

**BYLAWS OF
ROXBOROUGH RESERVE
OWNERS' ASSOCIATION**

ARTICLE I

Plan of Unit Ownership

1.1. *Applicability.* These Bylaws provide for the governing of Roxborough Reserve Owners' Association ("Association") pursuant to the requirements of Section 5301 of the Uniform Planned Community Act ("Act"). The Association's property, ("Property") is located in the City and County of Philadelphia in the Commonwealth of Pennsylvania, as more particularly described in the Declaration of Planned Community ("Declaration"), and has been submitted to the provisions of the Act by the recording of the Declaration among the land records of Philadelphia County.

1.2. *Definitions.* Capitalized terms used herein without definition shall have the meaning specified for such terms in the Declaration to which these Bylaws pertain 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 Unit Owner and all those entitled to occupy a Unit shall comply with these Bylaws.

1.4. *Offices.* The offices of the Association and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

ARTICLE II

Unit Owners' Association

2.1. *Composition.* The Association is hereby organized on the date hereof as a Pennsylvania nonprofit corporation. The Association shall consist of all of the Unit Owners

acting as a group in accordance with the Act pursuant to the Declaration and these Bylaws. The Association shall have the responsibility for administering the Association, establishing the means and methods of collecting assessments and charges, arranging for the management of the Association and performing all of the other acts that may be required or permitted to be performed by the Association under the Act and the Declaration. Except as to those matters which the Act specifically requires to be performed by the vote of the Association, the foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in Article III of these Bylaws.

2.2. *Annual Meeting.* The annual meeting of the Association shall be held within 180 days after the end of its fiscal year on a date and at a place and time set by the Executive Board. At such annual meeting the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.4 of these Bylaws.

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

2.4. *Special Meetings.*

a. 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 owning Percentage Interests aggregating, and therefore entitled to cast votes of, at least 66 2/3% of the Percentage Interests of all Units (other than for Units owned by the Association as set forth in Section 2.7 below). The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

b. On a day within sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Unit Owners other than the Declarant, a special meeting of the Association shall be held at which one member of the Executive Board designated by the Declarant shall

resign, and the Unit Owners, excluding the Declarant as a Unit Owner, shall thereupon elect a successor member of the Executive Board to act in the place and stead of the resigning member.

c. On a day within sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Unit Owners or the expiration of the maximum time permitted by the Act (whichever shall first occur), 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 Unit Owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect successor members of the Executive Board to act in the place and stead of those resigning.

2.5. *Notice of Meetings.* The Secretary shall mail to each Unit Owner a notice of each annual or regularly scheduled meeting of the Association at least twenty (20) but not more than sixty (60) days, and of each special meeting of the Association at least ten (10) but not more than sixty (60) days, prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section 8.1 of the Bylaws shall be considered service of notice.

2.6. *Adjournment of Meetings.* If at any meeting of the Association a quorum is not present, Unit Owners by Majority Vote (hereinafter defined) may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

2.7. *Voting.* Voting at all meetings of the Association shall be on the following basis: each Unit Owner shall be entitled to cast that Unit's vote equal to the Percentage Interest allocated to the Unit owned as set forth in the Declaration, as the same may be amended from time to time. Any Unit Owner who has not fully paid all assessments made or levied against the Unit Owner's Unit by the Executive Board, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to the Unit Owner's Unit, at least five (5) days prior to the date fixed for such annual or special meeting shall not be entitled to vote. Where the

ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote of such Unit shall be as set forth in the Declaration. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the Person who would be entitled to cast the vote of such Unit at any meeting of the Association. Except where a greater number is required by the Act, the Declaration or these Bylaws, the vote of Unit Owners holding a majority of the Percentage Interests of those present in person or by proxy at one time at a duly convened meeting at which a quorum is present ("Majority Vote") is required to adopt decisions at any meeting of the Association. If any Unit Owner, including the Declarant, owns or holds title to one or more Units, such Unit Owner shall have the right at any meeting of the Association to cast votes equal to the total Percentage Interests of such Units. No vote allocated to a Unit owned by the Association may be cast.

2.8. *Proxies.* A vote may be cast in person or by proxy. If a Unit is owned by more than one Person, each Unit Owner of the Unit may vote or register protest to the casting of votes by the other owner(s) of the Unit through a duly executed proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, a Mortgagee, the Declarant or the Managing Agent, if any. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of written notice of revocation from the grantor 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.

