

EXHIBIT L
BYLAWS OLDE STONE WAY HOMEOWNERS' ASSOCIATION

COPY

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OLDE STONE WAY HOMEOWNERS' ASSOCIATION
NORTH LONDONDERRY TOWNSHIP, LEBANON COUNTY, PENNSYLVANIA

THESE BYLAWS, made this 19 day of June, 2000, by the undersigned persons constituting all of the members of the first Executive Board of Olde Stone Way, a Planned Community.

ARTICLE I
PLAN OF OWNERSHIP

Section 1. Submission. The Project, known as "Olde Stone Way, a Planned Community," a flexible residential planned community (hereinafter called "Planned Community"), located in North Londonderry Township, Lebanon County, Pennsylvania has been submitted to the provisions of the Uniform Planned Community Act, 68 Pa. C.S.A. §§5101 et seq. ("Act") by the Declaration and shall be governed by the Declaration, Bylaws and Act.

Section 2. Applicability. The provisions of these Bylaws are applicable to the Planned Community and all improvements and structures theretofore or hereafter constructed thereon, including the Lots, and Common Elements, as well as all easements, rights or appurtenances, thereto belonging and the use, occupancy, sale and all other transfers thereof. All Lot Owners, all occupants or users of the Lots, to include any improvement erected thereon, and the agents and servants of any of them are subject to the provisions of the Declaration, Plats and Plans, Bylaws and Rules and Regulations as may be issued, from time to time, by the Executive Board governing the details of the use and operation of the Planned Community and all applicable laws of the Commonwealth of Pennsylvania.

Section 3. Personal Application. All present and future Lot Owners, tenants, future tenants, their guests, licensees, servants, agents, employees, and all other person or persons that shall be permitted to use the facilities of the Planned Community, shall be subject to these Bylaws and to the Rules and Regulations issued by the Executive Board. Acquisition, rental or occupancy of any Lot (to include any improvement constructed thereon) in the Planned Community shall constitute an acknowledgment that said Lot Owner or occupant has accepted and ratified these Bylaws, the provisions of the Declaration and the Rules and Regulations of the Executive Board and will comply with them.

ARTICLE II
HOMEOWNERS' ASSOCIATION

Section 1. Association. There is hereby constituted the Olde Stone Way Homeowners' Association (hereinafter called "Association") which is a domestic non-profit corporation, which shall be comprised at all times exclusively of Declarant and the Lot Owners, their heirs, successors and assigns.

Section 2. Powers of the Association. The Association shall have the specific powers granted in Section 5302 of the Act.

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Section 3. Voting and Proxies.

A. Multiple Owners of Lots. If only one of the multiple Owners of a Lot is present at a meeting of the Association, he or she is entitled to cast the vote allocated to that Lot. If more than one of multiple Owners are present, the vote allocated to the Lot may be cast only in accordance with their unanimous agreement. There is unanimous agreement if any one of the multiple owners cast the vote allocated to the Lot without protest being made promptly to the person presiding over the meeting by any other Owner of the Lot.

B. Proxies. The vote allocated to a Lot may be cast pursuant to a written proxy duly executed by the Lot Owner. If the Lot is owned by more than one person, each Owner of the Lot may vote or register protest to casting the vote by the other Owner or Owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over the meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one (1) year after its date unless it specifies a shorter term.

C. Cumulative and Class Voting. There shall be no cumulative or class voting permitted.

D. Lots Owned by Association. No vote allocated to a Lot owned by the Association may be cast.

Section 4. Principal Office. The principal office of the Association and the Executive Board shall be located, initially, at 575 Trail Road, Hummelstown, Dauphin County, Pennsylvania, but thereafter may be located at such other suitable and convenient place or places as shall be permitted by law and designated by the Executive Board.

Section 5. Meetings.

A. Annual Meeting. An annual meeting of the Association shall be held each year during the last three (3) months of the calendar year. The meeting shall be held at a time and place designated by the Executive Board. Any officer of the Executive Board shall cause written notice to be hand-delivered or sent postage prepaid by United States mail, to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner of the annual meeting. Said notice shall not be fewer than ten (10) days nor greater than sixty (60) days in advance of the annual meeting. The notice of any annual meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendments to the Declaration or Bylaws, if any.

