

BYLAWS
OF
SHAMROCK TOWNHOMES
UNIT OWNERS CONDOMINIUM ASSOCIATION

ARTICLE I.

INTRODUCTORY PROVISIONS

1.1. Applicability.

These Bylaws provide for the governance of the Shamrock Townhomes Unit Owners Association pursuant to the requirements of Section 3306 of the Pennsylvania Uniform Condominium Act (the Act), with respect to the Condominium created by the recording of the Declaration of Condominium in the office of the Recorder of Deeds of Centre County in Deed Book Volume _____ beginning at Page _____.

1.2. Definitions.

Capitalized or other terms used herein without definition shall have the meanings specified for such terms in the said Declaration to which these Bylaws pertain or, if not defined therein, the meanings specified or used for such terms in the Act. If any definition in the Declaration conflicts with a definition in the Act, the definition in the Declaration shall prevail and govern the interpretation of these Bylaws.

1.3. Compliance.

Pursuant to the provisions of the Act, every Unit Owner and all Persons entitled to occupy a Unit shall comply with these Bylaws.

1.4. Office.

The office of the Association and the Executive Board shall be located at 1525 Science Road, State College, Pennsylvania, or at such other place as may be designated from time to time by the Executive Board.

1.5. Incorporation of Statutory Law.

Except as expressly provided herein, in the Declaration, or in the Act, the Association shall be governed by the "Corporation Not-for-Profit Code" Act of November 15, 1972, P.L. 1063, No. 271, (15 Pa. C.S.A. Section 7701, et seq), hereafter (the "Corporation Law") relating to nonprofit corporations, as the same may be amended from time to time. The Board of Directors described therein shall be referred to herein and in the Declaration as the "Executive Board," or "Board."

ARTICLE II.

THE ASSOCIATION

2.1. Name.

The name of the Association shall be SHAMROCK TOWNHOMES UNIT OWNERS ASSOCIATION, a non-profit corporation, herein referred to as the "Association."

2.2. Composition; Powers; Membership; Share in Funds and Assessments; Upkeep of Condominium.

2.2.1. The Association is hereby organized on the date hereof as an incorporated non-profit corporation on a non-stock basis. The Association shall consist only of all of the Unit Owners or, following termination of the Condominium, of all former Unit Owners entitled to distribution of proceeds under the Act, or their heirs, successors or assigns, acting as a group in accordance with the Act, the Declaration and these Bylaws. The Declarant being the initial owner of all Units, shall initially constitute all of the members of the Association.

2.2.2. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the condominium and performing all of the other acts that may be required or permitted to be performed by the Association pursuant to the Act and the Declaration. 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 by the Managing Agent, if any, as more particularly set forth in these Bylaws.

2.2.3. Membership in the Association may be transferred only as an incident to the transfer of title to a Unit. Membership in the Association shall be automatically established by recording in the Office of the Recorder of Deeds of Centre County, Pennsylvania, a deed or other instrument establishing current ownership of a Condominium Unit and the notification to the Association of the recording information; the new Unit Owner designated by such deed or instrument becoming a member of the Association, and the membership of the prior Unit Owner terminating upon divestiture of his title. The date of recordation of an instrument of conveyance in the Office of the Centre County Recorder of Deeds shall be determinative of all disputes concerning the date of transfer of title to any Unit.

2.2.4. The share of a member in the fund and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to the individual condominium Unit.

2.2.5. Except to the extent provided by the Declaration or Section 3312(d) (relating to insurance), the Association is responsible for maintenance, repair and replacement of the Common and

Limited Common Elements and each Unit Owner is responsible for maintenance, repair and replacement of his Unit. Each Unit Owner shall afford to the Association and the other Unit Owners and to their agents or employees, access through his Unit reasonably necessary for those purposes. If damage is inflicted on the Common Elements or Limited Common Elements or any Unit through which access is taken, the Unit Owner responsible for the damage, or the Association if it is responsible is liable for the prompt repair thereof.

2.3. Annual Meetings of Association.

The Annual Meetings of the Association shall be held on the third Saturday of September of each year unless such date shall occur on a holiday, in which event the meeting shall be held on the succeeding Monday. At such annual meetings the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.4 of these Bylaws (subject to Article XIII of the Declaration) and such other business as may properly come before the meeting may be transacted.

2.4. Place of Meetings of Association.

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.

2.5. Special Meetings of Association.

2.5.1. Convened by Executive Board or Unit Owners. 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 said resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditures pursuant to Section 5.9 below, such meeting shall be held within fifteen (15) days after receipt by the President of said resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.5.2. First Special Election Meeting. 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 twenty-five (25%) percent or one (1) member, whichever number is greater, of the Executive Board designated by the Declarant shall resign, and the Unit Owners, excluding the Declarant as Unit Owner, shall thereupon elect the successor members of the Executive Board to act in the place and stead of such who thus resigned. Such successor members shall serve until

the Annual Meeting of the Association following the meeting at which they were elected.

2.5.3. Second Special Election Meeting. Within sixty (60) days immediately preceding the date by which all Declarant-appointed members of the Executive Board must resign pursuant to Article XIII of the Declaration, a special meeting of the Association shall be held at which all of the remaining 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, and they shall serve until the annual meeting of the Association following the meeting at which they were elected.

2.5.4. Combining Special Election Meeting with Annual Meeting. Notwithstanding the foregoing, if any meeting required pursuant to sub-paragraph 2.5.2. or 2.5.3. above could be held on the date an annual meeting of the Association is scheduled, then such meeting(s) shall be held concurrently with such annual meeting.