2.9. *Quorum.* Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners owning Percentage Interests aggregating, and therefore entitled to cast votes of, at least fifty-one percent (51%) of the Percentage Interests of all Units (other than for Units owned by the Association as set forth in Section 2.7 above) shall constitute a quorum at all meetings of the Association.

2.10. *Conduct of Meetings.* The 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 thereat. In the absence of the President (or Vice President), the Unit Owners present may elect by Majority Vote a person to serve as presiding officer who shall thereupon have all powers of the President with respect to the conduct of that meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association and in the absence of the Secretary, a person to keep the minutes and record the resolutions of the meeting. 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. Votes may be taken either by voice or written ballot, as determined by the presiding officer, by tellers appointed by the President.

2.11. *Consent of Unit Owners in Lieu of Meeting.* Any action which may be taken at a special, regular or annual meeting of the Association may be taken without a meeting, if a consent or consents in writing, setting forth the action so taken, shall be (a) signed by Unit Owners owning Percentage Interests aggregating, and therefore entitled to cast votes of, at least two-thirds of the Percentage Interests of all Units (other than for Units owned by the Association as set forth in Section 2.7 above) and (b) filed with the Secretary of the Association. Such action shall not become effective until after at least ten (10) days' written notice of such action shall have been given to each Unit Owner entitled to vote thereon.

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 three (3) persons, with such alternates as may be elected in accordance with Section 3.4, all of whom shall be Unit Owners or designees of the Declarant. The Declarant shall have the right in its sole

discretion to replace such Directors as it is entitled to designate and to designate their successors.

3.2. *Powers and Duties.* The Executive Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required by the Act, the Declaration or these Bylaws to be exercised and done by the Association. The Executive Board shall have the power from time to time to adopt Rules and Regulations deemed necessary for the benefit and enjoyment of the Planned Community; *provided, however,* that such Rules and Regulations shall not be in conflict with the Act, the Declaration or these Bylaws. The Executive Board may delegate to one of its members the authority to act on behalf of the Executive Board on such matters relating to the duties of the Managing Agent (as defined in Section 3.3), if any, which may arise between meetings of the Executive Board as the Executive Board deems appropriate.

The following are supplements and restrictions with respect to the duties and powers of the Executive Board:

a. The Executive Board shall keep or cause the Managing Agent, if any, to keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Association, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers evidencing the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner set and announced by the Executive Board for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent accountant retained by the Executive Board who shall not be a resident of the Planned Community or a Unit Owner. The cost of such audit shall be a Common Expense.

b. The Executive Board shall notify a Permitted Mortgagee of any default under these Bylaws by the Unit Owner of the Unit subject to such Mortgage, in the event such default continues for a period exceeding thirty (30) days.

c. The Executive Board may borrow money on behalf of the Association as and to the extent authorized in the budget approved by the Unit Owners and otherwise in connection with the operation, care, upkeep and maintenance of the Common Elements; *provided, however*, that the consent of Unit Owners owning Percentage Interests aggregating, and therefore entitled to cast votes of, at least three quarters (75%) of the Percentage Interests of all Units (other than for Units owned by the Association as set forth in Section 2.7 above) obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required to borrow in the aggregate during any one year any sums in excess of ten percent (10%) of the annual budget for the year in question, unless such borrowing (i) is for an expenditure provided for in the budget, or (ii) is repayable within the year covered by the budget out of the annual assessment for such capital expenditure. If any sum borrowed by the Executive Board pursuant to the authority contained in this subparagraph "c" is not repaid by the Association, a Unit Owner who pays to the creditor such proportion thereof as his Percentage Interest bears to the total Percentage Interests shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Unit.

d. The Executive Board may do such other things and acts not inconsistent with the Act, the Declaration or these Bylaws which the Executive Board may be authorized to do by a resolution of the Association.

e. Nothing herein shall be considered to grant to the Executive Board or to the officers of the Association any powers or duties which, by law, are possessed only by the Unit Owners. Unless otherwise provided herein or in the Declaration, the Executive Board shall comply with the instructions of the Unit Owners as expressed in a resolution duly adopted by Majority Vote at any annual or special meeting of the Unit Owners.