B. Special Meetings. A special meeting of the Association for any purpose or purposes, unless otherwise prescribed by statute, may be called by any officer of the Executive Board and shall be called by any officer of the Executive Board if so directed by resolution of the Executive Board or upon petition signed by forty (40%) percent of the votes of the Lot Owners and presented to the Secretary. Such petition shall state the purpose or purposes of the proposed special meeting. No business shall be transacted at the special meeting except as stated in the notice. Notice of the special meeting, to include the content of the notice, shall be the same as required for an annual meeting.

Section 6. Quorum. A quorum of the Association shall be deemed present throughout any meeting of the Association if persons entitled to cast thirty (30%) percent of the votes which may be cast for election of the Executive Board are present in person or by proxy at the beginning of the meeting.

Section 7. Association Action. Acts of the Association, including election of members of the Executive Board, except as otherwise specifically provided, shall require the approval of fifty (50%) percent of the votes entitled to be cast by Lot Owners present in person or by proxy at the meeting of the Association at which a quorum is present.

Section 8. Order of Business. The order of business at the annual meeting of the Association shall be as follows:

- A. Call of the roll and certification of proxies.
- B. Proof of notice of meeting and waiver of notice.
- C. Reading and approval of any unapproved minutes.
- D. Receiving reports of officers.
- E. Receiving reports of committees, if any.
- F. Election of inspector of election, if necessary.
- G. Election of Executive Board members, if necessary.
- H. Old Business
- I. New Business
- J. Adjournment

At all meetings of the Association, Roberts' Rules of Order (Revised) shall be followed.

Section 9. Voting Strength. With respect to the affairs of the Planned Community, including the election of the Executive Board members, each Lot shall have one (1) vote.

ARTICLE III EXECUTIVE BOARD

Section 1. Number of Members. The affairs of the Planned Community shall be governed by the Executive Board comprised of three (3) members, initially. The original three (3) members of the Executive Board and their offices are as follows: Dennis L. Hess - President; Carole A. Hess - Secretary; Robert M. Hess - Treasurer.

As specified in Article X of the Declaration, sixty (60) days after conveyance of twenty-five (25%) percent of the Lots to Lot Owners other than Declarant, not less than twenty-five (25%) percent of the Executive Board shall be elected by Lot Owners other than Declarant. Upon the happening of the foregoing event, the Executive

Board will be increased by one (1) member to be elected by the Lot Owners other than Declarant. Not later than sixty (60) days after the conveyance of fifty (50%) percent of the Lots to Lot Owners other than Declarant, not less than thirty-three and one-third (33 1/3%) percent of the members of the Executive Board shall be elected by Lot Owners other than Declarant. Upon the happening of this event, the Executive Board shall be increased to six (6) members, and a total of two (2) Members shall be elected by Lot Owners other than Declarant and Declarant shall appoint or reappoint the other four (4) members. Not later than the earlier of (i) seven (7) years from the date of the recording of the Declaration; or (ii) one hundred eighty [180] days after seventy-five [75%] percent of the Lots are conveyed to Lot Owners other than Declarant, all members of the Executive Board shall resign and the Lot Owners (including Declarant to the extent of Lots owned by Declarant) shall elect a new five (5) member Executive Board, at least a majority of whom must be Lot Owners. In determining whether the period of Declarant's control has terminated or whether Lot Owners other than Declarant are entitled to elect members of the Executive Board, the percentage of Lots conveyed shall be that percentage which would have been conveyed if all Lots Declarant has declared or reserved the right to declare (specifically including the Lots to be subdivided in Additional Real Estate) in the Declaration were included in the Planned Community.

The first members of the Executive Board as appointed by Declaration or their successors, shall serve until all members of the Executive Board are required to resign and a new five (5) member Executive Board is elected, as provided above.

