

BYLAWS OF ALDER COURT APARTMENTS, INC.

(As Amended January 9, 1996)
(As Amended January 13, 1998)
(As Amended February 20, 2002)
(As Amended August 23, 2003)
(As Amended February 6, 2007)
(As Amended July 1, 2008)
(As Amended January 11, 2011)

ARTICLE I

Name, Location, Purpose, and Seal

Section 1. Name. The name of the Corporation is ALDER COURT APARTMENTS, INC., hereinafter called the “Corporation”.

Section 2. Location. The principal office of the Corporation shall be located at 6112 Alder Street, Pittsburgh, PA 15206.

Section 3. Purpose and Powers. The specific and primary purpose of the Corporation shall be to own, operate, lease, mortgage, and sell the lot and apartment building known as the “Alder Court Apartments, Inc.”, and the Corporation shall possess all powers necessary to carry out said purpose.

Section 4. Seal. The corporate seal of the Corporation shall be round with the following inscription: “Alder Court Apartments, Inc.” at the top, “Pittsburgh, PA” at the bottom, and “Incorporated 1921” in the center.

ARTICLE II

Board of Directors

Section 1. Number and Term of Office. The business and property of the Corporation shall be managed and controlled by the Board of Directors, hereinafter call the “Board”. The Board shall consist of seven directors who shall serve without remuneration and shall be eligible for reelection, hereinafter called the “Directors”. Each director shall be elected at the annual meeting of the shareholders of the Corporation for a term of two years and shall serve until his successor shall have been duly elected and qualified. Only shareholders of the Corporation who reside in the Alder Court Apartments shall be

eligible for election as Directors and, if any Director ceases to be a shareholder or occupant, he shall, by reason thereof, cease to be a Director.

A committee to nominate Directors shall be appointed by the president and shall consist of three resident owners, one of whom shall be a Board member. It shall nominate, with the nominee's written permission, one candidate for each position, four in even-numbered years and three in odd-numbered years, and report the names to the Board at its November meeting and immediately thereafter to the shareholders. Shareholders may then nominate at-large candidates with the nominees' written permission. A complete slate will be presented to the shareholders with the notice of the annual meeting at which time there will be the election.

Section 2. Regular Board Meetings. Regular Board meetings shall be held monthly on dates and at times and locations established by the Board. Notice of the date, time, and location of regular Board meetings shall be received by each Director, personally or by mail, at least three days prior to the day named for such meeting. Such notice may be waived in writing or by attendance at the meeting.

Section 3. Special Meetings. Special meetings of the Board may be convened at the call of the President, the Secretary, or any three Directors, personally or by mail, which shall specify the date, time, and location of the meeting, and the nature of the business to be transacted. Only the business described in the notice may be transacted at a special meeting. Such notice may be waived in writing or by attendance at the meeting.

Section 4. Quorum. A quorum exists if four Directors are present at a duly called meeting.

Section 5. Voting. Every Director shall be entitled to one vote and the acts of a majority of the Directors present at a meeting at which a quorum exists shall be the acts of the Board.

Section 6. Order of Business. The order of business at meeting of the Board shall be as follows:

- A. Reading of the minutes of any previous meeting which have not been approved.
- B. Financial report.
- C. Management report.
- D. Reports of officers.
- E. Reports of committees.
- F. Unfinished or old business.
- G. New business.

Section 7. House Rules. The Board has adopted and is responsible to enforce the House Rules concerning the management and the control of the Alder Court Apartments and the conduct of the employees, tenants and owners which have the force and effect of these Bylaws. The House Rules can be amended or changed by the Board as needed.

Section 8. Removal. The failure of a Director for any reason to attend three consecutive Board meetings may be interpreted by resolution of the Board as a resignation by the absent Director and the resulting vacancy shall be filled under the provisions of Article II, Section 9.

Section 9. Vacancies. Vacancies on the Board shall forthwith be filled by majority vote of the remaining Directors present at a duly called meeting of the Board provided, however, that, if a quorum of the Board cannot be obtained at such a meeting, then the shareholders shall fill all such vacancies by vote taken at a special meeting of the shareholders duly called for such purpose, said vote to be conducted in the manner provided by Article V, Section 2.