3.3. *Managing Agent.* The Executive Board may employ a "Managing Agent" at a compensation established by the Executive Board which in no event shall exceed ten percent (10%) of the annual budget of the Association, provided that the compensation for the first full year of operation shall be not less than that shown in the budget.

a. *Duties.* 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, and 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:

- (1) to pass the annual budget, any amendment thereto and to assess any Common Expenses;
- (2) to enact, repeal or amend Rules and Regulations;
- (3) to designate signatories on Association bank accounts;
- (4) to borrow money on behalf of the Association;
- (5) to acquire and/or mortgage Units.

The Managing Agent shall perform the obligations, duties and services relating to management of the Property, the rights of Permitted Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

b. *Standards.* The Executive Board shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Executive Board:

- (1) the cash basis method of accounting shall be employed;
- (2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
- (3) cash accounts of the Association shall not be commingled with any other accounts;

(4) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finders' fees, service fees, gifts, services or otherwise. Any discounts received shall benefit exclusively the Association;

(5) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly in writing to the Executive Board before goods or services are purchased; and

(6) a financial report shall be prepared not less often than annually for the Association disclosing:

(a) all income and disbursement activity for the preceding year; and

(b) the status of all accounts in an "actual" as compared to "projected" (budget) format.

c. Limitations. Subject to the Act, during a period when persons designated by the Declarant constitute a majority of the Executive Board; the Executive Board may employ any Managing Agent. Any contract with the Managing Agent must provide that it may be terminated with or without cause on no more than thirty (30) days' written notice.

3.4. Election and Term of Office.

a. Except as otherwise provided herein, at the first annual meeting of the Association, the term of office of each member of the Executive Board shall be fixed at one year. The members of the Executive Board shall hold office until their respective successors shall have been elected by the Unit Owners. An alternate for any member may be elected in accordance with this Section.

b. Persons qualified to be members of the Executive Board may be nominated for election only as follows:

(1) Any Unit Owner may submit to the Secretary at least ten (10) days before the meeting at which the election is to be held a nominating petition signed by the Unit Owner identifying the nominee and one alternate, if desired, to serve in accordance with subparagraph c. of this Section 3.4, including a statement that the person(s) 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; or

(2) Nominations may be submitted from the floor at the meeting at which the election is held.

c. If an alternate has been designated in a nominating petition, a vote at the election for the nominee shall also be considered a vote for the alternate as such. If the nominee is elected to the Executive Board and serves as a member thereof, then in his absence from any meeting of the Executive Board, the alternate, shall be entitled to attend such meeting and exercise at the meeting all powers and voting rights of the absent member, and when so acting, the alternate shall be subject in all respects to the provisions of the Declaration, these Bylaws and applicable law.

Any removal or resignation of a member of the Executive Board for whom an alternate has been elected, shall also operate to terminate the alternate's status as an alternate. Any vacancy filled by the Executive Board in accordance with Section 3.6 with respect to a member for whom an alternate has been elected, may also include an alternate if the Executive Board shall so determine.

3.5. Removal or Resignation of Members of the Executive Board. Except with respect to members designated by Declarant, at any regular or special meeting duly called, and subject to Section 5303(f) of the Act, any one or more of the members of the Executive Board may be removed with or without cause by the vote of Unit Owners owning Percentage Interests aggregating at least two-thirds (2/3rds) of the Percentage Interests of all Units (other than for Units owned by the Association as set forth in Section 2.7 above) and a replacement member

may then and there be elected to fill the vacancy thus created. Any member whose removal has been proposed by the Unit Owners shall be given at least seven (7) days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting.

A member of the Executive Board may resign at any time by presenting to the Secretary a written resignation which shall be effective upon receipt. A member of the Executive Board shall be deemed to have resigned upon disposition of its Unit.

3.6. *Vacancies.* Vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of the Unit Owners shall be filled by a vote of a majority of the remaining members of the Executive Board 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 failure to fill any such vacancy or vacancies shall not invalidate any action taken by the remaining members of the Executive Board pending the election of a person to fill the vacancy or vacancies. Each person so elected to fill a vacancy on the Board shall be a member of the Executive Board for the remainder of the term of the member being replaced or until a successor shall be elected at the next annual meeting of the Association. Notwithstanding anything to the contrary in this Section or in the preceding Section 3.5, so long as the Declarant owns twenty-five (25%) or more of the Units (but in no event after the expiration of the maximum time permitted by the Act) the Declarant shall designate the successor to any resigned or removed member previously designated by the Declarant.