Section 2. Election and Term of Office. So long as Declarant shall have the right to designate three (3) of the four (4) members of the Executive Board, as set forth in the preceding Section, all elected members of the Executive Board shall serve a term of one (1) year and shall be elected by the Association at the annual meeting of the Association. Upon resignation of all members of the Executive Board, as set forth in the preceding Section, the five (5) new members of the Executive Board shall be elected for staggered terms. Two (2) members shall be elected for three (3) year terms, two (2) members shall be elected for two (2) year terms and one (1) member shall be elected for a one (1) year term. After the initial election, all terms shall be for three (3) years. All members elected to the Executive Board shall serve until his or her successor is duly elected or until his or her death, removal or resignation. An Executive Board member may serve an unlimited number of terms.

Section 3. Compensation. No member of the Executive Board shall receive compensation for services as a member of the Executive Board, except as provided in Article IV, Section 5 hereof.

Section 4. Resignation and Removal. Any member of the Executive Board may resign from the Executive Board at any time by written notice to the Executive Board. Any member (other than members designated by Declarant, who may be removed and replaced by Declarant at any time and from time to time) may be removed from the Executive Board with or without cause by the affirmative vote of the members of the Association entitled to cast at least seventy-five (75%) percent of the votes of all members of the Association at an annual meeting or special meeting of the Association duly called and held for such purpose. If a member of the Executive Board who is also a Lot Owner shall cease being a Lot Owner, such member shall be removed from the Executive Board, except that this provision shall not apply to members of the Executive Board designated or appointed by Declarant.

Section 5. Filling Vacancies. Any vacancy or vacancies on the Executive Board caused by death, resignation, removal from office or otherwise, may be filled by the remaining members of the Executive Board

at a regular meeting or a special meeting duly called for that purpose, the successor to serve the balance of the term so filled; provided, however, that vacancies occurring during the term of members designated or appointed by Declarant shall be filled by Declarant.

Section 6. Annual Meeting. The Executive Board shall hold an annual meeting within ten (10) days following the annual meeting of the Association for the purpose of electing officers of the Association and for any other purpose which may be required or permitted by law, these Bylaws or the Declaration. The annual meeting shall be a regular meeting.

Section 7. Regular Meeting. The Executive Board may hold regular meetings at such time and place as shall be designated by a majority of the Executive Board. Such meetings shall be held at least once every three (3) months and there shall be a meeting of the Executive Board at least thirty (30) days prior to the annual meeting of the Association at which meeting of the Executive Board the budget for the Association shall be adopted for the forth coming year, subject to approval of the Lot Owners.

Section 8. Special Meeting. Special meetings of the Executive Board may be called by the President and shall be called upon written request of any two (2) members of the Executive Board. The President shall call such meetings not less than five (5) days nor more than ten (10) days after receipt of such request and shall designate the time and place of such meeting. No business shall be transacted at the meeting other than as specified in the notice thereof.

Section 9. Notices. Written notice of the meetings of the Executive Board shall be given to each member of the Executive Board at least five (5) days but not more than ten (10) days prior to each regular meeting or adjournment thereof and at least three (3) days but not more than seven (7) days prior to each special meeting.

Section 10. Waiver of Notice. Before or after any meeting of the Executive Board, whether regular or special, any member may, in writing, waive notice of such meeting. Attendance by a member at any meeting of the Executive Board shall likewise constitute a waiver of such notice. If all members are present at any meeting of the Executive Board, no notice of such meeting shall be required and any business may be transacted at such meeting except as prohibited by law, these Bylaws and the Declaration.

Section 11. Quorum. A quorum is deemed present throughout any meeting of the Executive Board if one-half (1/2) of the members of the Board are present at the beginning of the meeting. If at any meeting of the Executive Board, there are less than a quorum present, the members present may adjourn the meeting from time to time, and at any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice to any member.

Section 12. Voting. At all regular and special meetings of the Executive Board, each member shall be entitled to cast one (1) vote and a majority vote of the Executive Board at any meeting at which a quorum is present shall bind the Executive Board, except as otherwise provided herein.

Section 13. Action by Consent. If all members of the Executive Board shall consent in writing to any action to be taken by the Executive Board, such action shall be as valid an action of the Executive Board as though it has been authorized at a meeting of the Executive Board.

