

**BYLAWS**  
**OF**  
**VILLAGE AT MARSHALL RIDGE HOMEOWNERS ASSOCIATION**

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### **ARTICLE I**

#### **Introductory Provisions**

1.1. Applicability. These Bylaws provide for the governance of the Association pursuant to the requirements of §5306 of the Pennsylvania Uniform Planned Community Act, 68 Pa. C.S.A. §5101 et seq. (the "Act"), with respect to the Community created by the recording of the Declaration among the land records of Allegheny County at Instrument No. \_\_\_\_\_.

1.2. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws pertain or, if not defined therein, the meanings specified or used for such terms in the Act.

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

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

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 provisions of the Non-profit Corporation Law of 1988 of the Commonwealth of Pennsylvania, 15 Pa. C.S.A.5101 et seq., as it may be amended from time to time (the "Corporation Law"). The "Board of Directors" described therein shall be referred to herein and in the Declaration as the "Executive Board".

### **ARTICLE II**

#### **The Association**

2.1. Composition. The Association is hereby organized on the date hereof as a non-profit corporation in the Commonwealth of Pennsylvania under the Corporation Law on a non-stock basis. All owners of Units in the Community, upon becoming a Unit Owner, shall be Members of the Association upon purchase of such Unit. In addition the Declarant shall be a Member as to the Units it owns.

2.2. Responsibility. The Association shall consist of all of the Unit Owners acting as a group in accordance with the Act, the Declaration and these Bylaws. The Association shall have the responsibility of administering the Community, repairing, maintaining and insuring the Common Facilities, establishing the means and methods of collecting assessments and charges, arranging for the management of the Community and performing all of the other acts that may be required or permitted to be performed by the Association pursuant to the Act, the Corporation Law and the Declaration. The foregoing responsibilities shall be performed by the Executive Board or by a managing agent appointed by the Executive Board, as more particularly set forth in these Bylaws.

2.3. Annual Meetings. The annual meetings of the Association shall be held on the second Monday of September, of each year, commencing in 2014, unless such date shall occur on a holiday, in which event the meetings shall be held on the succeeding Tuesday. At such annual meetings the Executive Board shall be elected by ballot of the Members in accordance with the requirements of Section 3.3 of these Bylaws (subject to **Article 9** of the Declaration) and such other business as may properly come before the meeting may be transacted.

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

2.5. Special Meetings.

2.5.1. 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 Members entitled to cast at least twenty percent (20%) of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within forty-five (45) days after receipt by the President of such resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 5.8 below, such meeting shall be held within fifteen (15) days after receipt by the President of such resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.5.2. Within sixty (60) days after twenty-five percent (25%) of the Units (including Units which may be created in Additional Real Estate) are occupied by Members other than the Declarant, a special meeting of the Association shall be held at which two (2) of the five (5) members of the Executive Board designated by the Declarant shall resign (such members to be selected by the Declarant), and the Members, excluding the Declarant as a Unit Owner, shall thereupon elect successor members of the Executive Board to act in the place and stead of each of the two (2) members resigning. Such successor members shall serve until the meeting at which all members of the Executive Board are elected by Members.

2.5.3. On or before the date by which all Declarant appointed members of the Executive Board must resign pursuant to Section 9.2.3 of the Declaration, a special meeting of the Association shall be scheduled at which all of the members of the Executive Board shall resign, and the Members, 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. To provide for continuity on the Executive Board, the two (2) Unit Owners receiving the highest numbers of votes shall be elected for three (3) year terms, the two (2) Unit Owners receiving the next highest numbers of votes shall be elected for two (2) year terms. The fifth successor shall be the person who received the next highest number of votes shall serve for a one (1) year term. Thereafter, all Directors shall serve for three (3) year terms unless elected to fill an unexpired term of a Director.

2.5.4. Notwithstanding the foregoing, if any meeting required pursuant to Sections 2.5.2 and 2.5.3 above could be held within thirty (30) days of the date an annual meeting of the Association is scheduled, then such election(s) shall be held concurrently with such annual meeting.