2.6. Notice of Meetings of Association.

The Secretary shall give to each Unit Owner a notice of each annual or regularly scheduled meeting of the Association at least ten (10) but not more than sixty (60) days, and of each special meeting of the Unit Owners at least ten (10) days but not more than sixty (60) days prior to such meeting, stating the time, place and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws. The giving of a notice of meeting in the manner provided in this Section and Section 12.1 of these Bylaws shall be considered service of notice.

2.7. Adjournment of Meetings.

If at any meeting of the Association a quorum is not present, 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, and it shall not be necessary to give any notice of an adjourned meeting.

2.8. Voting.

2.8.1. Number of Votes Held by Unit Owners. Voting at all meetings of the Association shall be on the basis of one (1) vote per Unit, being the vote to which each Unit Owner is entitled in the Declaration.

2.8.2. Multiple Owners of a Unit. 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 the Person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named Person from the meeting,

the Person who shall be entitled to cast the vote of such Unit shall be the Person owning such Unit who is present. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. If more than one Person owning such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 3310 (a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. When such Certificate is not on file with the Secretary and if no person in accordance with the foregoing is qualified to vote with respect to a Unit owned by more than one Person, the vote of the Unit shall not be counted. 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.

2.8.3. Order of Business. The order of business at all meetings of the members of the Association shall be as follows:

- (a) Roll call (proof of quorum).
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and approval of minutes of preceding meeting.
- (d) Reports of officers and committees.
- (e) Election of members of the Executive Board, if applicable to such meeting.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

2.8.4. Election of Executive Board Members. In all elections for Executive Board members, each Unit Owner shall be entitled to cast for each vacancy to be filled at such election one vote per Unit owned by such Unit Owner as provided in the Declaration. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected and, if Executive Board members are being elected to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms.

2.8.5. Declarant's Right to Vote Its Unit. Except as set forth in Section 2.5, above, if the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the vote or votes to which such Unit or Units are entitled.

2.8.6. Vote by Permitted Mortgagees. Any specified percentage vote of the Permitted Mortgagees shall mean a vote by the Permitted Mortgagees of Units to which such percentage of the total number of votes appertain.

2.8.7. No Cumulative or Class Voting. There shall be no cumulative or class voting.

2.9. Proxies.

A vote may be cast in person or by proxy. If a Unit is owned by more than one Person, 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. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, a holder of a Permitted Mortgage on a Unit or the Declarant. 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(s) of the proxy, except that 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.

2.10. Quorum.

Except as set forth below in this Section 2.10, the presence in person or by proxy of Unit Owners entitled to cast twenty (20%) percent or more of the votes which may be cast for election of the Executive Board at the commencement of a meeting shall constitute a quorum for such meeting of the Unit Owners Association. If a meeting is adjourned pursuant to Section 2.7 above, a quorum at such second meeting shall be deemed present throughout any such meeting of the Association if persons entitled to cast ten (10%) percent of the votes which may be cast for the election of the Executive Board are present in person or by proxy at the beginning of the meeting.

2.11. Conduct of Meetings.

The President (or in his absence, the Vice-President) shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all motions or resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the presiding officer of the meeting.

2.12. Minutes of Meetings.

The minutes of all meetings of Unit Owners shall be kept in a book available for inspection by Unit Owners or their authorized representatives and Executive Board members at any reasonable time. The annual report of the Executive Board shall be filed with the minutes of the annual meeting of members.

2.13. Action Without Meeting.

Any action required or permitted to be taken by a vote of the members of the Association may be taken without a meeting by the written consent, stating the action so taken, of at least that number of Unit Owners whose votes would have otherwise been sufficient to take the action if a meeting had been held at which all Unit Owners were present. Any such written consent shall be filed with the minutes of the proceedings of the Association.

ARTICLE III

EXECUTIVE BOARD

3.1. Number and Qualifications.

The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed initially of three (3) persons and thereafter shall be composed of not less than three (3) or more than seven (7) natural persons, the exact number to be determined from time to time after Declarant's control ends upon a majority vote of the membership. All of the Board members shall be Unit Owners, or spouses of Unit Owners or partners, shareholders, or officers of entities that are Unit Owners; except during the time Declarant has the right to select Board members such may be in whole or in part designees of the Declarant who are not within such eligible classes from whom Executive Board members are to be chosen.

3.2. Powers and Duties.

The Executive Board shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association and the operation and maintenance of the Condominium and may do or cause to be done all such other lawful acts and things as are not by law or by these Bylaws directed or required to be done by the Association. In the performance of its duties as the administering body of the Association, in addition to those powers and duties set forth in the Act, Corporate Law and the Declaration, the Executive Board shall have powers and duties including, but not limited to, the following:

3.2.1. Operation of Condominium. The duty to provide for the operation, maintenance, cleaning, sanitation, renewal, replacement, care, upkeep, protection and surveillance of the Common Elements and all property, real or personal, of the Association.

3.2.2. Determination and Assessment of Common Expenses. The duty, consistent with law, to determine the Common Expenses and assess the same against the Owners in accordance with the provisions of the Declaration, these Bylaws and the Act.

3.2.3. Collection of Assessments. The duty to levy and collect Annual and Special Assessments.

3.2.4. Maintenance of Adequate Reserve Funds and Upkeep of Common Elements.

(a) The duty to use and expend any sums collected from such Annual and Special Assessments for the operation, maintenance, renewal, care, upkeep, surveillance and protection of the Common Elements of the Association.

(b) The duty to provide for the maintenance and repair of the Common Elements. The Executive Board shall maintain the Common Elements at a minimum level of maintenance equal to that which existed at the time of the conveyance of ninety percent (90%) of the Units to Owners other than the Declarant. The Executive Board shall maintain a reserve fund adequate for the periodic maintenance, repair and replacement of the Common Elements. The reserve fund shall be maintained out of the Annual Assessments for Common Expenses to the extent feasible.

