BY-LAWS

OF

WINCHESTER LAKES PLANNED COMMUNITY

December 1, 1997

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BY-LAWS
OF
WINCHESTER LAKES PLANNED COMMUNITY

ARTICLE I
Definitions

1. Declaration. "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions recorded on December 3, 1997, in the Office of the Recorder of Deeds of Butler County, Pennsylvania, in Deed Book Volume 2805, page 765, as it may be amended from time to time.

2. Incorporation by Reference. The definitions set forth in the Declaration are incorporated herein by reference.

ARTICLE II
Meetings of Members

1. Annual Meetings. (a) The first annual meeting of the Members shall be held within one year from the date of incorporation of the Corporation, and each subsequent regular annual meeting of the Members shall be held on the same day of the month of each year thereafter. If the day of the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

(b) Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4th) of all of the membership votes.

(c) Place. Meetings of members may be held at such places within the State of Pennsylvania as may be designated by the Board of Directors or the Members.

2. Notice of Meetings. Except as otherwise provided in the Declaration, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or persons authorized to call the meeting, by mailing or delivering a copy of such notice to each Member at least ten (10) days and no more than sixty (60) days in advance of such meeting, addressed to the Member's address last appearing on the books of the Corporation, or supplied by such Member to the Corporation for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

3. Voting. Except as otherwise provided in the Declaration, these By-Laws or the Act, all motions and resolutions of the Corporation shall be passed by a majority of the votes cast in person or by proxy, without regard to classes of membership.

4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of all votes, regardless of class of membership, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, these By-Laws or the Act. If, however, such quorum shall not be present at any meeting, the Members entitled to vote thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum is present. The Members at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of the holders of enough shares to leave less than a quorum.

5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon the conveyance by the Member of his Lot.

ARTICLE III
Board of Directors, Nomination and Election

1. Number. The affairs of this Corporation shall be managed by a Board of five (5) Directors, who need not be members of the Corporation.

2. Term of Office. At the first annual meeting, the members shall elect five (5) Directors for a term of one (1) year. At the first annual meeting thereafter, the Members shall elect two (2) Directors for a ter of one (1) year; two (2) Directors for a term of two (2) years and one (1) Director for a term of three (3) years; and at each annual meeting thereafter the members shall elect Directors for each expiring term for a term of three (3) years.

3. Removal. Any Director may be removed from the Board, with or without cause, by a majority of the membership vote of the Corporation. In the event of death, resignation or removal of a Director, or the vacancy of an officer of a member of the Board his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

4. Compensation. No Director shall receive compensation for any service he may render to the Corporation. However, a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

5. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members or Directors. The Nominating Committee shall be appointed by the Board of Directors before each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make any such nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from Members or nonmembers.

6. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE IV
Meetings of Directors

1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Corporation, or by any two (2) Directors, after not less than three (3) days' notice to each Director.

3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum

is present shall be regarded as the act of the Board.

4. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V
Powers and Duties of the Board of Directors

1. Powers. The Board of Directors shall have the power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights, the right to use of the recreational facilities and any of the rights and privileges of membership in the Corporation of a member for any period during which any assessment against his Lot remains unpaid. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations; assessments shall continue during suspension;

(c) Exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, the Declaration or the Act;

(d) Declare the office of a member of the Board of Directors to be vacant if such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) Employ a manager, an independent contractor, or such other employees or independent contractors as they deem necessary, and to prescribe their duties.

2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any

special meeting when such statement is requested in writing by one-fourth (1/4th) of the Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Corporation, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(d) Issue, or cause an appropriate officer to issue, upon demand by any member, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment have been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Corporation;

(f) Cause all officers or employees having fiscal responsibilities to be bonded and maintain fidelity insurance, as it may deem appropriate; and

(g) Cause the Common Area and other areas to be maintained by the Corporation to be so maintained as well as perform other duties imposed by the Declaration, the Articles these By-Laws and the Act; and

(h) Make rules and regulations pertaining to the use and conduct of the Common Area and improvements, including use by non-members.

ARTICLE VI
Officers and Their Duties

1. Enumeration of Officers. The officers of this Corporation shall be a President and Vice-president, who

shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

3. Term. The officers of this Corporation shall be elected annually by the Board and each shall hold office for one (1) year and until his successor is elected and qualified, unless he shall sooner resign, be removed or otherwise disqualified to serve.

4. Special Appointments. The Board may elect such other officers as the affairs of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

5. Resignation and Removal. Any officer may be removed from office with or without cause, by a majority vote of the members of the Board, with or without a meeting. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, contracts and other written instruments and notices and shall co-sign all promissory notes.

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Corporation together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Corporation and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Corporation and shall obtain the co-signature of the President on all promissory notes and the co-signature of one other officer of the Corporation on all checks, if and as the Board of Directors specifies from time to time; keep proper books of account; if requested by the Board of Directors, or otherwise required by law, cause an annual audit of the Corporation books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE VII
Committees

1. Committees. The Board of Directors shall appoint an Environmental Protection Board as provided in the Declaration and a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors may appoint other committees as it deems appropriate.