2.6. Notice of Meetings. The Secretary shall give to each Unit Owner a notice of each annual or regularly-scheduled meeting of the Association at least ten (10) but not more than sixty (60) days prior to the meeting, and of each special meeting of the Unit Owners at least ten (10) but not more than forty-five (45) days prior to such meeting, stating the time, place and purpose thereof, including, without limitation, any proposed budget or assessment changes, the general nature of any proposed amendment to the Bylaws or Declaration, and any proposal to remove an Executive Board member or Officer. The giving of a notice of a meeting in the manner provided in this Section and Section 8.1 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, Members 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.

2.8. Voting. Each Unit shall be entitled to a single vote at all meetings of the Association.

2.8.1. If the Unit Owner is a corporation, joint venture, partnership or unincorporated association, the natural person who shall be entitled to cast the vote for such Unit shall be the natural person named in a certificate executed by such entity pursuant to its governing documents and filed with the Secretary. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. The natural person so designated may also, with his or her consent, be elected to the Executive Board as the "Unit Owner", or otherwise represent the entity owner in the Association as an officer or committee member.

2.8.2. If the Unit Owner is a trust, the trustee or trustees shall be deemed to be the Member for voting purposes. The trustee, or one of the trustees designated by all of the trustees if there is more than one trustee, may also, with his or her consent, be elected to the Executive Board as the "Unit Owner", or otherwise represent the trust in the Association as an officer or committee member.

2.8.3. Where the ownership of a Unit is in more than one natural person, the person who shall be entitled to cast the vote of such Unit shall be:

a. If only one of the multiple owners is present, the natural person owning such Unit who is present.

b. If more than one of the multiple Owners are present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to §5310(a) of the Act.

c. If more than one of the multiple Owners is present, there shall be deemed to be unanimous agreement if any one of the multiple Owners casts the vote allocated to that Unit without protest being made promptly to the presider at the meeting by any of the other Owners of the Unit.

d. Any of said multiple owners may represent the Unit on the Executive Board or otherwise in the Association as an officer or committee member, but no more than one of said multiple owners may represent the Unit on the Executive Board at any one time.

2.8.4. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Corporation Law, the Declaration or these Bylaws, such approval or disapproval shall be made only by the natural person who is a Member and would be entitled to cast the vote of such Unit at any meeting of the Association. Except with respect to election of members of the Executive Board and except where a greater number is required by the Act, the Corporation Law, the Declaration or these Bylaws, the vote of more than fifty percent (50%) of the Members present in person or by proxy at a duly convened meeting of the Association at which a quorum is present is required to adopt decisions at any meeting of the Association. Any specified percentage of the Members means the Unit Owners owning such Percentage Interests in the aggregate.

2.8.5. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected. 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.

2.8.6. Except as set forth in Section 2.5.2, 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 votes to which such Unit or Units are entitled. No votes allocated to any Unit owned by the Association may be cast.

2.9 Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Member in favor of only another Member, a holder of a 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. 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, the presence in person or by proxy of Members representing twenty percent (20%) or more of all Units at the commencement of all meetings shall constitute a quorum at all meetings of the Association. If a meeting is adjourned pursuant to Section 2.7 above, the quorum at such second meeting shall be deemed present throughout any meeting of the Association if persons entitled to cast ten percent (10%) of the votes which may be cast for the election of the Executive Board are present in person or by proxy at the beginning of the meeting.

2.11 Conduct of Meetings. The President (or in the President's absence, the vice president) shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring 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, the Corporation Law or the Act. All votes shall be tallied by a committee appointed by the President.

### **ARTICLE III**

#### **Executive Board and Committees**

3.1. Number and Qualification. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of five (5) natural persons, all of whom shall be Members or, until turn-over of control by the Declarant as herein provided, designees of the Declarant. The President shall serve as the chair of the Executive Board.