3.2.5. Payment of Taxes on Association Property. The duty to pay all taxes and Assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or Assessments levied against any Unit Owner or otherwise properly chargeable to the Unit Owner.

3.2.6. Engaging Employees and Purchasing Services and Supplies. The power to employ and dismiss such clerks, stenographers, workmen, gardeners, and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Executive Board may from time to time be necessary for the proper operation and maintenance of the Common Elements.

3.2.7. Collection of Delinquent Assessments. The duty to collect delinquent Assessments and other charges made by the Association through the Executive Board against any Unit and the Owner thereof, together with such costs and expenses incurred in connection therewith, including, but not limited to, court costs and attorney's fees, whether by suit or otherwise, to abate nuisance and enforce observance of the rules and regulations relating to the Condominium, by injunction or such other legal action or means as the Executive Board may deem necessary or appropriate.

3.2.8. Employment of Counsel and Consultants. The power to employ or retain such counsel and consultants as may be deemed necessary by the Executive Board, such as, but not limited to, landscape architects, architects, planners, biologists, lawyers and

accountants for any proper purposes of the Association, and to fix their compensation for professional advice or services.

3.2.9. Establishment of Financial Accounts. The duty to cause such operating accounts, and escrow and other accounts, if any, to be established and opened as the Executive Board may deem appropriate from time to time and as may be consistent with generally accepted accounting practices.

3.2.10. Preparation of Annual Budget. The duty to prepare and adopt an annual budget in accordance with the provisions of the Condominium Documents.

3.2.11. Records; Annual Audit; and Annual Report. The duty to keep or cause the Managing Agent to keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and Limited 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 good and generally accepted accounting practices, 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 Condominium or a Unit Owner. The cost of such audit shall be a Common Expense. The Board shall make an annual report to the members at the annual meeting of members summarizing its activities, receipts and expenses during the prior fiscal year.

3.2.12. Promulgating and Enforcing Rules and Regulations. The power to make, amend and enforce compliance with, rules and regulations relative to the operation, use and occupancy of the Condominium, which when approved by appropriate resolutions shall be binding on the Owners and occupants of Units. A copy of such rules and regulations and copies of any amendments thereto shall be delivered or mailed to each Owner or occupant of a Unit promptly upon the adoption thereof.

3.2.13. Maintenance of Property and Liability Insurance. The duty to maintain insurance in connection with the Condominium in accordance with the provisions of Section 3312 of the Act and these Bylaws.

3.2.14. Establishment of Bank Accounts. The duty to establish bank accounts on behalf of the Association and to designate signatories thereon.

3.2.15. Borrowing Money. The power to borrow and repay monies, giving notes or other security, upon such term or terms as are deemed necessary, provided that any borrowing which in the aggregate

exceeds \$5,000.00 must be approved by Unit Owners entitled to cast sixty-seven percent (67%) of the votes in the Association.

3.2.16. Selling Property. The power to sell, transfer or otherwise convey real and personal property owned by the Association by deed or bill of sale executed by the appropriate officers of the Association.

3.2.17. Acquiring Personal Property. The power to acquire by purchase, gift, bequest, devise, sale or lease personal property to protect or finance the use of the Common Elements upon such term or terms as the Association deems necessary and proper.

3.2.18. Delegation of Authority to Deal with Managing Agent. The power to delegate to one of the members of the Executive Board or to a person employed for such purpose the authority to act on behalf of the Executive Board on such matters relating to the duties of the Managing Agent (as described in Section 3.3 hereof), if any, which may arise between meetings of the Executive Board as the Executive Board deems appropriate.

3.2.19. Incidental Powers. The power to do all things incidental and necessary to the accomplishment of the above.

The duties and powers imposed on the Executive Board by this Section 3.2 shall not be amended so as to reduce or eliminate any such duties or powers of the Executive Board without the affirmative vote of Unit Owners entitled to vote holding at least sixty-seven percent (67%) of the total votes in the Association.

3.3. Delegation of Powers to Managing Agent.

The Executive Board may employ for the Condominium a "Managing Agent" at a compensation established by the Executive Board.

3.3.1. Requirements. The Managing Agent shall be a bona fide business enterprise, which is capable of managing residential communities with common areas and facilities. Such firm shall employ persons possessing a high level of competence in the technical skills necessary to properly manage the Condominium. The Managing Agent must be able to advise the Executive Board regarding the administrative operation of the Condominium and shall employ experts in the areas of condominium insurance, accounting and condominium regulations.

3.3.2. 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; provided, however, where a Managing Agent does not have the power to act under the Act, the Declaration or these Bylaws, such duties shall be performed as advisory to the Executive Board. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws except the following powers:

A. to adopt the annual budget, and any amendment thereto and to assess any Common Expenses;

B. to adopt, repeal or amend Rules and Regulations;

C. to designate signatories on Association bank accounts;

D. to borrow money on behalf of the Association;

E. to acquire and mortgage Units;

F. to designate Reserved Common Elements;

G. To allocate Limited Common Elements;

3.3.3. 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:

A. the cash method of accounting shall be employed;

B. two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

C. cash accounts of the Association shall not be commingled with any other accounts;

D. 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 or otherwise; any discounts received shall benefit the Association;

E. 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 to the Executive Board; and

F. a monthly financial report shall be prepared for the Unit Owners Association disclosing:

(1) all income and disbursement activity for the preceding month;

(2) the status of all accounts in an "actual" as compared to "projected" (budget) format; and

(3) any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves of five percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

3.3.4. Limitations. Subject to the provisions of Section 3305 of the Act, during the 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 cause on no more than ten (10) days written notice and without cause on no more than thirty (30) days written notice. The term of any such contract may not exceed one year.