Section 14. Report of the Executive Board. The Executive Board shall present at each annual meeting of the Association, and when called for by a vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Planned Community.

Section 15. Fidelity Bonds. The Executive Board may require all officers, agents and employees, if any, of the Association handling or responsible for funds to furnish adequate fidelity bonds. The premium on such bonds is deemed to be a Common Expense and shall be paid by the Association.

ARTICLE IV OFFICERS OF THE ASSOCIATION

Section 1. Principal Officers. The principal officers of the Association shall be President, Secretary and Treasurer. The President shall be a member of the Executive Board, but the Secretary and Treasurer need not be members of the Executive Board. An officer may succeed himself or herself without limitation and an officer except the President may hold more than one office simultaneously.

Section 2. Election and Term. The principal officers of the Association shall be elected annually by the Executive Board at its annual meeting and they shall hold office for a term of one (1) year and until their respective successors are elected. The Executive Board may appoint such other officers as it deems necessary who shall serve at the pleasure of the Executive Board.

Section 3. Resignation, Removal and Vacancies. Any officer may be removed with or without cause at any regular meeting of the Executive Board, or at any special meeting called for that purpose, upon the affirmative vote for removal of all of the other members of the Executive Board. Any officer may resign at any time by written notice to the Executive Board, such resignation to become effective at the next Executive Board meeting. Any Executive Board member who resigns or who is removed from the Executive Board shall also be deemed to have resigned or have been removed from any office he or she may have held. If any office becomes vacant for any reason, the vacancy shall be filled by the Executive Board, the successor to serve the balance of the term so filled.

Section 4. Duties of Officers.

A. **President.** The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and the Executive Board. He or she shall have general and active management of the business of the Planned Community and shall see that all order and resolutions of the Executive Board are carried into effect. He or she shall have the power to execute and deliver deeds, contract and other instruments in the name of and on behalf of the Association, except as when such documents are required and permitted by law to be otherwise executed and except when the execution thereof shall be delegated by the Executive Board to another officer or agent of the Association.

B. **Secretary.** The Secretary shall, if he or she is a member of the Executive Board, in the absence or the disability of the President, perform the duties and exercise the power of the President and shall perform such other duties as the Executive Board may prescribe. If neither the President nor the Secretary is able to act, the Executive Board shall appoint a member of the Executive Board to do so on an interim basis.

The Secretary shall attend all sessions of the Executive Board and all meetings of the Association and record or cause to be recorded all votes and the minutes of all proceedings in a book to be kept by him or her for that purpose and shall perform like duties for committees when required. He or she shall give, or cause to be given, notice of all meetings of the Association, the Executive Board and committees and shall perform such other duties as may be prescribed by the Executive Board. The Secretary shall compile and keep up-to-date at the principal office of the Association, a complete list of Lot Owners and their last known post office address. This list shall be opened to inspection to all Lot Owners and other persons lawfully entitled to inspect the same at reasonable hours. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing minute of all the annual and special meetings of the Association and all meetings of the Executive Board including resolutions.

C. Treasurer. The Treasurer shall have custody of all funds and securities. The Treasurer shall have responsibility for the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements and books belongs to the Association and to deposit all monies, checks and other valuable effects of the Association in the name and to the credit to the Association in such depositories as may from time to time be designated by the Executive Board. He or she shall disburse the funds of the Association as may from time to time be ordered by the Executive Board or by the President, making proper vouchers for such disbursements, and shall render to the President and the Executive Board at the regular meetings of the Executive Board or whenever they or either of them shall require, an account of this transaction as Treasurer and of the financial condition of the Association. If required by the Executive Board, he or she shall give a fidelity bond, the premium thereof to be considered a Common Expense, in such sum and with such surety or sureties as shall be satisfactory to the Executive Board for the faithful performance of the duties of this office and for the restoration, in case of his death, resignation, retirement or removal from office, all books, papers, vouchers, money and other property of whatever kind in his possession or under his control. The Treasurer shall be responsible to have prepared and filed all necessary tax returns.