3.2. Delegation of Powers; Managing Agent. The Executive Board, upon transfer of control by the Declarant, may employ for the Community a managing agent at a compensation established by the Executive Board. Any 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 other than the following powers:

- 3.2.1. adopt the annual budget and any amendment thereto or to assess any Common Expenses;
- 3.2.2. adopt, repeal or amend Rules and Regulations;
- 3.2.3 designate signatories on Association bank accounts;
- 3.2.4. borrow money on behalf of the Association;
- 3.2.5. acquire and mortgage Units.

Any contract with a managing agent must provide that it may be terminated with cause on no more than thirty (30) days written notice and without cause on no more than ninety (90) days written notice. The term of any such contract may not exceed one (1) year.

3.3. Election and Term of Office.

3.3.1. At the annual meeting of the Association, subject to Article 9 of the Declaration, the election of members of the Executive Board shall be held. The term of office of any Executive Board member to be elected (except as set forth in Sections 2.5.2 and 2.5.3 and 3.5 hereof) shall be fixed at three (3) years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed him or herself.

3.3.2. Persons qualified to be members of the Executive Board may be nominated from the floor at the meeting at which the election is held for each vacancy on the Executive Board. The rights of entities, trusts and multiple owners of Units to serve on the Executive Board are as set forth in Section 2.8 above. Any such person shall be subject to these same provisions with respect to nomination.

3.4. Removal or Resignation of Members of the Executive Board. Except with respect to members designated by the 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 cause by Members 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, for the remainder of the term of the member removed. Any Member proposing removal of a Board member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Member shall be given at least ten (10) days notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his or her Unit. The Declarant shall have the right to remove and replace any or all members appointed by the Declarant at any time and from time to time until the required resignation date specified in Article 9 of the Declaration.

3.5. Vacancies. Except as set forth in Section 3.4 above with respect to members appointed by the Declarant, vacancies in the Executive Board caused by any reason other than the removal of an Executive Board member by a vote of Members 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 Executive Board 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 Executive Board member being replaced. In the case of multiple vacancies, the Member receiving the greatest number of votes shall be elected for the longest term, and so on until all vacancies are filled.

3.6. Organizational Meeting. The first meeting of the newly constituted Executive Board elected at each annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the President (even if he or she 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.

3.7. Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the members, but such meetings shall be held at least once every six (6) months during each fiscal year. Notice of regular meetings of the Executive Board shall be given to each member, by mail or telecopy, at least three business days prior to the day named for such meeting.

3.8. Special Meetings. Special meetings of the Executive Board may be called by the President on at least three (3) business days notice to each member of the Executive Board, given by mail or telecopy, 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.

3.9. Waiver of Notice. Any Executive 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 member at any meeting of the Executive Board shall constitute a waiver of notice by him or her of the time, place and purpose of such meeting. If all members are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meeting.

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

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

3.12. Conduct of Meetings. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings,



recording 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, the Corporation Law or the Act.

3.13. Action Without Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board.

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

3.14.1. The fact that an Executive Board member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members; or

3.14.2. 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.

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

3.16. Review Committee. The Executive Board shall, if requested by the Declarant, appoint a special committee whose responsibility it shall be to serve as successor to the committee named in Section 6.1.7 of the Declaration, or any successor provision in any amendment to the Declaration. The number and term of such committee members shall be determined by the Executive Board.

## **ARTICLE IV**

### **Officers**

4.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Executive

Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. If an officer is not a member of the Executive Board, he/she shall nonetheless be entitled or required to attend all meetings of the Executive Board. An officer other than the President may hold more than one office. See Section 2.8 with respect to Units owned by entities, trusts or multiple owners.

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

4.3. Removal of Officers. Upon the affirmative vote of 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, for the remainder of the term of the officer removed.

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 or her 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 the President ceases to be a member of the Executive Board.

4.5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, 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 to the Vice President by the Executive Board or by the President. The Vice President shall cease holding such office at such time as the Vice President ceases to be a member of the Executive Board.

4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board, have charge of such books and papers as the Executive Board may direct, maintain a register setting forth the place to which all notices to Unit Owners and holders of mortgages on any Units hereunder shall be delivered and, in general, perform all the duties incident to the office of 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 §§5315(h), 5407(a) and 5407(b) of the Act and Sections 5.6 and 5.11 below.