Section 10¹. Expenditures. Other than budgeted maintenance expenditures and unanticipated necessary repairs and replacements to Alder Court property, the Board of Directors shall make no capital expenditures of more than two thousand dollars (\$2,000) on any single

¹ Amended by the Shareholders at an Annual Meeting held January 11, 2011 and recorded with the Allegheny County Deeds Office at Deed Book Volume 14526, page 131.

project without the approval of at least two-thirds (2/3) percent of all the outstanding shares of the Alder Court Apartment, Inc. stock.

ARTICLE III

Managing Agent

Section 1. Retention. The Board may retain the services of a management company to assume all or a portion of the management responsibilities of the Alder Court Apartments, hereinafter called the "Managing Agent", upon such terms and conditions as the Board deems advisable.

Section 2. Supervision. The Managing Agent shall perform his duties under the general supervision of the Board. The Managing Agent may be dismissed by a majority vote of the Board whenever, in its judgment, the best interests of the Corporation will be served thereby provided, however, that any such dismissal shall not prejudice or negate any contractual rights which the Managing Agent may possess against the Corporation except that any such contractual rights may be modified by negotiation between the Board and the Managing Agent.

ARTICLE IV

Officers

Section 1. Election. Immediately following the annual meeting of the shareholders, the Board shall meet and elect a president, a vice president, a secretary, and a treasurer. Whenever a vacancy in any office occurs, it shall be filled by election held at the next following duly called meeting of the Board. Two or more offices may be held by one person except the offices of president and vice president and the offices of president and secretary.

Each officer shall hold office for a term of one year and shall serve until his successor is elected by the Board unless removed earlier by the affirmative vote of a majority of those Directors present at a duly called meeting of the Board at which a quorum exists. Only Directors of the Corporation shall be eligible for election as officers and, if any officer ceases to be a Director, he shall, by reason thereof, cease to be an officer.

Section 2. President. The President shall be the chief executive officer of the Corporation and an ex-officio member of all its committees. The President shall preside at all meetings of the shareholders and of the Board and exercise general supervision and management over the affairs of the Corporation. He shall have all the general powers and duties which are usually vested in the office of president of a corporation.

Section 3. Vice President. In the absence or disability of the President, the Vice President shall act as President pro tempore and shall have the powers and responsibilities of the President. Should the President be disqualified, resign, or die, the Vice President shall hold the office of President until the next election is held pursuant to Article IV, Section 1. The Vice President shall have such other duties as the President shall assign to him.

Section 4. Treasurer. The Treasurer shall

- A. Maintain an accurate account of all moneys received and paid out by the Corporation;
- B. Deposit all receipts to the credit of the Corporation in such banks as may, from time to time, be designated by the Board;
- C. Disburse the funds of the Corporation as authorized by the Board;
- D. Sign all checks, drafts, and notes of the Corporation jointly with another officer of the Corporation;
- E. Prepare and file the tax returns in the name of the Corporation; and
- F. Perform such other duties as the President may designate.

At the option of the Board and at the expense of the Corporation, upon the Treasurer's election and his acceptance of the office, he shall, as soon thereafter as is practical, obtain a fidelity bond in an amount and with a company acceptable to the Board, with the Corporation as obligee.

Any of the aforementioned duties of the Treasurer may be assumed by a Managing Agent or other third party who is under contract with the Corporation to perform such services.