D. Other Offices. Any other officer designated by the Executive Board shall have such duties as may be determined by the Executive Board.

Section 5. Compensation. The officers shall receive no compensation unless such compensation is approved by seventy-five (75%) percent vote of the members of the Association present and voting at an annual or special meeting. Officers shall be entitled to be reimbursed for all expenses reasonably incurred in the discharge of their duties. Any such compensation or reimbursement of expenses shall be a Common Expense.

Section 6. Liability of Executive Board and Officers. Members of the Executive Board and officers of the Association:

A. Shall not be liable to the Lot Owners as a result of their activities as such members or officers for any mistakes of judgment, negligent or otherwise, except for their willful misconduct or gross negligence;

B. Shall have no personal liability in contract to the Lot Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such member or officer;

C. Shall have no personal liability in tort to a Lot Owner or any other person or entity directly or imputed, by virtue of acts performed by them or for them, in their capacity as such member or officer;

D. Shall have no personal liability arising out of the use, misuse of condition of the Property, or for which might in any may be assessed against or imputed to them as a result or by virtue of their capacity as such member or officer.

Section 7. Indemnification of the Executive Board and Officers. The Association shall indemnify and hold harmless every Executive Board member and officer of the Association, his or her heirs and personal representatives, from and against any and all personal liability and all expenses including counsel fees, incurred or imposed, arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, to which he or she may be or be threatened to be made a party by reason of his being or having been an Executive Board member or officer of the Association, excepting to the extent that such liability or expense shall be attributable to his or her gross negligence or willful misconduct. In the event of a settlement, such indemnification shall be provided only if the Executive Board shall have approved such settlement. Such right of indemnification shall not be exclusive of other rights to which such Executive Board member or officer may be entitled. All indemnification paid by the Association and any cost or expenses incurred by the Executive Board or the Association in connection herewith shall be deemed to be a Common Expense; provided, however, that nothing in this Section shall be deemed to obligated the Association to indemnify any Lot Owner who is or has been a member of the Executive Board or officer of the Association with respect to any duty or obligations assumed or liability incurred by him or her under and by virtue of his membership in the Association or his or her ownership of a Lot.

**ARTICLE V
POWERS AND DUTIES OF EXECUTIVE BOARD**

Section 1. Powers and Duties. The Executive Board shall have and execute all lawful powers and duties necessary for the administration of the affairs of the Planned Community and may do all such acts or things except as by law, the Declaration or these Bylaws are required to be performed by the Lot Owners. Such powers and duties of the Executive Board shall include, but shall not be limited to, the following:

A. To provide for the acquisition, construction, management, operation, care, upkeep, maintenance, improvement, renovation and replacement of Common Elements, except to the extent specifically imposed upon the individual Lot Owners.

B. Determination and payment of the Common Expenses of the Planned Community. The Executive Board shall have the right to make final determination of any claim or dispute by Lot Owners as to whether any charge or expense applies against the Lot Owner rather than the Common Elements and such determination shall be final, conclusive and binding.

C. Establishment, maintenance and collection and disbursement from assessments and Common Charges received from the Lot Owners, including, without limitation, amount for working capital to meet operating expenses, a general operating reserve, a Reserve Fund for capital improvements and replacements and such special assessments as may become necessary to make upon any deficit in the Common Charges or assessments for any prior year. Executive Board may designate and compensate an

agent or independent contractor for the purpose of collecting Common Charges and assessments and for the purpose of making disbursement therefrom on behalf of the Executive Board.

D. Employment and dismissal of personnel necessary for the maintenance and operation of the Common Elements and the Planned Community.

E. Propose amendments to these Bylaws governing the operation and use of the Planned Community, subject to the approval of sixty-seven (67%) percent of the Lot Owners present and voting at a duly called meeting.

F. Opening of bank accounts on behalf of the Planned Community and designating the signatories required therefore.

G. Purchasing of Lots at foreclosure or other judicial sales in the name of the Executive Board or its designee, corporate or otherwise, on behalf of all Lot Owners, and accomplishing any and all actions necessary or incidental thereto.