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 any Managing Agent, in such depositories as may from time to time be designated by the Executive Board and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of Pennsylvania.

4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of **\$250.00** shall be executed by any two (2) officers of the Association once the Declarant is no longer in control of the Association. All such instruments for expenditures or obligations of \$250.00 or less may be executed by any one officer of the Association.

4.9. Compensation of Officers. No officer 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 such officer's duties. **Notwithstanding the foregoing, the officer designated by the Executive Board to prepare and issue Resale Certificates may, upon majority vote of the Executive Board, be paid fifty dollars (\$50.00) per Resale Certificate from the charge assessed by the Association.**

## **ARTICLE V**

### **Common Expenses; Budgets**

5.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon the recordation of the Declaration.

5.2. Preparation and Approval of Budget.

5.2.1. On or before the first day of November of each year (or sixty (60) days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements 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 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.

5.2.2. On or before the next succeeding fifth day of November (or fifty-five (55) days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall make the budget available for inspection at the Association office and shall send to each 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 Member's assessment for Common Expenses. The budget shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.

5.2.3. 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 and Limited Common Expenses.

5.3.1. Common Expenses and Limited Common Expenses. Once all Units contain residences that have been occupied at least once, the Executive Board shall calculate the annual assessments for Common Expenses against each Unit by dividing (a) the total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting income expected to be received from sources other than Common Expenses assessments chargeable to all Unit Owners, by (b) the number of Units owned by Members in the Community, and further dividing the resultant product by (c) the number of calendar months in such fiscal year. If there are Limited Common Expenses to be paid by some but not all Unit Owners, the Executive Board shall calculate the annual assessments for Limited Common Expenses against each Unit owned by a Member to which Limited Common Elements have been allocated by dividing (a) the total amount of the estimated funds required for the operation of the Limited Common Elements set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting income expected to be received from sources other than Limited Common Expenses assessments chargeable to all Unit Owners, by (b) the number of Units owned by Members in the Community to which those Limited Common Elements have been allocated, and further dividing the resultant product by (c) the number of calendar months in such fiscal year. Until all Units contain residences that have been occupied at least once, assessments to be imposed against less than all Units shall be calculated in the same manner as other assessments in accordance with the Percentage Interests of the Units responsible for the payment and, until sixty-six percent (66%) of all Units have residences located thereof which have been occupied for the first time, the Declarant will pay the difference between the amount thus collected and the actual cost of the expense for which the assessment is made; provided, however, that if any expense is an extraordinary expense not reflected on the current budget of the Association, or if the actual cost of the expense is more than 20% greater than the amount shown on the current budget of the Association, the Association shall assess such cost against all Units in accordance with their Percentage Interest, and the Declarant will not be required to pay such expense except as to Units it owns. All such assessments for Common Expenses and any Limited Common Expenses shall be deemed to have been adopted and assessed on an annual basis, but payable in monthly installments, shall be due and payable on the first day of each calendar month and shall be a lien against each Member's Unit (as to Common Expenses) and against each Member's Unit to which Limited Common Elements have been allocated (as to Limited Common Expenses) 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 Member and to each record holder of a mortgage on a Unit who has registered an address with the Secretary a balance sheet and statement of revenue and expenses. Any net shortage with regard to Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Members in the same manner as other assessments, and shall be payable in one or more assessments, as the Executive Board may determine. Any net shortage with regard to any Limited Common Expenses, after application of such reserves as the Executive Board may

determine, shall be assessed promptly against the Members to which Limited Common Elements have been allocated equally and shall be payable in one or more assessments, as the Executive Board may determine.

5.3.2. Reserves. The Executive Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Member's assessments, the Executive Board may at any time levy further assessments for reserves against Units containing residences occupied at least once equally. If the reserves for Limited Common Elements are deemed to be inadequate for any reason, including non-payment of any Member's Limited Common Expenses assessments, the Executive Board may at any time levy further assessments for Limited Common Expenses, which shall be assessed against the Members owning Units which have been occupied at least once and to which the Limited Common Elements have been allocated, equally. All such additional assessments shall be payable in one or more monthly assessments as the Executive Board may determine. Reserve funds shall be separately allocated in the budget, and may not be used to fund on-going expenses because of income tax consequences associated with such use.