3.4. Election and Term of Office of Executive Board.

3.4.1. The election of members of the Executive Board shall be held at the annual meetings of the Association, subject to Article XIII of the Declaration. The term of office of any Executive Board member to be elected (except as set forth in Sections 2.5 and 3.5 hereof) shall be fixed at three years. Each member of the Executive Board shall hold office until the earlier to occur of the election of his or her respective successors, or his or her death, adjudication of incompetency, removal, or resignation, or when neither such member (nor his principal in the case of a partnership, corporation or other business entity) nor his or her spouse owns any Unit. An Executive Board member may serve an unlimited number of terms and may succeed himself.

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

A. Any Unit Owner may submit to the Secretary at least fifteen (15) days before the meeting at which the election is to be held a nominating petition signed by Unit Owners owning at least ten (10) Units in the aggregate, together with a statement that the person nominated is willing to serve on the Executive Board and a brief biographical sketch of the nominee. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting; or

B. Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board; or

C. A combination of (1) and (2).

3.5. Removal or Resignation of Members of Executive Board.

Except with respect to members designated by Declarant, at any regular or special meeting of the Association duly called, any one or more of the members of the Executive Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a Board member shall give written notice thereof

to the Secretary. Any member whose removal has been proposed by a Unit Owner shall be given at least ten (10) days' written 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.

A member of the Executive Board may resign at any time and if not sooner resigning, shall be deemed to have resigned when neither he (nor his principal as aforesaid), nor his spouse owns any Units, or if he or such principal or his spouse is more than thirty (30) days delinquent in the payment of any assessments. Declarant shall have the right to remove and replace any or all members appointed by Declarant at any time and from time to time until the required resignation date specified in Article XIII, of the Declaration.

The Centre County Court may, upon petition of any member of the Association or member of the Executive Board, remove from office any Executive Board member in case of fraudulent or dishonest acts, or gross abuse of authority or discretion with reference to the Association, or for any other proper cause, and the Court may bar from office any person so removed for a period prescribed by the Court. The Association shall be made a party to such action.

3.6. Vacancies in Executive Board.

Except as set forth in Section 2.5 and in Section 3.5 above with respect to members appointed by Declarant, vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of the Unit Owners shall be filled by a vote of a majority of the remaining members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor. In the case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term.

3.7. Organizational Meeting of Executive Board.

The first meeting of the Executive Board following each annual meeting of the Association shall be held within five (5) days thereafter at such time and place as shall be fixed by the President (even if he is the outgoing President) 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, if a majority of the Executive Board members shall be present at such meeting.

3.8. Regular Meetings of Executive Board.

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 four (4) months during each fiscal year. Notice of regular meetings of the Executive Board shall be given to each member of the Board by hand delivery, mail or telegraph, at least three (3) business days prior to the day named for such meeting.

3.9. Special Meetings of Executive Board.

Special Meetings of the Executive Board may be called by the President on at least three business days' notice to each member of the Board, given by hand delivery, mail or telegraph, 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 the written request of at least two (2) members of the Executive Board.

3.10. Waiver of Notice by Members of Executive Board.

Any Board 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 Board 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 Board members are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meeting without a written waiver of notice.

3.11. Quorum of Executive Board.

At any meeting of the Executive Board if persons entitled to cast fifty (50%) percent of the votes on that Board are present at the beginning of the meeting, the same shall constitute a quorum for the transaction of business throughout such meeting, 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, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

3.12. Joinder in Meeting by Approval of Minutes or Consent.

The joinder or consent of an Executive Board member in the action of a meeting by signing and concurring in the minutes of

that meeting, or by executing a consent to a proposal, shall constitute the presence of that Board member for the purpose of determining a quorum and/or voting on a proposal.

3.13. Compensation.

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

3.14. Conduct of Meetings.

The President shall preside over all meetings of the Executive Board or in his absence the Vice-President, 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. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Executive Board if and to the extent not in conflict with the Declaration, these Bylaws or the Act.

3.15. 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 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.

3.16. Validity of Contracts with Interested Executive Board Members.

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

3.16.1. 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 interested Executive Board members; or

3.16.2. 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.

3.17. Inclusion of Interested Executive Board Members in the Quorum.

Any Executive Board member holding such Board or officer position and having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.16 hereof.

3.18. Minutes of Executive Board Meetings.

The minutes of all meetings of the Executive Board shall be kept in a book available for inspection by Unit Owners, or their authorized representative, Officers and Executive Board members at any reasonable time.

3.19. Committees.

The Executive Board shall have the right to create such committees from time to time as the Executive Board shall deem appropriate and to delegate to such committees various duties and powers subject to the ultimate responsibility and authority of the Executive Board. Unless otherwise determined by the Executive Board, each committee formed by the Executive Board shall consist of a Chairman and two (2) or more Unit Owners and shall include a member of the Executive Board for Executive Board contact. Such committees shall perform such purposes consistent with the terms of these Bylaws, the Declaration and Act, and shall serve for such term, as the Executive Board shall designate.

3.20. Corporate Employees and Partners.

Notwithstanding any other provision contained in the Condominium Documents, if an employee or officer of a corporate Unit Owner or a partner of a partnership Unit Owner serves as a member of the Executive Board, and such employee, officer or partner dies, or if his employment or partnership relationship is terminated, such individual shall thenceforth cease to be a member of the Executive Board and the corporate or partnership Unit Owner shall immediately designate another employee, officer or partner to succeed the former Executive Board member and to complete his term as such Executive Board member.

ARTICLE IV

OFFICERS

4.1. Designation of Officers.

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. An officer other than the President may hold more than one office.

4.2. Election of Officers.

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

4.3. Removal of Officers.

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

4.4. President.

The President shall be the Chief Executive Officer of the Association, preside at all meetings of the Association and of the Executive Board; and have all of the general powers and duties which are incident to the office of President of a corporation organized under the laws of Pennsylvania including without limitation the power to appoint committees from among the 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. The President shall cease holding such office at such time as he ceases to be a member of the Executive Board, or when a successor President is elected.