H. Selling, leasing mortgaging (but not voting the votes appurtenant thereto) or otherwise dealing with the Lot acquired by, and subleasing Lots leased by, the Executive Board or its designee on behalf of all Lot Owners.

I. Making all repairs, additions and improvements to or alterations or restorations to the Planned Community or to the Property in accordance with the provisions of the Declaration and these Bylaws including those necessitated by damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

J. The Executive Board shall have the power to enforce obligations of the Lot Owners, to allocate profits and expenses, and to do anything and everything else necessary and proper for the sound management of the Planned Community, including the right to bring lawsuits to enforce the Bylaws promulgated by the Executive Board.

K. The Executive Board shall have the power to appoint the members of the Townhouse Advisory Committee as described in Article VII.

L. The Executive Board may, subject to the approval of seventy-five (75%) percent of the Lot Owners, employ a managing agent or manager for the Planned Community at a compensation to be established by the Executive Board, to perform such duties and services as the Executive Board shall authorize. The Executive Board may also employ any other employee or independent contractors to perform duties and services necessary to the operation and maintenance of the Planned Community.

M. The Executive Board shall establish Rules and Regulations for the use of the Common Elements.

N. The Executive Board shall have the power and duty to obtain and maintain insurance relating to the Planned Community, including, but not limited to director and officers' liability coverage.

O. The Executive Board shall have the power and authority to do all acts and any and all things as are necessary or incidental to the implementation, enforcement, or furtherance of the terms and provisions of the Act, the Declaration and these Bylaws.

Section 2. Delegation of Power. The Executive Board shall not, without prior approval of the Lot Owners, delegate any power to any person or managing agent.

**ARTICLE VI
COMMON CHARGES, SPECIAL ASSESSMENTS AND RESERVES**

Section 1. Common Charges.

A. Each Lot Owner shall pay to the Executive Board an annual sum, herein referred to as "Common Charges", equal to the Lot Owner's proportionate share of the sum required or established by the Executive Board to meet the annual Common Expenses and, if imposed by the Executive Board, to establish an operating reserve or any Reserve Fund.

B. The Executive Board shall determine the amount of Common Charges annually but may do so more frequently should circumstances so require. Common Charge assessments shall be made at least annually and shall be based on a budget adopted at least annually by the Lot Owners.

C. Written notice of Common Charges shall be sent to each Lot Owner. No Lot Owner may be exempted from liability for Common Charges by waiver of the use or enjoyment of any of the Common Elements.

D. During the period of Declarant's control, the maximum annual Common Charge assessment shall not increase by more than five (5%) percent during any calendar year.

Section 2. Special Assessments. In addition to the Common Charges authorized above, the Executive Board may levy in any calendar year one (1) or more Special Assessments, applicable to that calendar year only and for the purpose of deferring, in whole or in part, the cost of any construction, reconstruction, improvement, unexpected repair or maintenance of any Common Element and for such other purposes as the Executive Board may consider necessary or appropriate.

Section 3. Reserve Fund. The Executive Board shall establish and maintain a Reserve Fund for the repair, restoration or replacement of Common Elements by allocation of any portion of the Common Charges designated from time to time by the Executive Board, which shall not exceed twenty (20%) percent of the aggregate Common Charges in any calendar year. Such funds shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Executive Board, be invested in obligations of, or obligations fully guaranteed as to principal by, the United States of America. The reserve may be expended only for the purpose of effecting the repair, restoration or replacement of the Common Elements or for contingencies of a non-recurring nature. The amount allocated to the Reserve Fund may be reduced, by appropriate resolution of the Executive Board, when in the discretion of the Executive Board, it is appropriate to do so. The proportionate interest of any Lot

Owners in the Reserve Fund shall be considered appurtenant to the Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with the Lot.

Section 4. Nonpayment of Common Charges or Special Assessments.