5.4. Further Assessments. The Executive Board shall serve notice on all Members (or all Members to which Limited Common Elements have been allocated in the case of Limited Common Expenses) of any further assessments pursuant to Sections 5.3.1 or 5.3.2, as permitted or required by the Act, the Declaration and these Bylaws by a statement in writing giving the amount and reasons therefor, and 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 Members so assessed shall be obligated to pay the amount of such assessments. Such assessments shall be a lien as of the effective date as set forth in the preceding Section 5.3.

5.5. Initial Budget. At or prior to the time assessment of any one or more of Common Expenses or Limited Common Expenses commences, the Executive Board shall adopt the budget, as described in this Article, for the period commencing on the date the Executive Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessments shall be levied and become a lien during such period as provided above.

5.6. Delivery of Approved Budget and Notice of Capital Expenditure; Effect of Failure to Prepare or Adopt Budget. The Executive Board shall deliver to all Unit Owners copies of each budget approved by the Executive Board and notice of any capital expenditure approved by the Executive Board promptly after each such approval. 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 Member's obligation to pay such Member's allocable share of the Common Expenses and any Limited Common Expenses, 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 assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

5.7. Accounts; Audits. All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and financial statements consisting of at least a balance sheet and statement of revenue and expenses of the Association shall be prepared within one hundred eighty (180) days of the close of the Association's fiscal year and provided at no cost to each Unit Owner requesting the same, within thirty (30) days of a written request received by the Secretary of the Association.

5.8. Rejection of Budget; Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Association, by majority vote of all votes of Members in the Association, may reject any budget or capital expenditure approved by the Executive Board, within thirty (30) days after approval by the Executive Board. The power of the Executive Board to expend funds, incur expenses or borrow money on behalf of the Association that it is reasonably anticipated will cause the aggregate amount of all expenses in the budget (including reserves) to be exceeded by more than ten percent (10%) of such aggregate amount after taking into account any projected increases in income, and to borrow money so that loans of the Association then outstanding would exceed ten percent (10%) of such aggregate amount, is subject to the approval of at least two-thirds (2/3) of the Members present, in person, or by proxy at any duly called and held meeting of the Association. If a budget is rejected by the membership, the Association shall continue to operate under its current budget until the Executive Board adopts a budget which is not rejected by the membership.

5.9. Payment of Common Expenses and Any Limited Common Expenses. Each Unit Owner shall pay the Common Expenses and any Limited Common Expenses assessed by the Executive Board against that Unit Owner's Unit pursuant to the provisions of this Article V. No Unit Owner may exempt himself or herself from liability for his or her contribution toward Common Expenses and any Limited Common Expenses by waiver of the use or enjoyment of any of the Common Elements or any Limited Common Elements allocated to that Unit, or by abandonment of his or her Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses or any Limited Common Expenses assessed against his or her Unit subsequent to the date of recordation of a conveyance by him or her in fee of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his or her proportionate share of the Common Expenses and any Limited Common Expenses up to the time of such recordation if such amount has been accurately and completely set forth in a resale certificate provided to such purchaser under §5407 of the Act, without prejudice for the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor, and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments with respect to the time period covered by such statement, in excess of the amount therein set forth; and, provided further that, subject to §5315(b)(2) of the Act, each record holder of a mortgage on a Unit who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such holder comes into possession

thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

5.10. 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 and any Limited 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 percent (5%) of the overdue assessment in addition to interest at the maximum rate allowed by law per annum or such other rate as may be determined by the Executive Board.

5.11. Resale Certificate. The Executive Board shall promptly provide any Unit Owner a written statement containing such information as is required to complete a resale certificate as required under §5407 of the Act. 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.