Section 5. Secretary. The Secretary shall

- A. Attend all shareholder and Board meetings, keep a correct record and full minutes of all proceedings and enter a signed copy of the same in a book kept for that purpose;
- B. Provide all notices required to be given under these Bylaws as from time to time amended;
- C. Maintain custody of the Corporate seal and affix it to such deeds, leases, contracts, and instruments as the Board directs;
- D. Keep an accurate account of all shares of capital stock issued by the Corporation, hereinafter called "shares", issue and sign all share certificates, register all shares and transfers of shares, and maintain custody of the share certificate book and ledger unless the Board appoints a transfer agent or registrar of shares to perform any or all of these services pursuant to Article VI, Section 6;
- E. Prior to each shareholders' meeting, prepare a list of shareholders and such other documents as are required by law to be used at such meetings;
- F. Communicate to all concerned parties all resolutions and orders adopted by the Board;
- G. Have charge of all pamphlets, reports, minutes, and communications to the Board; keep a record of all lands, buildings, or assets contracted for, owned, or leased by the Corporation and also of any sale, transfer, lease, or proposal for same and make reports when called for by the shareholders, the Board, or the President of all matters pertaining to his office or the business of the Corporation;
- H. Keep all valuable Corporate papers in a safe deposit box in a banking institution which is held in the name of the Corporation; and
- I. Perform all other duties which may be prescribed for him by the Board.

The Secretary may delegate any of his functions to such assistants or other person or persons as he shall deem advisable and in the best interests of the Corporation, but shall continue to be responsible for the supervision of such functions.

ARTICLE V

Shareholders' Meetings

Section 1. Annual Meeting. The annual meeting of the shareholders of the Corporation shall be held at 8:00 P.M. on the second Tuesday of January in each year at the principal office of the Corporation unless the Board designates a different date, place, or time for said meeting, any such different date to be another date in January other than a Saturday, Sunday, or legal holiday. Written notice of the date, place, and time so selected must be given each shareholder as provided in Article V, Section 5.

Section 2. Voting. At the annual meeting or any special meeting of the shareholders, each shareholder shall be entitled to vote in person or by proxy appointed by instrument in writing subscribed to such shareholder or by such shareholder's duly authorized attorney-in-fact and shall have one vote for each share outstanding in his name at the time of the closing of the transfer books for such meeting which shall be established by the Board.

Voting for the election of Directors or voting on any other matter shall be by written ballot if requested by any shareholder. When voting for the election of Directors, a shareholder must vote for as many candidates as there are Directors to be elected and must cast votes equal to the number of shares held by him for each Director.

Section 3. Special Meetings. Special meetings of the shareholders may be called by written order of the President or by the Board or by shareholders of record owning one-fifth of the shares issued and outstanding. The business transacted at any such special meeting shall be confined to the purposes stated in the notice of the meeting. Special meetings are to be held at the principal office of the Corporation or such alternative locations as selected by the Board.

Section 4. Quorum. At shareholders' meetings, the holders in person or by proxy of the majority of the shares issued and outstanding shall constitute a quorum, but less than such majority may adjourn the meeting to a later date. If a quorum exists at the beginning of a meeting, members may

continue to do business, except for amendment of these Bylaws, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 5. Notice. Written notice of annual meetings shall be provided at least twenty (20) days in advance of the meetings and written notice of special meetings shall be provided at least ten (10) days in advance of the meetings and all such notices shall specify the kind of meeting, the place, date, and hour of same and, if a special meeting, the matters to be discussed. Such notice shall be mailed to each shareholder at his address as shown on the books of the Corporation and shall be deemed given as of the date of mailing or such notice may be delivered by leaving a copy thereof at each shareholder's apartment or residence.

Section 6. Waiver of Notice. Shareholders may waive any notice required to be given by these Bylaws in writing or by attendance in person or by proxy at the meeting for which such notice is required.

Section 7. Order of Business. The order of business at shareholders meetings shall be as follows:

- A. Roll call.
- B. Proof of notice of the meeting.
- C. Reading of the minutes of any previous meeting that have not been approved.
- D. Reports of officers.
- E. Reports of committees.
- F. Election of directors.
- G. Unfinished business.
- H. New business.

ARTICLE VI

Share Certificates

Section 1. General. The share certificates shall be in such form not inconsistent with the certificate of incorporation as shall be approved by the Board.