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 delegated or assigned him by the Executive Board or by the President. The Vice

President shall cease holding such office at such time as he ceases to be a member of the Executive Board, or when a successor Vice President is elected.

4.6. Secretary.

4.6.1. General Duties. The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board; have charge of such books and papers as the Executive Board may direct, maintain a register setting forth the place to which all notices to Unit Owners and holders of Permitted Mortgages on any Units hereunder shall be delivered and, in general, perform all the duties incident to the office of Secretary of a corporation organized under the laws of Pennsylvania. The Secretary shall, upon request, provide any Person, or cause to be provided to any Person entitled thereto a written statement or certification of the information required to be provided by the Association pursuant to Sections 3315, 3407(a) and 3407(b) of the Act and Sections 5.10 and 5.13 below.

4.6.2. Official List of Unit Owners. The Secretary shall compile and maintain at the principal office of the Association, an updated list of Unit Owners and their last known post office addresses. Such lists shall also show opposite each Unit Owner's name the address of the Unit owned by such Unit Owner. The list shall be revised by the Secretary to reflect changes in owners of Units occurring prior to the date of each annual or special meeting of the Association. This list shall be open to inspection by all Unit Owners and other persons lawfully entitled to inspect the same during regular business hours up to the date of each such annual or special meeting.

4.7. Treasurer.

The Treasurer shall have the responsibility for the safekeeping of Association funds and securities, be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; and be responsible for the deposit of all monies in the name of the Executive Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Executive Board; and, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the laws of Pennsylvania.

4.8. Execution of Documents.

All agreements, contracts, deeds, mortgages, checks and other instruments of the Association for expenditure or obligations shall be executed by any two (2) officers of the Association, except to the extent the Executive Board expressly delegates any such authority to the Managing Agent, if any.

4.9. Compensation of Officers.

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

ARTICLE V

FISCAL YEAR; BUDGETS; ASSESSMENTS; LIENS AND ENFORCEMENT

5.1. Fiscal Year.

The fiscal year of the Association shall commence on September 1 of each year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon the recordation of the Declaration as provided by the Act.

5.2. Preparation and Approval of Budget.

5.2.1. Adoption of Annual Budget. On or before July 15 of each year, the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the 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 which will be required during the ensuing fiscal year for the administration, operation, maintenance, and repair of the Condominium 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 to provide working capital, a general operating reserve and reserves for contingencies and replacements. The budget shall segregate General Common Expenses and Limited Expenses.

5.2.2. Notice of Annual Budget. Within ten (10) days of adoption of the annual budget the Executive Board shall make the budget available for inspection at the Association office and shall send to each Unit Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Unit Owners' assessments for General Common Expenses and Limited Expenses of the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.9 below.

5.2.3. Revision of Annual Budget Due to Conversion of Real Estate. Within thirty (30) days after the creation of Units on any Convertible Real Estate, the Executive Board shall revise the budget to reflect changes in Common Expenses resulting from such conversion

and to reflect the proportionate liability of all Units for Common Expenses for the remainder of the fiscal year in which such events occur. The amount of the Assessments attributable to each Unit thereafter shall be the amount specified in the adjusted budget, until a new budget shall have been adopted by the Executive Board.

5.2.4. Delays. The Executive Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

5.3. Assessment and Payment of Common Expenses.

5.3.1. Initially. Until the Association makes a Common Expense assessment and a monthly payment from the Owner of the first Unit sold becomes payable, the Declarant shall pay all expenses of the Condominium, EXCEPT that the initial Buyer of each Unit will be required to make a non-refundable first capital contribution to the Unit Owners Association equal to twice the estimated monthly assessments for Common Expenses of his Condominium Unit. The general purpose of the contribution is to provide working capital and to pay certain items which must be prepaid. Such capital contribution shall not be considered as advance payment of regular assessments. After any assessment has been made by the Association, assessments shall be made at least annually and shall be based on a budget adopted at least annually by the Association.

5.3.2. 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, by (b) the Percentage Interest (expressed 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 ninety (90) 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 and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves.

5.3.3. Special Assessments. If the cash requirements estimated at the beginning of any fiscal year shall prove to be insufficient to cover the actual Common Expenses for such fiscal year for any reason (including by way of illustration and not limitation, any Unit Owner's nonpayment of his assessment), after application of such reserves as the Executive Board may determine, any net shortage with regard to Common Expenses shall be assessed promptly against the

Unit Owners in accordance with their Percentage Interests and shall be payable in one (1) or more monthly assessments, as the Executive Board may determine.

5.3.4. 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 non-payment of any Unit Owner's assessments, the Executive Board may at any time levy further assessments for Common Expenses, including Limited Common Element Expenses, which shall be assessed against the Unit Owners according to their respective Percentage Interests, and shall be payable in one or more monthly assessments as the Executive Board may determine, and shall be a lien as provided by the Act, and these Bylaws.

5.4. Further Assessments.

The Executive Board shall serve notice on all Unit Owners of any further assessments pursuant to Section 5.3.3 and/or 5.3.4, or otherwise as permitted or required by the Act, the Declaration and these Bylaws on all Unit Owners by a statement in writing giving the amount and reasons therefor. Such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly assessment which is due more than ten (10) days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the amount of such further monthly assessments. Such assessments shall be a lien as set forth herein.

5.5. Lien for Assessments.

5.5.1. General Rule. The Association has a lien on a Unit for any assessment levied against that Unit or fines imposed against its Unit Owner from the time the assessment or fine becomes due. The Association's lien may be foreclosed in like manner as a mortgage on real estate. Unless the Declaration otherwise provides, fees, charges, late charges, and interest charged pursuant to Section 3302(a)(10), (11) and (12) (relating to powers of Unit Owners Association) are enforceable as assessments under this Section. If an assessment is payable in installments, the full amount of the assessment becomes effective as a lien from the time the first installment thereof becomes due.