3.7. *Organization Meeting.* The first meeting of the Executive Board following the annual meeting of the Association shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Executive Board at the meeting at which such Executive Board shall have been elected, and no notice shall be necessary to the newly elected members of the Executive Board in order legally to constitute such meeting, provided a majority of the whole Executive Board shall be present at such election meeting.

3.8. *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. Notice of regular meetings of the Executive Board shall be given to each member, by personal delivery or mail, at least ten (10) business days prior to the day named for such meeting.

3.9. *Special Meetings.* Special meetings of the Executive Board may be called by the President on three (3) business days' notice to each member, given by personal delivery or mail, 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 like notice on the written request of at least two members of the Executive Board.

3.10. *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.

3.11. *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 (each having one vote) 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, 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.

3.18. *Fidelity Bonds.* Unless otherwise required by the Declaration, the Association need not obtain fidelity bonds for any officers, members of the Executive Board or employees of the

Association or the Managing Agent. To the extent such fidelity bonds are obtained, the premiums therefor shall constitute Common Expenses.

3.13. *Compensation.* No member of the Executive Board shall receive any compensation from the Association for acting as such.

3.14. *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, recording therein 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 when not in conflict with the Declaration, these Bylaws or the Act.

3.15. *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 then in office 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.

ARTICLE IV

Officers

4.1. *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 and Vice President shall be members of the Executive Board. Any other officers may, but need not be, Unit Owners or members of the Executive Board.

4.2 *Election of Officers.* The officers of the Unit Association shall be elected annually by the Executive Board at the organizational 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 two-thirds (2/3rds) 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; 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 stock corporation organized under the laws 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 discretion decide is appropriate to assist in the conduct of the affairs of the Association. Any such committee shall have those powers and duties delegated to it as determined by the President.

4.5 *Vice President.* The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the 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 such other duties as shall from time to time be designated by the Executive Board or by the President.

4.6 *Secretary.* The Secretary shall keep the minutes of all meetings of the Association and 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 Unit Owners and Permitted Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of the secretary of a stock corporation organized under the laws of Pennsylvania.

4.7 *Treasurer.* The Treasurer shall have the responsibility for Association funds and securities and shall 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 and other valuable effects 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 stock corporation organized under the laws of the Commonwealth of Pennsylvania.

4.8 *Execution of Documents.* All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations (a) included in the budget or (b) involving \$1,000 or less, may be executed by any one officer or other person designated by the Executive Board; otherwise, all other such instruments for expenditures or obligations of the Association shall be executed by any two officers or persons designated by the Executive Board.

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.

ARTICLE V

Operation Of The Association

5.1 *Determination of Common Expenses and Assessments Against Unit Owners.*

a. *Fiscal Year.* The fiscal year of the Association shall be January 1st to December 31st, unless otherwise determined by the Executive Board.

b. *Preparation and Approval of Budget.*

(1) By November 1 prior to the commencement of each fiscal year, the Executive Board shall adopt a 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 Units 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 the rendering to the Unit Owners of all related services.

(2) 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. Such budget shall also include a breakdown of required funds for the Limited Common Elements, and the assessment required of such Unit Owners who have rights to such Limited Common Elements.

(3) The Executive Board shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owners' assessment.

c. Assessment and Payment of Common Expenses. Except as expressly set forth in the Act, the Declaration or these By-Laws, the total amount of the estimated funds required for the operation of the Association set forth in the budget adopted by the Executive Board shall be assessed against each Unit Owner in the percentages set forth in Exhibit "D" to the Declaration. Said amounts shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, (subject to Section 13.04 of the Declaration) each Unit Owner shall be obligated to pay to the Executive Board or the Managing Agent (as determined by the Executive Board) one-twelfth (1/12) of such assessment. Within ninety (90) days after the end of each fiscal year, the Executive Board shall supply to all Unit Owners and to each Permitted Mortgagee, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Executive Board

for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Executive Board deems it advisable, be credited according to each Unit's Common Expense Liability (adjusted equitably to take into account initial assessments for particular assessments made other than according to the Common Expense Liability) to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted or shall be retained as part of the general operating reserve. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Common Expense Liability and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six (6) equal monthly installments, as the Executive Board may determine. Notwithstanding the above, any proposed budget shall include a division of Common Expense Liability for each Unit as well as a separate determination of applicable budgetary expenses related to Limited Common Elements and the allocation of same among the appropriate Unit Owners.