## **ARTICLE VI Compliance and Default**

6.1. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of Declaration, these Bylaws, the Rules and Regulations and the Act, as any of the same may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

6.1.1. Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his or her action, neglect or carelessness or the action, neglect or carelessness of his or her tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, occupancy or abandonment of any Units or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

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

6.1.3. No Waiver of Rights. The failure of the Association, the Executive Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws, the Executive Board Rules and Regulations or the Act shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any Unit Owner pursuant to any

term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations or the Act or at law or in equity.

6.1.4. Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaw contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights: (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof or the applicable Rule or Regulation, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

## **ARTICLE VII Amendments**

7.1. Amendments to Bylaws. These Bylaws may be modified or amended only by vote of Members entitled to cast a majority of the votes in the Association, except as otherwise expressly set forth herein or in the Act or Corporation Law; provided, however, that until the date on which all Declarant-appointed Executive Board members voluntarily resign or are required to resign pursuant to Article 9 of the Declaration, (i) Section 2.5, (ii) Section 3.1, and (iii) this Section 7.1 may not be amended without the consent in writing of the Declarant. Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the Declaration, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Members or the holders of any liens on all or any part of the Property, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

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

## **ARTICLE VIII Miscellaneous**

8.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt, postage prepaid (or otherwise



as the Act may permit), (i) if to a Unit Owner, at the single address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Owner, or (ii) if to the Association, the Executive Board or to any Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one Person, each such Person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

8.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

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

## **ARTICLE IX**

### **Indemnification of Officers and Executive Board**

Section 9.01. Scope of Indemnification. Except as expressly prohibited by Law (as defined in Section 9.04), the Association shall indemnify, defend and hold harmless each person who was or is a party or is threatened to be made a party to any threatened, pending or completed lawsuit, action or proceeding, whether civil, criminal, administrative or investigative, including actions by or in the right of the Association, by reason of the fact that he/she is or was a Director, Officer, Employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, Employee or agent of another corporation or association, partnership, joint venture, trust, employee benefit plan or other enterprise (each a “Covered Person” and collectively the “Covered Persons”), or by reason of any act, omission or alleged act or omission by such Covered Person arising out of such Covered Person’s activities taken primarily on behalf of the Association, or at the request or with the approval of the Association or primarily in furtherance of the interests of the Association. Indemnification shall mean that such Covered Person shall be defended and held harmless from and against any and all debts, losses, claims, damages, demands, judgments, contracts (implied and expressed, written and unwritten), penalties, obligations, payments, liabilities of every kind and nature (whether known or unknown, fixed or contingent), fines, costs and expenses (including, without limitation, reasonable attorneys’ fees, out-of-pocket expenses and other reasonable costs and expenses incurred in investigating, preparing or defending any pending or threatened lawsuit, action or proceeding), and amounts paid in settlement, actually and reasonably incurred by or imposed upon such Covered Person (collectively the “Damages”) in connection with such action, suit, or proceeding; PROVIDED, HOWEVER, that the Association shall not indemnify any such Covered Person where the act or failure to act giving rise to the claim for indemnification is determined by a court or agency having jurisdiction over the claim to have constituted willful misconduct or recklessness and, with respect to any criminal action or proceeding, unless such Covered Person had no reasonable cause to believe his/her conduct was unlawful . The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the Covered Person is not entitled to

indemnification under this Section, or with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful.