ARTICLE VIII
Indemnification

1. Right to Indemnification. Except as prohibited by law, every director and officer of the Corporation shall be entitled as of right to be indemnified by the Corporation against expenses and any liability paid or incurred by such person in defense of any actual or threatened claim, action, suit or proceeding, civil, criminal, administrative, investigative or other, whether brought by or

in the right of the Corporation or otherwise, in which he or she may be involved in any manner, as a party, witness or otherwise, or is threatened to be made so involved, by reason of such person being or having been a director or officer of the Corporation or by reason of the fact that such person is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other entity (such claim, action, suit or proceeding hereinafter being referred to as "Action"). Persons who are not directors or officers of the Corporation may be similarly indemnified in respect of service to the Corporation or to another such entity at the request of the Corporation to the extent the Board of Directors at any time designates any of such persons as entitled to the benefits of this Section. As used in this Article, "indemnitee" shall include each director and officer of the Corporation and each other person designated by the Board of Directors as entitled to the benefits of this Article, "expenses" shall include fees and expenses of counsel selected by an indemnitee and "liability" shall include amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement.

2. Right to Advancement of Expenses. Every indemnitee shall be entitled as of right to have his or her expenses in defending any Action paid in advance by the Corporation prior to final disposition of such Action, provided that the Corporation receives a written undertaking by or on behalf of the indemnitee to repay the amount advanced if it should ultimately be determined that the indemnitee is not entitled to be indemnified for such expenses.

3. Right of Indemnitee to Initiate Action. If a written claim under Section 1 or Section 2 or this Article is not paid in full by the Corporation within thirty days after such claim has been received by the Corporation, the indemnitee may at any time thereafter initiate an Indemnitee Action to recover the unpaid amount of the claim and, if successful in whole or in part, the indemnitee shall also be entitled to be paid the expense of prosecuting such Indemnitee Action. The only defense to an Indemnitee Action to recover a claim for indemnification under Section 1 shall be that the indemnitee's conduct was such that under Pennsylvania law the Corporation is prohibited from indemnifying the indemnitee for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its board of directors, independent legal counsel and its members) to have made a determination prior to the commencement of such Indemnitee Action that indemnification of the indemnitee is

proper in the circumstances, nor an actual determination by the Corporation (including its board of directors, independent legal counsel or its members) that the indemnitee's conduct was such that indemnification is prohibited by Pennsylvania law, shall be a defense to such Indemnitee Action or create a presumption that the indemnitee's conduct was such that indemnification is prohibited by Pennsylvania law. The only defense to an Indemnitee Action to recover a claim for advancement of expenses under Section 2 shall be the indemnitee's failure to provide the undertaking required by Section 2.

4. Insurance and Funding. The Corporation may purchase and maintain insurance to protect itself and any person eligible to be indemnified hereunder against any liability or expense asserted or incurred by such person in connect with any Action, whether or not the Corporation would have the power to indemnify such person against such liability or expense by law or under the provisions of this Article.

5. Non-Exclusivity; Nature and Extent of Rights. The rights to indemnification and advancement of expenses provided for in this Article shall (i) not be deemed exclusive of any other rights, whether now existing or hereafter created, to which any indemnitee may be entitled under any agreement or by-law, articles of incorporation provision, vote of members or directors or otherwise, (ii) be deemed to create contractual rights in favor of each indemnitee who serves the Corporation at any time while this Article is in effect (and each such indemnitee shall be deemed to be so serving in reliance on the provisions of this Section), and (iii) continue as to each indemnitee who has ceased to have the status pursuant to which he or she was entitled or was designated as entitled to indemnification under this Article and shall inure to the benefit of the heirs and legal representatives of each indemnitee. Any amendment or repeal of this Article or adoption of any By-Law or provision of the Articles of Incorporation which limits in any way the right to indemnification or the right to advancement of expenses provided for in this Article shall operate prospectively only and shall not affect any action taken, or failure to act, by an indemnitee prior to the adoption of such amendment, repeal, By-Law or other provision.

6. Partial Indemnity. If an indemnitee is entitled under any provision of this Article to indemnification by the Corporation for some or a portion of the expenses or a liability paid or incurred by the indemnitee in the preparation, investigation, defense, appeal or settlement or any Action or Indemnitee Action but not,

however, for the total amount thereof, the Corporation shall indemnify the indemnitee for the portion of such expenses or liability to which the indemnitee is entitled.

ARTICLE IX
Administrative Provisions

1. Books and Records. The books, records and papers of the Corporation shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and these By-Laws shall be available for inspection and copying by any Member at the principal office of the Corporation.

2. Corporate Seal. The Corporation shall have a seal in a circular form having within its circumference the words Winchester Lakes Planned Community

3. Amendments. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, except that Federal Housing Administration, Department of Housing and Urban Development and Veterans Administration may veto amendments. If in order to obtain the approval of the Federal Housing Administration and/or the Department of Housing and Urban Development and/or the Veterans Administration and/or the Federal National Mortgage Administrator or Government National Mortgage Corporation or their successors performing similar functions to the terms and conditions of these By-laws, Declarants are required to amend any terms hereof, Declarant may do so without any further consent or approval of any Owners or Members. Written notice shall be given to all Members of any such proposed changes for the purpose of Members submitting objections to such government agencies.

4. Conflict with Declaration. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

5. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

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