5.5.2. Priority of Lien. A lien under this Section 5.5 is prior to all other liens and encumbrances on a Unit except:

A. Liens and encumbrances recorded before the recordation of the Declaration.

B. Mortgages and deeds of trust on the Unit securing first Permitted Mortgage holders and recorded before the due

date of the assessment or the due date of the first installment payable on the assessment.

C. Liens for real estate taxes and other governmental assessments or charges against the Unit.

5.5.3. No Monetary Exemption. The lien is not subject to the provisions of 42 Pa. C.S. Section 8123 (relating to general monetary exemption).

5.5.4. Notice and Perfection of Lien. Subject to the provisions of Subsection B. above (Priority of Lien), recording of the Declaration constitutes record notice and perfection of the lien.

5.6. Initial Budget.

At or prior to the time assessment of Common Expenses commences, the Executive Board shall adopt the budget, as described in this Article, for the period commencing on the date the Executive Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as is provided hereinabove.

5.7. Effect of Failure to Prepare or Adopt Budget.

The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

5.8. Accounts.

All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. Accurate records of such shall be kept by the Association in accordance with generally accepted accounting practices, and the same shall be reported at least once each year to the Association as heretofore set forth.

5.9. Rejection of Budget; Limitations on Expenditures and Borrowing.

Anything herein to the contrary notwithstanding, the Association, by majority vote of all votes in the Association, may reject any budget or capital expenditures 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 sixty-seven (67%) percent of the votes in the Association obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to (i) expend funds or incur expenses that are reasonably anticipated will cause the aggregate amount of all expenses in the budget (including reserves) to be exceeded by more than five thousand dollars (\$5,000.00) 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 the aggregate amount of five thousand dollars (\$5,000.00).

5.10. Payment of Common Expenses.

Each Unit shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article V. 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; and provided further that, each record holder of a Permitted 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 be liable for the unpaid assessments in accordance with the provisions of Section 3315(b) of the Act.

5.11. Collection of Assessments.

The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. Any assessment not paid within five (5) days after its due date shall accrue a late charge in the amount of five (5%) percent of the overdue assessment in addition to interest at the rate of fifteen (15%) percent per annum or such other rate as may be determined by the Executive Board, shall constitute the personal liability of the Owner of the Unit so assessed and also shall, until fully paid, constitute a lien against such Unit pursuant to Section 3315 of the Act.

5.12. Confession of Judgment.

IN ORDER TO EXPEDITE THE EXECUTIVE BOARD'S COLLECTION OF ANY DELINQUENT ASSESSMENT, EACH UNIT OWNER (BY THE ACCEPTANCE OF THE DEED TO HIS UNIT) SHALL BE DEEMED TO THE EXTENT PERMITTED BY LAW 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 5.12 AND SAID DEED; BOTH VERIFIED BY AFFIDAVIT, SHALL BE

A SUFFICIENT WARRANT. THE AUTHORITY GRANTED HEREIN TO CONFESS JUDGMENT SHALL NOT BE EXHAUSTED BY ANY EXERCISE THEREOF BUT SHALL CONTINUE FROM TIME TO TIME AND AT ALL TIMES UNTIL THE DECLARATION SHALL BE TERMINATED.

5.13. Statement of Common Expenses.

The Executive Board shall promptly provide any Unit Owner, contract purchaser, proposed Permitted Mortgagee, 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 its preparation, to the extent permitted by the Act.

5.14. Insurance Surcharge.

If the insurance premiums or charges for any insurance procured by or at the direction of the Association is increased, or is established at a rate higher than would otherwise be the case, as the result of the act(s) or omission(s) of a particular Unit Owner or Owners, the Executive Board shall have the right to assess such Unit Owner or Owners for the amount of the additional insurance premium or charge resulting therefrom.

5.15. Utility Charges.

All utilities currently provided to the Property (excluding telephone and cable television service which will be billed directly by the service company to the Unit Owner), will either be separately metered or billed directly to Unit Owners as part of the Common Expenses. Separately metered utilities shall be paid directly by the Unit Owner consuming the utility service. In the event a Unit Owner uses a disproportionate amount of any utility not separately metered, the Executive Board shall have the right, but shall have no obligation, to engage a registered Professional Engineer or other qualified person to compute that Unit Owner's utility usage and to determine an equitable utility charge and to assess the Unit Owner based upon such usage.

5.16. Real Estate Taxes.

In the event that, during any taxable period, real estate taxes are not separately assessed against each Unit Owner, but rather are assessed against the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective Percentage Interest in the Common Elements and in accordance with the assessed value of any Building in which the Unit is located. The Association shall endeavor in such case to cause the real estate taxes to be assessed at the lowest possible legal limit.

ARTICLE VI

INSURANCE

6.1. Generally.

The Executive Board shall maintain insurance in connection with the Property in accordance with Section 3312 of the Act and such additional insurance as the Executive Board deems advisable for the protection of the Association, Common Elements and the Units. Such insurance is further described as follows and is subject to the following:

6.2. Property Damage Insurance.

The Association shall procure and maintain property insurance on all the Common Elements and on all Units as follows:

6.2.1. Amounts. As to real property, for an amount equal to its full insurable replacement cost without deduction for depreciation, and in no event shall be less than the aggregate principal amount of all Permitted Mortgages of which the Executive Board has notice, EXCEPT that such insurance policy(s) may, at the option of the Board, contain a "deductible" provision in an amount determined by the Board but not to exceed in the aggregate Five Thousand (\$5,000.00) Dollars. As to personal property, for an amount equal to its actual cash value.