Section 9.02. Indemnification Procedure; Assumption of Defense. The procedure under which indemnification shall be provided shall be: A party seeking indemnification (an “Indemnified Party”) shall give prompt notice (“Notice of Claim”) to the Association of the assertion of any claim for which indemnity may be sought (a “Claim”) and shall give the Association such information with respect thereto as the Association may reasonably request, but no failure to give a Notice of Claim shall relieve the Association of any liability hereunder except to the extent that the Association has suffered actual prejudice thereby. Within thirty (30) days of receipt of a Notice of Claim the Association shall provide notice to the Indemnified Party (the “Association Notice”) that as between the Association and the Indemnified Party, the Association shall be solely obligated to satisfy and discharge the Claim and assume defense of the Claim. The Association shall use counsel selected by the Association and reasonably acceptable to the Indemnified Party. If the Association shall fail to give the Indemnified Party the Association Notice within the thirty (30) day period, the Indemnified Party shall have the right to assume control of the defense of the Claim and all Damages in connection therewith shall be reimbursed by the Association upon demand by the Indemnified Party. Notwithstanding the foregoing, the Association shall not have the right to assume the defense of a Claim which is seeking an injunction, restraining order, declaratory relief or other non-monetary relief against the Indemnified Party (whether or not the Association is also named as a party), or if the named parties to the action (including any impleaded parties) include both the Indemnified Party and the Association and the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to the Indemnified Party that are different from those available to the Association. A party defending a Claim shall not have the right to compromise or settle any claim for non-monetary relief against the other party without the other party’s written consent. A party defending a Claim shall not have the right to compromise or settle any claim for monetary relief against the other party without the other party’s written consent unless the monetary relief is paid in full by the settling party. A party shall not unreasonably withhold or deny its consent under this Section 9.02. An Indemnified Party shall not be required to consent to a compromise or settlement of a Claim if in the reasonable judgment of the Indemnified Party, the compromise or settlement would have a continuing material adverse effect on the Indemnified Party’s business or reputation (including any material impairment of its relationships with customers, suppliers, future employees or employers). If at any time after the Association assumes the defense of a Claim, the situation changes such that the Association would not be able to assume the defense of a Claim if the Claim were newly filed at that time, the Indemnified Party shall have the same rights as if the Association never assumed the defense of the Claim. The Association or the Indemnified Party, as the case may be, shall always have the right to participate at its own expense in the defense of any Claim that the other is defending. Whether or not the Association chooses to defend or prosecute a Claim involving a third party, the Association and the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith.

Section 9.03. Right to Advancement of Expenses; Reimbursement of Expenses.

(a) Except as expressly prohibited by Law, expenses (including without limitation reasonable attorneys' fees) incurred by a Covered Person in defending any Claim, shall, from time to time, be advanced by the Association prior to the final disposition of such Claim upon receipt by the Association of a written undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized above.

(b) To the extent that the expenses of a Covered Person have not been advanced by the Association, if such Covered Person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 9.01, or in defense of any Claim, issue or matter therein, the Covered Person may submit a request for reimbursement of all expenses (including reasonable attorneys' fees) actually and reasonably incurred by or imposed upon the Covered Person in connection therewith. The determination of what expenses are actually and reasonably incurred shall be made by the Board of Directors, but in the event of disagreement the person making the request may apply to the Court of Common Pleas of the County in which the registered office of the Association is located or the Court in which such action or suit was brought for such determination.

(c) In situations where a Court has not made a determination that the act or failure to act giving rise to a claim for indemnification constituted willful misconduct or recklessness, any indemnification under Section 9.01 (unless ordered by a Court) shall be made by the Association only as authorized in the specific case upon a determination that the act or failure to act of the Director, Officer, Employee or agent did not constitute willful misconduct or recklessness. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable if a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (c) by the shareholders.

Section 9.04. Change of Law or These Bylaws. No amendment or repeal of this Article shall adversely affect any right or protection extended to a Covered Person hereunder for an act or failure to act occurring prior to the time of such amendment or repeal. Each Covered Person shall be deemed to act in such capacity in reliance upon the rights of indemnification and advancement of expenses hereunder. The rights to indemnification and advancement of expenses hereunder shall continue as to a person who has ceased to be a Covered Person and shall inure to the benefit of the heirs, executors and administrators of such person for actions occurring while such Covered Person was a Covered Person. References in this Article to "Law" shall be to such Law as it existed on the date of adoption of these Amended and Restated Bylaws, or as such Law was thereafter changed, except that: in the case of any change that limits the indemnification rights or the right to advancement of expenses that the Association must provide, the rights to indemnification and advancement of expenses provided in this Article shall continue as theretofore agreed upon to the extent permitted by law; and if the change permits the Association without the requirement of further action by the Shareholders or Board of Directors to provide broader indemnification rights or to the advancement of expenses than the Association was permitted to prior to the change, then the rights to indemnification and advancement of expenses shall be so broadened to the extent permitted by Law.