Section 2. Legend. Each share certificate issued after the effective date of these amended Bylaws shall bear the following legend:

Any sale, assignment, transfer, pledge, or other disposition or encumbrance of the shares of capital stock represented by this certificate is restricted by, and subject to, the terms and provisions of the Bylaws of Alder Court Apartments, Inc. which provide for certain approval of proposed transferees and mandatory repurchase options. A copy of the Bylaws is on file with the Secretary of the Corporation. By acceptance of this certificate, the holder agrees to be bound by the terms of said Bylaws.

Section 3. Validity. No share certificate shall be valid unless it is signed by the President and the Secretary and the Corporate seal affixed provided, however, that the Board may, at any time, authorize the Vice President and the Secretary to sign and affix the Corporate seal to the share certificates.

Section 4. Surrender and Issuance of Share Certificates. Share certificates surrendered to the Corporation shall be deemed canceled. New share certificates shall be issued in an amount not to exceed the shares for which share certificates have been surrendered.

Section 5. Lost Certificates. The Board may direct a new share certificate to be issued in place of any share certificate theretofore issued by the Corporation and alleged to have been destroyed or lost upon the submission of an affidavit of that fact by the person claiming the share certificate to be lost or destroyed. When authorizing such issuance of a new share certificate, the Board may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed share certificate or his legal representative to advertise the same in such manner as the Board shall require and/or to give the Corporation a bond in such sum as the Board may require as indemnity against any claim that may be made against the Corporation as a result of said issuance of a new share certificate.

Section 6. Board Regulations. The Board may make such regulations as it may deem expedient concerning the issuance, transfer, and registration of share certificates. It may appoint a transfer agent and a registrar of transfers and may require all share certificates to bear the signature of such transfer agent or registrar.

Section 7. Transferability. Shares shall be transferable only in blocks of shares as shown on the schedule in Article VIII, Section 1, and in accordance with the provisions of Article VI, Section 8. Such transfer shall be accomplished only upon the books of the Corporation by the holder thereof in person or by his attorney-in-fact upon assignment, surrender, and cancellation of share certificates for a like number of shares.

Section 8. Transfer of Shares². A shareholder may sell or transfer by gift all, but not less than all, of his shares to natural persons or a Living Trust. These By-laws specifically prohibit any other form of entity from holding a share certificate, in trust with the exception of the Living Trust provision contained herein. The procedure to transfer shares is set forth below:

- A. The shareholder shall supply written notification to the Board of his or her intention to transfer his shares;
- B. The shareholder shall cause the proposed transferee to provide the Board with such information concerning the proposed transferee as the Board may reasonably request;
- C. The Board shall have twenty (20) days after receipt of the information requested pursuant to Subsection B of this Section 8 to approve or reject a proposed transferee. The Board shall make such a determination on the basis of the fitness of character, financial strength, and reliability of each proposed transferee. No shareholder may transfer his shares to any transferee who has been rejected by the Board;

² Amended by the Shareholders at their 2007 Annual Meeting and recorded with the Allegheny County Recorder of Deeds Office at Deed Book Volume 13138, page 179

D. In the event the Board fails to act within the said twenty-day period, then and in such event, the proposed transferee shall be deemed to have been approved by the Board;

and

E. After a transferee has been approved or deemed to be approved, the transfer of shares shall take place forthwith provided all obligations of the transferor-shareholder to the Corporation have been discharged by their entirety. The Corporation may refuse to transfer such shares unless all moneys due the Corporation have been paid in-full prior to the transfer.

ARTICLE VII

Repurchase Option

Section 1. Criteria and Required Vote. In the event at any time the Corporation shall determine, upon affirmative vote of shareholders holding 80% of the issued and outstanding shares of the Corporation at an annual shareholders' meeting or a special shareholders' meeting called to take action on the subject that, because of objectionable conduct on the part of a shareholder or on the part of a person dwelling in or visiting the premises leased thereto, the tenancy of the shareholder is undesirable, the proprietary lease of said shareholder shall forthwith be terminated. The disposition of said shareholder's shares shall take place simultaneously with the termination of his proprietary lease and in accordance with the provisions of Section 2 of this Article VII. As used herein, objectionable conduct shall include, but shall not be limited to, the following:

To repeatedly violate or disregard the rules and regulations of the Corporation, the provisions of its Charter or Bylaws and any amendments thereto; to permit or tolerate a person of dissolute, loose, or immoral character to enter or remain in the Alder Court Apartments or demised premises; to continually or unwarrantedly harass, annoy, hold in contempt, abuse, either verbally or in writing, the officers or Directors of the Corporation; or to otherwise continually or unwarrantedly offend, insult, or demean the

officers and Directors of the Corporation or any of the other shareholders. Each proprietary lease must be subject to this provision of the Bylaws and must specifically refer thereto.

Section 2. Repurchase Price. The purchase price for such repurchase shall be the greater of

A. The amount initially paid by the shareholder plus the depreciated value of any improvements made by the shareholder

or

B. The fair market value of the shares as determined by an appraisal company selected by agreement between the Board and the selling shareholder. In the absence of such an agreement, the American Arbitration Association shall choose an appraisal company.

and shall be reduced by an amount equal to the rental payments or any other sums owed to the Corporation due and outstanding on the date of repurchase.

ARTICLE VIII

Proprietary Leases

Section 1. Schedule of Shares and Apartments. The ownership of a certificate representing a block of shares shall conditionally entitle the owner, when accepted as an owner by the Board pursuant to Article VI, Section 8, hereof, to receive a proprietary lease for the occupancy of any apartment then vacant shown in the following schedule as being allotted to that number of shares provided, however, that, except with the express approval of the Board, no one other than the shareholder and members of his immediate family who reside with him shall be entitled to occupy any such apartment.

Schedule

<u>Apartment</u>	<u>No. of Shares of Stock</u>
A-1	79
A-2	79
A-3	79
A-4	79
B-1	81
B-2	86
B-3	86
B-4	86
C-1	52
C-2	52
C-3	52
C-4	52
D-1	55
D-2	60
D-3	60
D-4	60
E-1	55
E-2	60
E-3	60
E-4	60
F-1	76
F-2	76
F-3	76
F-4	76

Section 2. Lease Form. The proprietary lease shall be in the form adopted by the Corporation as amended from time to time with the approval of the holders of two-thirds of the shares issued and outstanding at any annual meeting or special meeting called for said purpose. Any change which has been properly approved shall be binding on each lessee even if he did not vote in favor of any such change. Each proprietary lease shall continue in effect for so long as each shareholder shall own the shares which entitled him to become a lessee.

Section 3. Lease Rental. The proprietary lease shall provide for rent in an amount equal to that proportion of the annual budget of the Corporation which the number of shares held by each shareholder bears to the total number of outstanding shares plus any special assessments approved by the Board which shall be assessed in accordance with Article IX, Section 1, plus additional rent to cover costs for which individual lessees are responsible. The Corporation shall have a lien on the shares which it has issued to each shareholder in order to secure payment of any sums which shall be due or become due from the shareholders for any reason whatsoever including, without limitation the generality of the foregoing, any sums due under any proprietary lease entered into between the shareholders and the Corporation. Said lien may be foreclosed by the Corporation.

Section 4. Garage Lease. The Corporation owns the garages which are available for rent by shareholders. As of July 22, 1992 such rentals will be by lease, as long as the shareholder is in residence and current in all charges. Only one space may be rented by a shareholder(s), and the car kept therein must have current license, current inspection sticker, and be in active use. The rent shall be fixed by the Board with ample time to explain to shareholders the reasons for any rent increases.

Garage space may be sublet only to another shareholder and for a term not to exceed three months. The Board shall maintain a waiting list of shareholders in order of seniority fixed by date of purchase of shares.

ARTICLE IX

Financial Management

Section 1. Dividends and Assessments. The Board may, from time to time, in its discretion, declare dividends upon the shares only from the surplus or the net profits of the Corporation. The Board may, from time to time, make special assessments upon the shareholders of the Corporation in order to meet the expenses of the Corporation, such special assessments to be made pro rata based on the number of shares owned by each shareholder in such amounts and at such times as the Board shall deem

advisable. All such special assessments shall be treated as rent due under the proprietary leases by and between the shareholders and the Corporation.