6.2.2. Risks Insured Against. The insurance shall afford protection against loss or damage by reason of:

A. Fire and other hazards covered by the standard extended coverage endorsements;

B. Vandalism and malicious mischief;

C. Such other risks of physical damage as from time to time may be customarily covered with respect to buildings and improvements similar in construction, location and use as those on the Property and;

D. Such other risks of physical damage as the Executive Board may from time to time deem appropriate.

UNIT IMPROVEMENTS AND BETTERMENTS MAY NOT BE COVERED BY SAID INSURANCE AND EACH UNIT OWNER SHOULD MAINTAIN SEPARATE INSURANCE FOR SUCH PROPERTY OR MAKE OTHER SPECIFIC ARRANGEMENTS AS PROVIDED BELOW.

6.3. Proceeds from Property Insurance.

6.3.1. Loss. Any loss covered by any property insurance policy of the Association shall be adjusted with the Executive Board of the Association but the insurance proceeds for that loss shall be

payable to the Insurance Trustee designated for that purpose or otherwise to the Association and not to any mortgagee or beneficiary under a deed of trust.

6.3.2. Trustee. All property insurance policies purchased by the Board or Association shall be for the benefit of the Unit Owners and their lienholders, as their interests may appear, and shall provide that all proceeds covering Property losses under \$25,000.00 shall be payable to the Association and all proceeds covering losses in excess of that amount shall be paid to a Centre County bank with trust powers, insured by an agency of the United States, or to such other person or entity as is acceptable to the Board and the insurance carrier, which trustee is herein referred to as the "Trustee". The Trustee shall not be liable for payment of premiums, nor for the renewal or the sufficiency of the policies, nor for the failure to collect any insurance proceeds. The duty of the Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein, and for the benefit of the Board, the Association, the Unit Owners and their mortgagees as provided by the Act and as below.

6.3.3 Distribution by Trustee. Proceeds of insurance policies received by the Trustee shall be distributed to or for the benefit of beneficial owners in the following manner:

A. Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof of consummating the full repair or reconstruction of the Common Elements and Units to a new condition.

B. Unit Owners Liability. In the event that the proceeds of insurance are not sufficient to repair or reconstruct the damaged portions of the Property for which the insurance was obtained, then the portion of such repair or reconstruction not paid for by insurance proceeds shall be accomplished by the Association as a Common Expense, and shall be paid for by the Unit Owners in proportion to the undivided Percentage Interests in the Common Elements. Unit Owners may apply the proceeds from any individual insurance policies that may have been obtained to the share of such Common Expense as may be assessed against them.

C. No Reconstruction or Repair. The damage shall not be repaired or reconstructed if the condominium is terminated, or if repair or replacement would be illegal under any state or local health or safety statute or ordinance; or eighty (80%) percent of the Unit Owners, including every owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild. If the Unit Owners so vote not to rebuild, the insurance proceeds shall be distributed to all the Unit Owners and lien holders, as their interests may appear, in proportion to their Common Element interest. If the Condominium is terminated, then the proceeds shall be distributed as set forth in Section 3220 (Termination of Condominium) of the Pennsylvania Uniform Condominium Act.

6.4. Miscellaneous.

6.4.1. Each Unit Owner and the Executive Board hereby waives and releases any and all claims which he or it may have against any other Unit Owner, the Association, the Executive Board and members thereof, the Declarant and their respective employees and agents, for damage to the Common Elements, the Limited Common Elements, the Units, or to any personal property located in the Units or Common Elements, caused by fire or other casualty or any act or omission of any such party to the extent that such damage is covered by fire or other form of hazard insurance or other insurance.

6.4.2. If the act or omission of a Unit Owner, or of a member of his family, a household pet, guest, occupant or visitor of such Unit Owner, shall cause damage to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Executive Board, to the extent such payment is not waived or released under the provisions of 6.4.1 above.

6.4.3. Any release or waiver referred to in 6.4.1 hereof shall be valid only if such release or waiver does not affect the right of the insured under the applicable insurance policy to recover thereunder. The Unit Owners and the Executive Board, with regard to the insurance carried by each of them, shall use their best efforts to see that their insurance carriers agree that such release or waiver does not affect their rights to recover.

6.4.4. If the Executive Board fails within sixty (60) days of an insured loss to initiate a claim for damages recoverable under the property insurance policy(s) obtained pursuant to the Act, the holder of any Permitted Mortgage may initiate such a claim on behalf of the Board. At least annually, the Board shall cause an appraisal of the Property to be made for the purpose of determining the current full insurable replacement value of the insured property, without considering depreciation, and the Board shall change the amount of property insurance on the Property to the amount of the then current full insurable replacement value of the Property as established by such appraisal, provided that such insurance shall not be decreased below the aggregated principal amount of all Permitted Mortgages of record.

6.4.5. Each Unit Owner, other than the Declarant, shall notify the Board in writing of any additions, alterations or improvements to his Unit and he shall be responsible for any deficiency in any insurance loss recovery resulting from his failure so to notify the Association or resulting during the time between when he so notifies the Board and the time the Board is reasonably able to obtain such insurance. The Board shall use its reasonable efforts to obtain insurance on any such additions, alterations or improvements if such Unit Owner requests it to do so and if such Unit Owner shall make arrangements satisfactory to the Board to reimburse it for any

additional premiums attributable thereto; and in the absence of insurance on such additions, alterations or improvements, the Board shall not be obligated to apply any insurance proceeds to restore the affected Unit to a condition better than the condition existing prior to the making of such additions, alterations or improvements.