A. Any Common Charges or Special Assessments levied pursuant to the Declaration or these Bylaws or any installment thereof, which is not paid on the date when due, shall be delinquent and shall, together with interest thereon, and the cost of collection thereof, as hereinafter provided, shall become an Association lien against the Lot belonging to the Owner against whom such Common Charges or Special Assessment is levied. The Association lien may be foreclosed in a like manner as a mortgage on real estate. If a Special Assessment is payable in installments, the full amount of the Special Assessment becomes effective as a lien from the time the first installment thereof becomes due.

B. Any Common Charges or Special Assessments levied pursuant to the Declaration or these Bylaws, or any installment thereof, which is not paid within ten (10) days after it is due shall bear interest from the date due at a rate fixed by the Executive Board not to exceed fifteen (15%) percent per annum. If any Owner shall be in default in the payment of Common Charges or Special Assessments, the Executive Board may accelerate the remaining installments upon written notice to the Owner, and the then-unpaid balance of the Common Charges or Special Assessment for the current year shall come due upon the date stated in the notice, but not less than five (5) days after delivery of the notice to the Owner, or ten (10) days after mailing of such notice to the Owner by registered or certified mail, whichever shall first occur.

Section 5. Surplus Funds. Any surplus funds of the Association remaining after payment of Common Expenses and payment of reserves shall be credited to Lot Owners to reduce their future Common Charges.

Section 6. Reallocation. If Common Expense liabilities are reallocated, Common Charges and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

Section 7. Statement of Unpaid Assessments. The Association shall furnish to a Lot Owner, upon written request, a recordable statement setting forth the amount of unpaid assessments currently levied against his, her or their Lot. This statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and every Lot Owner.

**ARTICLE VII
INSURANCE**

Section 1. Insurance to be Carried by Association. Commencing not later than the time of the first conveyance of a Lot to a Person other than Declarant, the Association shall maintain, to the extent reasonably available, comprehensive general liability insurance, including medical payment insurance, in an amount determined by the Executive Board but not less than the amount specified in the Declaration covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Facilities.

Section 2. Other Insurance Carried by Association. If the insurance described in Section 1 is not maintained, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Lot Owners. The Association may carry any other insurance it deems appropriate to protect the Association or the Lot Owners.

Section 3. Contents of Insurance Policy. Insurance policies carried pursuant to Section 1 hereof must provide that:

A. The insurer waives its right of subrogation under the policy against any Lot Owner or members of the Lot Owners' household.

B. No act or omission of any Lot Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recover under the policy.

C. If, at the time of a loss under the policy, there is other insurance in the name of a Lot Owner covering the same property covered by the policy, the policy shall be primary insurance and not contributing with the other insurance.

Section 4. Evidence and Cancellation of Insurance. Any insurer that has issued an insurance policy under this Article shall issue certificate or memoranda of insurance to the Association and, upon request to any Lot Owner, mortgagee or beneficiary under a deed of trust or installment sale agreement. The insurance may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Lot Owner and each mortgagee or beneficiary under a deed of trust or installment sale agreement to whom Certificates of Insurance have been mailed.

Section 5. Directors and Officers Liability Insurance. To the extent available, the Executive Board may obtain and maintain a comprehensive general liability policy in such limits as the Executive Board may from time to time determine or in such limits as may be available, insuring the Executive Board members and officers of the Association from claims arising out of or in connection with the management, operating or maintenance of the Planned Community, such policies shall insure the Executive Board members and officers against any mistakes of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith.

**ARTICLE VIII
USE RESTRICTIONS**

Section 1. Use and Occupancy of Common Elements. The occupancy and use of the Common Elements, including Controlled Facilities, shall be subject to the use restrictions specified in Article VII of the Declaration.

Section 2. Executive Board Rules and Regulations. The Executive Board may from time to time promulgate Rules and Regulations, not in conflict with the provisions of the Declaration, concerning the use and enjoyment of the Common Facilities, subject to the right of the Association, to change such Executive Board Rules and Regulations. Copies of the then-current Executive Board Rules and Regulations and any amendments thereto shall be furnished to all Lot Owners and occupants by the Executive Board promptly after the adoption of such Executive Board Rules and Regulations or any amendments thereto.