Section 9.05. Creation of Fund; Insurance. The Association may create a fund of any nature which may, but need not, be under the control of a trustee or otherwise secure or insure in any manner its indemnification obligations, whether arising hereunder or otherwise. The Association may purchase and maintain insurance to the extent and in such amounts as the Board of Directors shall deem reasonable, against any liability that may be asserted against or expenses that may be incurred by any such Covered Person or such other persons as the Board of Directors shall determine in connection with the activities of the Association, regardless of whether the Association would have the power to indemnify such other persons against such liability under the provisions of these Bylaws. The Association may enter into indemnity contracts with Covered Persons and such other persons as the Board of Directors shall determine and may adopt written procedures pursuant to which arrangements are made for the advancement of expenses and funding of obligations under this Article and containing such other procedures regarding indemnification as are appropriate.

Section 9.06. Effectiveness; Non-Exclusivity of Rights. The provisions of this Article shall be effective for any act or omission of a Covered Person occurring prior to or after the adoption of this Article, and shall continue as to a person who has ceased to be a Covered Person, and shall inure to the benefit of the heirs and personal representatives of such persons. The rights conferred on any person by this Article shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, agreement, or otherwise.

Section 9.07. Self Dealing, Willful Misconduct or Recklessness. Except for responsibility or liability of a Director or Officer pursuant to any criminal statute or for payment of taxes pursuant to local, state or federal law, a Director or Officer of the Association shall not be personally liable for monetary damages for any action taken or any failure to take any action unless (a) such Director or Officer has breached or failed to perform his/her fiduciary duties and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Section 9.08. Fiduciary Relationship. A Director of the Association shall stand in a fiduciary relation to the Association and shall perform his/her duties as a Director (including as a member of any committee of the Board of Directors) in accordance with the standards set forth in the Commonwealth of Pennsylvania Directors' Liability Act, as the same may be amended from time to time. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interest of the Association.

## ARTICLE X

### Interested Directors

Section 10.01. Transaction Void or Voidable. No contract or transaction between the Association and one or more of its Directors or Officers or between the Association and any other corporation or association, partnership, association, or other organization in which one or more of its directors or officers are Directors or Officers or has or have a financial interest, shall be void or voidable solely for such reason, or solely because the Director or Officer is present at or participates in the meeting of the Board of Directors which authorized the contract or transaction, or solely because his/her or their votes are counted for such purpose, if: (a) the material facts as to the relationship or interest

and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board of Directors in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors even though the disinterested Directors are less than a quorum; (b) the material facts as to his/her relationship or interest and as to the contract or transaction are disclosed or are known to the membership entitled to vote thereon, if any, and the contract or transaction is specifically approved in good faith by vote of such members; or (c) the contract or transaction is fair as to the Association as of the time it is authorized, approved or ratified by the Board of Directors or the Members. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes a contract or transaction specified above.

**ARTICLE XI**  
**Term**

11.1. Term. The term of the Association shall be perpetual until dissolved in accordance with these Bylaws.

**ARTICLE XII**  
**Dissolution**

12.1. Dissolution. In the event it shall be deemed advisable and for the benefit of the Members that the Association should be dissolved, the procedures concerning dissolution set forth in the Pennsylvania NonProfit Corporation Law of 1988, or its successor, shall be followed.

12.2. Distribution. In the event of dissolution, the assets, including any surplus of the Association after payment of all debts, including mortgages and other encumbrances, shall be distributed equally among the Members.

**ARTICLE XIII**  
**Adoption**

These Bylaws are adopted as the Bylaws for VILLAGE AT MARSHALL RIDGE HOMEOWNERS ASSOCIATION by its initial Executive Board designated by Declarant.

Date: \_\_\_\_\_

\_\_\_\_\_  
James C. Rumbaugh, Director

\_\_\_\_\_  
Jill Allan, Director

\_\_\_\_\_  
Bret Rankin, Director

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Debbie Uselman, Director

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Paul Witkovitz, Director

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