6.5. Public Liability Insurance.

The Association shall, to the extent reasonably available, continuously maintain comprehensive general public liability insurance, including medical payment insurance, in an amount determined by the Executive Board but in which the limits of coverage shall not be less than \$1,000,000.00 for each occurrence and for damage to or destruction of Property in which the limit of coverage shall not be less than \$1,000,000.00 each occurrence, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements. Such insurance shall, where applicable, cover the Executive Board and each member thereof, the Officers, the Association, each Unit Owner and the assistant officers, employees and agents (including as well, any Managing Agent) of the Executive Board and the Association, provided that such insurance shall not cover the liability of any Unit Owner for acts occurring solely within his Unit or away from the Property. The Executive Board shall review such limits once a year. Each policy evidencing such insurance shall also cover cross liability claims of any one or more or group of insureds against any other one or more or group of insureds. The Association shall be the named insured under all such policies.

EACH UNIT OWNER SHOULD MAINTAIN HIS OWN LIABILITY INSURANCE FOR HIS OWN UNIT.

6.6. Notice.

If the aforesaid insurance is not maintained, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners.

6.7. Additional Policy Provisions.

Said Association Property Insurance and Liability Insurance policies must also provide that:

6.7.1. Each Unit Owner is an insured person under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or membership in the Association.

6.7.2. The insurer waives its rights to subrogation under the policy against any Unit Owner of the condominium or members of his household, and waives any defense based on coinsurance.

6.7.3. No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

6.7.4. If, at the time of a loss under the Association's policy, there is other insurance in the name of a Unit Owner covering the same property covered by the Association policy, the Association's policy is primary insurance not contributing with the other insurance.

6.7.5. The insurance may not be cancelled or substantially modified (except for the addition of property or increases in amount of coverage) without at least thirty (30) days prior written notice to the named insured, and to all mortgagees of Units of record.

6.7.6. Adjustment of loss shall be made with the Executive Board of the Association as the exclusive authority for the insured.

6.7.7. Proceeds for losses under \$25,000.00 shall be paid to the Executive Board and proceeds for losses over \$25,000.00 shall be payable to the Insurance Trustee.

6.8. Indemnification Insurance.

The Executive Board shall obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners set forth in Article XIV of the Declaration, if and to the extent reasonably available.

6.9. Workmen's Compensation Insurance.

The Executive Board shall obtain and maintain Workmen's Compensation Insurance, if necessary, to meet the requirements of the laws of the Commonwealth of Pennsylvania.

6.10. Fidelity Bonds or Insurance.

The Board shall obtain a fidelity bond(s) or insurance to protect against dishonest acts on the part of the Board members, officers, agents, employees, volunteers and all others who handle, or are responsible for handling, funds of the Association. Such bond(s) or insurance shall name the Association as an obligee or insured and shall be in the amount of at least fifty (50%) percent of the then current annual budget for Common Expenses or such higher amount as the Board deems appropriate.

6.11. Other Insurance.

The Executive Board is authorized to obtain and maintain such other insurance or bonds as it shall determine from time to time to be desirable.

6.12. Insurance by Unit Owners.

An insurance policy issued to the Executive Board or Association does not prevent a Unit Owner from obtaining insurance for his own benefit provided that all such policies shall contain waivers of subrogation against all other parties insured by the comprehensive general liability of the Association, and further provided that the liability of the carriers issuing the insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual Unit Owners or their mortgagees.

Each Unit Owner may obtain at his expense his own insurance covering personal property in his Unit, fixtures and improvements in his Unit on an all-risk basis, non-common wall coverage, share liability or loss-over provisions, loss assessments, scheduled personal property, landlord-tenant coverage for rented Units, extended theft endorsement, his own personal liability, umbrella liability coverage and whatever other insurance coverage the Unit Owner deems advisable.

6.13. Insurance Costs which are Common Expenses.

Except as otherwise provided in this Declaration, premiums for all insurance obtained or maintained by the Association or Board, fees, and expenses of the Insurance Trustee, if any, and the cost of any appraisal which the Board deems advisable in connection with any insurance, shall be Common Expenses.

6.14. Insurance Companies.

All policies shall be written with a company licensed to do business in the Commonwealth of Pennsylvania and holding a rate of "AAA" or better by Best's Insurance Reports, or by an equivalent rating bureau should Best's Insurance Reports cease to be issued, unless because of special circumstances the Executive Board deems a company rated no less than A to be satisfactory.

ARTICLE VII

MAINTENANCE; REPAIRS; ALTERATIONS AND IMPROVEMENTS

7.1. Maintenance, Repair, Replacement and Other Common Expenses.

7.1.1. By the Association. The Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of the Executive Board such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements (including the Limited Common Elements), whether located inside or outside of the Units, the cost of which shall be charged to the Unit Owners as a Common Expense in accordance with the Act and Declaration.

IN WITNESS WHEREOF, the said SHAMROCK TOWNHOMES, INC. has caused the execution of these presents as of the 31st day of July, 1987.

ATTEST:

SHAMROCK TOWNHOMES, INC., a
condominium

Robert S. Poole
Secretary

By: Wilbur E. Stocker, Pres
President

COMMONWEALTH OF PENNSYLVANIA)

COUNTY OF CENTRE)

SS:

I, Julie L. Homan, a Notary Public in and for said County and State aforesaid, do hereby certify that before me personally appeared WILBUR E. STOCKER, who acknowledged himself to be the President of SHAMROCK TOWNHOMES, INC., and he acknowledged and swore that he signed, sealed and delivered the foregoing Declaration of Condominium as his free and voluntary act and as the act and deed of said Corporation, for the uses and purposes therein set forth and that the statements therein contained are true.

Given under my hand and notarial seal this 31st day of July, 1987.

Julie L. Homan
Notary Public

My Commission Expires

JULIE L. HOMAN, Notary Public

State College, Centre Co., PA

My Commission Expires April 22, 1991