d. *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 in the discretion of the Board. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, subject to any prior approval of the Unit Owners as required by the Declaration, the Executive Board may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their Common Expense Liabilities, which may be payable in a lump sum or in installments as the Executive Board may determine. The Executive Board shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after the delivery of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the

effective date described above. In no event shall such assessments be refundable or repayable to any Unit Owners.

e. *Initial Budget.* Upon taking office, the first Executive Board elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as provided herein, and in the case of a year of less than twelve (12) months, shall be payable ratably over such shorter period as determined by the Executive Board.

f. *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 (or a rejection of such a budget by the Unit Owners) shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice of the new budget monthly payment which is due more than ten (10) days after such new annual or adjusted budget is adopted shall have been delivered to such Unit Owner(s).

g. *Accounts.* 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, but shall be held for each Unit Owner in accordance with such Unit Owner's Common Expense Liability.

h. *Unit Owners Veto.* Anything herein to the contrary notwithstanding, by vote of Unit Owners owning Percentage Interests aggregating, and entitled to cast votes of, at least eighty percent (80%) of the Percentage Interests of all Units (other than for Units owned by the Association as set forth in Section 2.7 above), the Unit Owners may reject or revise any budget

or capital expenditure adopted by the Executive Board, within thirty (30) days after such adoption.

5.2 Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of Section 5.1. No Unit 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 Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; *provided, however*, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five (5) days following a written request therefore to the Executive Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount set forth in such statement; and *provided, further*, that each Permitted Mortgagee 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 Mortgagee comes into possession thereof, except for (i) claims for a pro rata share of such assessments or charges resulting from a pro rata allocation of such assessments or charges to all Units including the mortgaged Unit and (ii) claims for assessments not subject to divestiture pursuant to the Act.

5.3 Collection of Assessments. The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the

due date for payment thereof. Any assessment, or installment thereof, not paid within five (5) days after due, shall accrue a late charge in the amount of five percent of the overdue assessment or installment, in addition to interest as provided in the Declaration. (See Section 13.05)

5.4. *Statement of Common Expenses.* The Executive Board shall promptly provide any Unit Owner, contract purchaser or Permitted Mortgagee so requesting the same in writing, with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Executive Board may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by the Act.

5.5. *Maintenance, Repair, Replacement and Other Common Expenses.*

a. Each Unit Owner shall keep his Unit in good order, condition and repair and in a clean and sanitary condition, and shall do and be responsible for all redecorating, painting, varnishing, caulking and the like which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from his failure to make any of the repairs required by this Section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Executive Board or the Managing Agent any defect or need for repairs for which the Executive Board is responsible.

ARTICLE VI

Compliance and Default

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

a. *Additional Liability.* Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his employees, agents 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 rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

b. *Costs and Attorney's Fees.* In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

c. *No Waiver of Rights.* The failure of the Association, the Executive Board or of a Unit 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 Unit 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 Unit 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 rights or 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 Unit Owners.* The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any By-Law contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights: (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit

Owner, any structure, thing or condition that may exist therein contrary to the provisions thereof and hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE VII

Amendments

7.1. *Amendments to Bylaws.* Amendments of a material nature to these Bylaws must be agreed to by Unit Owners owning at least two-thirds (2/3rds) of the Percentage Interests of all Units (other than Units owned by the Association as set forth in Section 2.7 above). 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 provisions hereof, or of the Act or the Declaration, 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 an opinion from independent legal counsel to the effect that the proposed amendment is permitted by this sentence.

7.2. *Approval of Mortgagees.* These Bylaws contain provisions concerning various rights and interests of Permitted 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 Mortgages. Accordingly, no amendments or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Permitted Mortgagee shall be adopted without the prior written consent of such Permitted Mortgagee.

7.3. *Amendments to the Declaration.* Any two (2) officers or Executive Board members may prepare, execute, certify and record amendments to the Declaration approved as aforesaid on behalf of the Association.

ARTICLE VIII

Miscellaneous

8.1. *Notices.* All notices, demands, bills, settlements 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 regular mail, postage prepaid (or otherwise as the Act may permit); (i) if 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 Unit 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 Unit Owner pursuant to this Section. If a Unit is owned by more than one Person, each such Person who so designated a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

8.2. *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.

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