Section 2. Rent Abatements. The Board, in its discretion, may, in any year, abate proportionately to the shareholders any portion of the rental provided for in such leases whenever such rent is not needed for the efficient operation of the Corporation.

Section 3. Working Capital and Reserves. The Board may fix a sum as working capital and may establish reserves for capital replacements and capital improvements. The Board may, from time to time, increase or decrease the amount of these funds to such an extent as, in its absolute judgment and discretion, it deems necessary and appropriate.

Section 4. Banking and Negotiable Instruments. The funds of the Corporation shall be deposited in such bank or banks as from time to time may be selected by the Board and said funds shall be drawn upon by checks signed by the Treasurer or other officer designated by the Board when the Treasurer is unavailable and countersigned by some other officer or officers designated by the Board. All notes or other negotiable instruments executed and issued by the Corporation shall be signed in like manner by the Treasurer and by one or more other officers designated as above provided. Any of the aforementioned activities may be assumed by a Managing Agent who is under contract with the Corporation to perform such services on the Corporation's behalf.

Section 5. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of November of each calendar year.

Section 6. Budget. An annual budget with respect to each fiscal year shall be approved by the Board not later than its October meeting of each year and the rent paid by each shareholder pursuant to his proprietary lease for the next fiscal year shall be based upon this budget until such time as the Board approves any special assessments or imposes any additional rent on a particular shareholder pursuant to Article VIII, Section 3. Each annual budget shall be distributed to the shareholders within ten (10) days after it has been approved by the Board.

Section 7. Annual Report. The Board shall make, or cause to be made, a comprehensive report of the condition of the Corporation including a financial report as of the closing date of the preceding fiscal year which shall be presented at each annual meeting of the shareholders. The financial report shall include a balance sheet as of the close of such year, together with statements of income, expenditures and surpluses for each year prepared so as to present fairly the Corporation's financial condition and the results of its operations. At the option of the Board, such financial statements may be examined at the expense of the Corporation by an independent certified public accountant or accounting firm in accordance with generally accepted auditing standards. Any such audit shall be accompanied by such accountant's or accounting firm's opinion as to the fairness of the presentation of the financial statements. A copy of said annual report shall be sent to each shareholder at least twenty (20) days prior to the annual meeting immediately following the fiscal year covered by the annual report. Said annual report may be mailed to the shareholders together with notice of the annual meeting.

ARTICLE X

Miscellaneous

Section 1. Indemnification of Directors. The Corporation shall indemnify any person who was or is a party or threatened to be made a party in any threatened, pending or completed action, suit or proceeding (including actions by or in right of the Corporation to procure a judgment in its favor) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred if such person has been successful on the merits or otherwise in any such action or, upon a determination by the Board in the specific case that such indemnification is proper in the circumstances because he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Corporation may purchase and

maintain insurance for the purpose of indemnification on behalf of any or all persons to the full extent permitted under the Pennsylvania Business Corporation Law or any successor statute.

Section 2. Bylaw Amendments. All Bylaws may be supplemented, amended, or repealed in whole or in part by the shareholders at any annual meeting, or at any special meeting called for that purpose by an affirmative vote of the holders of two-thirds of the shares issued and outstanding.

Section 3. Construction. Wherever in these Bylaws the singular is used, it shall include the plural and wherever the masculine is used, it shall include the feminine and the neuter.

Section 4. Commercial Filming. No commercial films, either movie or still, shall be taken at or of Alder Court Apartments except as necessary for the sale of the building or individual apartments.

Section 5. Lawsuit. If a shareholder brings a lawsuit against Alder Court and loses, court cost as well as Alder Court's reasonable defense costs will be borne by the shareholder. If the shareholder refuses to pay, a lien will be placed on the shareholder's apartment, which may be executed in the form of a sheriff's sale or at the time the apartment is sold, as determined in the sole judgment and opinion of the cooperative Board.

