSMENT, EACH UNIT OWNER (BY THE ACCEPTANCE OF THE DEED TO THEIR UNIT) SHALL BE DEEMED TO HAVE APPOINTED ANY ONE OR MORE EXECUTIVE BOARD MEMBERS THE ATTORNEY-IN-FACT FOR SUCH UNIT OWNER TO CONFESS JUDGMENT AGAINST SUCH UNIT OWNER IN ANY COURT OF COMPETENT JURISDICTION IN PENNSYLVANIA, FOR ANY SUCH UNPAID ASSESSMENT(S), WHICH APPOINTMENT (BEING FOR SECURITY) SHALL BE IRREVOCABLE; AND FOR SO DOING A COPY OF THIS SECTION 6.3.10 AND SAID DEED, BOTH VERIFIED BY AFFIDAVIT, SHALL BE A SUFFICIENT WARRANT. THE AUTHORITY GRANTED HEREIN TO CONFESS JUDGMENT SHALL NOT BE DEEMED EXHAUSTED BY ANY EXERCISE THEREOF, BUT SHALL CONTINUE FROM TIME TO TIME UNTIL THE REGULATIONS SHALL BE TERMINATED.

6.3.11 Statement of Unpaid Assessments. The Executive Board shall promptly provide any Unit Owner, contract purchaser or proposed mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses and Limited Common Expenses due from each Unit Owner as required by the terms of Section 3315(g) of the Act, or the certificate and documents required by the terms of Section 3407 of the Act. To the extent permitted by the Act, the Executive Board may impose a reasonable charge for the preparation of such statement and/or certificate and the reproduction of these documents in order to cover the cost of the preparation and reproduction.

ARTICLE VII **ASSOCIATION RECORDS**

7.1 Association Records. The Association shall maintain financial records sufficiently detailed to enable the Association to comply with Section 3407 (relating to resale of Units). All financial and other records shall be made reasonably available for examination by any Unit Owner and his authorized agents.

ARTICLE VIII
ASSOCIATION AS TRUSTEE

- 8.1 Association as Trustee. With respect to a third person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third person is not bound to inquire whether the Association has power to act as trustee or is properly exercising trust powers and a third person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.

ARTICLE IX
AMENDMENTS

- 9.1 Amendments to By-Laws. The By-Laws may be modified or amended only by vote of a majority of Unit Owners, except as otherwise expressly set forth herein or in the Act; provided, however, that until the date on which all Declarant-appointed Board members voluntarily resign or are required to resign pursuant to Article 14 of the Declaration and Sections 3.4 and 4.1 of these By-Laws, this Article 9 may not be amended without the written consent of the Declarant. Additionally, in the judgment of the Executive Board, if any amendment is necessary to cure any ambiguity, or to correct or supplement any provision of these By-Laws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the 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 condominium projects, then at any time and from time to time, the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or 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.
- 9.2 Material Amendments. Amendments of material nature must be agreed to by Unit Owners representing at least sixty-seven percent (67%) of the total allocated votes in the Unit Owners Association. In addition, approval must be obtained from eligible mortgage holders representing at least fifty-one percent (51%) of the votes of Unit estates that are subject to mortgages held by eligible holders. A change to any of the following would be considered as material:
- a. voting rights;
 - b. assessments, assessment liens, or subordination of assessment liens;
 - c. reserves for maintenance, repair, and replacement of Common Elements and/or Limited Common Elements;
 - d. responsibility for maintenance and repairs;
 - e. reallocation of interest in the Common Elements or Limited Common Elements, or rights to their use;
 - f. boundaries of any Unit;
 - g. convertibility of Units into Common Elements, and/or Limited Common Elements or, vice versa:

- h expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project;
- i insurance or fidelity bonds;
- j leasing of Units;
- k imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
- l a decision by the Association to establish self-management when professional management had been required previously by an Eligible Mortgagee;
- m restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;
- n actions to terminate the legal status of the project after substantial destruction or condemnation occurs; or
- o provisions that expressly benefit holders, insurers or guarantors of Eligible Mortgages,

When Unit Owners are considering termination of the legal status of the project other than after substantial destruction or condemnation of the property, all eligible mortgage holders must agree pursuant to the Declaration.

If an addition or amendment is not considered as a material change, such as the correction of a technical error or the clarification of a statement, the eligible mortgage holder's consent implied approval to amend is to be assumed.

Eligible mortgage holders are to be notified of any material changes and must submit any comments or concerns about material changes within ten (10) days of submission of the written proposal for an amendment.

ARTICLE X

APPROVAL OF MORTGAGEES

- 10.1 Approval of Mortgages These By-Laws contain provisions concerning various rights and interests of record holders of mortgages on Units. Such provisions in these By-Laws are to be construed as covenants for protection of such holders on which they may rely in making loans secured by such mortgages. Accordingly, no amendment or modification of these By-Laws impairing or affecting such rights, priorities, remedies, or interests of such holder shall be adopted without the prior written consent of such holders who have registered an address with the Secretary.
- 10.2 Amendments to the Declaration Any two (2) Officers or Board Members of the corporation may prepare, execute, clarify, and record amendments to the Declaration on behalf of the Association.
- 10.3 HUD/VA Rights HUD/VA has the right to veto amendments while there is a Special Declarant.

ARTICLE XI
MISCELLANEOUS

- 11.1 Notices. All notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt, postage prepaid, or otherwise as the Act may permit if:
- a. to a Unit Owner, at the single address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Owner, or
 - b. if to the incorporated association, the Board, or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section.

If a Unit is owned by more than one person, each such person who so designates a single address in writing to the Secretary, shall be entitled to receive all notices hereunder,

- 11.2 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way defines, limits, or describes the scope of these By-Laws or the intent of any provision thereof.
- 11.3 Gender. The use of the masculine gender in these By-Laws 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, we, being all the Initial Directors/Officers of The Stonehedge II Townhome Condominium Association, Inc., have hereunto set our hands and seals this 29th day of March, 2007.

WITNESS:

Kathy Verelli

By: Bob Frazee
President

Kathy Verelli

By: Keith Sund
Vice President

Kathy Verelli

By: David L. Pepper
Secretary/Treasurer

Commonwealth of Pennsylvania

SS

County of Centre

On this, the 29th day of March, 2007, before me, the undersigned officer, personally appeared Bob Frazee, Keith Sandelman, and David L. Pepper who acknowledged themselves to be the Initial Directors/Officers of The Stonehedge II Townhome Condominium Association, Inc., and that they as such Initial Directors/Officers being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of The Stonehedge II Townhome Condominium Association, Inc., by themselves as Initial Directors/Officers

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

Ruth Anna Williams
Notary Public

My Commission expires

Commonwealth of Pennsylvania