**ARTICLE IX
AMENDMENT**

Section 1. Number of Votes Required. Provisions of these Bylaws may be amended only by vote or agreement of Lot Owners of Lots to which at least sixty-seven (67%) percent of the votes of the Association are allocated.

Section 2. Recording Amendment to Bylaws. Any amendment to the Bylaws must be recorded in the Office of the Recorder of Deeds of Lebanon County and shall be indexed in the name of the Planned Community in both the grantor and grantee index. The amendment shall be effective only upon recording.

Section 3. Officer Authorized to Execute Amendment to Bylaws. Amendments to the Bylaws required by this Article to be recorded by the Association shall be prepared, executed, recorded and certified by any officer of the Association.

**ARTICLE X
MISCELLANEOUS**

Section 1. Separate Title and Taxation.

A. **Title.** Except as provided in Subsection B, each Lot, together with the interest, benefits and burdens created by the Declaration including, without limitation, the rights to any Common Facilities, constitute a separate parcel of real estate. The conveyance or encumbrance of a Lot includes the transfer of all the rights, title and interest of the Owner of that Lot in the Common Facilities regardless of whether the instrument affecting the conveyance or encumbrance so states.

B. **Taxation and Assessment.** If there is a Lot Owner other than Declarant, each Lot must be separately taxed and assessed. The value of the Lot shall include the value of that Lot's appurtenant interest in the Common Facilities, excluding Convertible Real Estate (if the Additional Real Estate is added to the Planned Community). No separate assessed value shall be attributed to and no separate tax shall be imposed against Common Facilities or Controlled Facilities. Convertible Real Estate (if Additional Real Estate is added to the Planned Community) shall be separately taxed and assessed until the expiration period during which conversion may occur.

Section 2. Utilities. Each Lot Owner shall pay for his, her or their own telephone, electricity, water, gas, sewer and all the utilities which are separately metered or billed to each user by the respective utility companies. Utilities which are not separately metered or billed to Lots and which are used in connection with the Common Elements, shall be treated as a part of the Common Expense.

Section 3. Eminent Domain. In the event of a taking of all or part of a Lot or Common Element, the provisions of Section 5107 of the Act shall govern.

Section 4. Association Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the provisions of Section 5407 of the Act. All financial and other records shall be made reasonably available for examination by any Lot Owner and his authorized agents.

Section 5. Annual Audit. The Association may at its first annual meeting or thereafter direct the Executive Board to submit the books, records and memoranda to an annual audit by a certified public accountant or public accountant who shall audit the same and render a report thereon in writing to the Executive Board and the Association. The cost of said audit shall be a Common Expense.

Section 6. Officers Authorized to Execute Amendments to Declaration. Amendments to the Declaration, required by the Declaration to be recorded by the Association shall be prepared, executed, recorded and certified by any officer of the Association.

Section 7. Termination of Planned Community. Termination of the Planned Community shall be in accordance with the provision of Section 5220 of the Act.

Section 8. Conflict. The Bylaws are subordinate and subject to all provision of the Declaration and the provisions of the Act. All of the terms hereof except where clearly repugnant to the context, shall have the same meanings as they are defined to have in the Declaration or the Act. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the Declaration and the Act, the provisions of the Act shall control.

Section 9. Severability. The provisions of these Bylaws shall be deemed independent and severable, and, the validity or unenforceability of any provision of portion thereof shall not affect the validity of enforceability of any other provision hereof.

Section 10. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been waived by reason of any failure or failures to enforce the same.

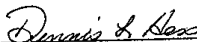
Section 11. Captions. The captions contained in these Bylaws are for convenience only and are not a part of the Bylaws and are not intended in any way to limit or enlarge the terms and provision of the Bylaws.

Section 12. Gender. Wherever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Section 13. Effective Date. These Bylaws shall become effective when adopted by the Executive Board.

IN WITNESS WHEREOF, the undersigned members of the Executive Board adopt the within as Bylaws the day and year first above written.

EXECUTIVE BOARD


Dennis L. Hess, President

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Carole A. Hess

Carole A. Hess, Secretary

Robert M. Hess

Robert M. Hess, Treasurer

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