Section 6. Subleasing an Apartment. Subleasing of apartments is discouraged although allowed with the restrictions as listed below. Additionally, subtenants are subject to the same scrutiny by the Admissions Committee as prospective shareholders and they must agree, in writing, to be governed by the proprietary lease, the bylaws of the corporation and the house rules.

- A. Shareholders who sublet their apartments may only do so one time. The time period of the sublease is no more than one year. The lease is not renewable.
- B. Shareholders who sublet their apartments pay the Corporation a surcharge of 25% of the regular monthly fee.
- C. No more than three apartments at a time can be sublet.

- D. Lease must be reviewed by the Board prior to signing and must include a provision that reads “ By-Laws and Houses Rules have been provided to the sub-tenant and the sub-tenant agrees to comply with them.”
- E. A copy of the lease must be kept on file in the Alder Court office as well as with the Management office.

Section 7. Rules Enforcement Policy.³ The Board shall not impose a fine or infringe upon any other rights of a Member or other occupant for violations of rules until the following procedure is followed:

A. Shareholder Action. A shareholder may inform another shareholder of an alleged violation in a polite manner and request the shareholder to cease and desist violating a rule. If this does not produce a satisfactory result or if a shareholder prefers, he/she may submit to the Board a written complaint. The written complaint must specify:

- (a) The name of the alleged violator(s);
- (b) The alleged violation;
- (c) Requested action to abate the violation; and
- (d) The desired period for the violation to be abated before actions are taken by the Board.

(b) The Board will discuss the alleged violation and all available evidence regarding the complaint, in order to validate the complaint. This validation will commence at a scheduled Board meeting and may involve additional data gathering if necessary. If, after completing a thorough evaluation of the situation, the complaint is found to have merit, the Board will serve a written demand upon the alleged violator indicating:

- (a) The alleged violation;
- (b) The action required to abate the violation; and

³ Amended by the Shareholders at their 2008 Annual Meeting and recorded with the Allegheny County Recorder of Deeds Office at Deed Book Volume 13659, page 565

(c) The time period, not less than five (5) days, during which the violation may be abated without further sanction, if such a violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and a hearing if the violation is continuing.

(c) Board Action. At any time within twelve (12) months of the Board serving the violator a written demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board shall serve the violator with written notice, personally, or by certified mail, of a hearing to be held by the Board. The notice shall contain:

- (a) The nature of the alleged violation (the original complaint and history of subsequent actions);
- (b) The time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;
- (c) An invitation to attend the hearing and produce any statement, evidence and witnesses on his/her behalf and the right to be represented by counsel; and
- (d) The amount of the proposed fine or other sanction to be imposed.**

(d) Hearing. The hearing shall be held by the Board pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any fine or sanction hereunder, proof of notice and invitation to be heard shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the person who delivered such a notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the fine, or sanction, if any, imposed.

Section 8. Household Pets. One small pet, for example, one cat or one dog, is permitted per unit.

Pet owners must comply with the following rules:

- A. Pets are not permitted to soil on Alder Court Property.
- B. Pets must be leashed when walking through the property.
- C. Pets are not permitted to be left on balconies or fire escapes at any time.
- D. Loud barking, wailing, etc., is not permitted and the owner will be given warnings if the animal poses a nuisance.
- E. Any soiled papers, kitty litter, etc., must be disposed of properly and should not place an additional strain on refuse pick-up or plumbing.
- F. Each pet must be neutered.

DATE: _____

Alder Court Apartments, Inc.

By: _____
Corporation President

By: _____
Corporation Secretary

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF ALLEGHENY

On this _____ day of _____, 2001, before me a Notary Public the undersigned officer, personally appeared Dr. Jennifer Tomal (President) and Ms. Debra McCormick (Secretary), known to me (or satisfactorily proven) to be the persons whose names are subscribed to within the instrument and acknowledges that they executed the same for the purposes therein contained.

IN WITNESS THEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires _____