

**“AMENDED AND RESTATED”**  
**BYLAWS**  
**OF**  
**SUNRISE LAKE PROPERTY OWNERS ASSOCIATION**

As adopted by the Board of Directors on July 24, 2009  
Amended and restated as of September 27, 2009  
Amended, October 19, 2009 (Deed Conforming Language)  
Amended and restated, October 15, 2010

**BYLAWS  
OF  
SUNRISE LAKE PROPERTY OWNERS ASSOCIATION**

**ARTICLE I  
Introductory Provisions**

1.1 Compliance. Every Unit Owner and all Persons entitled to occupy a Unit shall comply with these By-laws.

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

1.3 Incorporation of Statutory Law. 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. §5101, et seq., and the Uniformed Planned Community Act, 68 Pa. CS. §5101-5414 as they may be amended from time to time. The “Board of Directors” described therein shall be referred to herein as the “Board.”

1.4 Defined Terms The defined terms used throughout these By-laws shall have the meaning as defined in Exhibit 1 attached hereto and may be subject to change or re-definition as the Board deems appropriate.

**ARTICLE II  
The Association (Unit Owners)**

2.1 Composition. The Association is hereby organized on the date hereof as a non-profit corporation. The Association shall consist of all of the Unit Owners acting as a group in accordance with these By-laws. The Association shall have the responsibility of administering the Community, establishing the means and methods of collecting assessments and charges, establishing Rules and Regulations from time to time, 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. The foregoing responsibilities shall be performed by the Board or Managing Agent (as defined in Section 3.2 hereof) as more particularly set forth in these By-laws.

2.2 Annual Meetings. The annual meeting of the Association shall be held on a weekend day in the month of July of each year. At such annual meeting the Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.3 of these By-laws and such other business as the Board may properly schedule and notice to the unit owners.

2.3 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 Board.

#### 2.4 Special Meetings.

2.4.1 The President shall call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed and presented to the Secretary by Unit Owners entitled to cast at least Thirty-three and one-third percent (33 and 1/3%) 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 thirty (30) 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.

2.4.2 Notwithstanding the foregoing, if any meeting required pursuant to Sections 2.4.1 above could be held on the date an annual meeting of the Association is scheduled, then such meeting(s) shall be held concurrently with such annual meeting.

2.5 Notice of Meetings. Except for meetings rescheduled in accordance with Section 2.6 of these By-laws, the Secretary shall give to each Unit Owner a notice by electronic or first class mail, of each annual or regularly-scheduled meeting of the Association Unit Owners at least fourteen (14) but not more than sixty (60) days, and of each special meeting of the Unit Owners at least fourteen (14) but not more than forty-five (45) days, prior to such meetings, 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 By-laws, and any proposal to remove any Board member or Officer. The giving of a notice of meeting in the manner provided in this Section of these By-laws shall be considered service of notice.

2.6 Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Unit Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight (48) hours after the time for which the original meeting was called.

2.7 Voting. The voting rights of the unit owners shall be non-cumulative, with a unit owner in good standing having one (1) vote. An owner of more than one unit shall only be entitled to only one (1) vote regardless of the number of units owned. A unit with multiple owners shall only vote one (1) vote. Where the ownership of a Unit is in the names of more than one (1) person or is in the name of a trust, the person who shall be entitled to cast the vote of such Unit shall be the natural person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the natural person who shall be entitled to cast the vote of such Unit shall be the natural person owning such Unit who is present. If more than one of the multiple owners is present, then such vote shall be cast only in accordance with their unanimous agreement. There shall be deemed to be unanimous agreement if any one of the multiple Unit Owners casts the votes allocated to that Unit without protest being made promptly to the Person presiding over the meeting by any of the other owners of the Unit. The approval or disapproval of a Unit Owner is required by these

By-laws, such approval or disapproval shall be made only by the natural person who 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 Board and except where a greater number is required by these By-laws, the affirmative vote by the owners of more than fifty percent (50%) of the aggregate votes of the Community voting in person or by ballot (if utilized) at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. In all elections for Board members, each Unit Owner shall be entitled to cast for each vacancy to be filled at such election one vote for each unit owned by such Unit Owner as aforementioned in 2.7. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected and, if Board members are being elected to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms. The Declarant shall have the right at any meeting of the Association to cast one vote on behalf of all inventory owned. No votes allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting.

2.8 Mail Ballots in Lieu of Proxies. An Association unit member's vote may be cast in person by ballot at the meeting or by written mailed ballot. All mailed written ballots received shall be considered final. When voting by mail ballot all such provisions outlined in Section 2.7 shall apply with regards to the unit owners voting rights. All mail ballots shall be duly executed in writing, shall be placed on the "official" Association ballot received, and mailed or hand delivered and received by the Association Secretary before the appointed time of the meeting. Unit owners utilizing mail ballots shall fully execute all mail ballot completion requirements for the mail ballot to be valid. The Association shall advise unit owners in advance when a business item is subject to mail balloting.

2.9 Quorum. A quorum is present throughout any meeting of the Association if persons entitled to cast 20% of the votes which may be cast for election of the Executive Board or other such voting matters brought to the unit owners. The 20% quorum shall be constituted from owners attending in person, combined with mail ballots received, from owners in "good standing".

2.10 Conduct of Meetings. The President (or in the President's absence, one of the vice-presidents) 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 these By-laws. All votes shall be tallied by tellers appointed by the President.

### **ARTICLE III** **Board of Directors**

3.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The Board shall be composed of seven (7) natural persons, all of whom shall be Unit Owners in good standing. **Only one owner of record (regardless of units**

**owned) may serve on the Board at any given time. Nor may two (2) family members (related by blood or marriage) serve on the Board simultaneously.**

3.2 Delegation of Powers; Managing Agent. The Board may employ for the Community a "Professional Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in these By-laws; provided, however, where a Managing Agent does not have the power to act under these By-laws, such duties shall be performed as advisory to the Board. The Board may delegate to the Managing Agent all of the powers granted to the Board by these By-laws other than the following powers:

3.2.1 to adopt the annual budget and any amendment thereto or to assess any Common Expenses;

3.2.2 to adopt, repeal or amend Rules and Regulations;

3.2.3 to designate signatories on Association bank accounts;

3.2.4 to borrow money on behalf of the Association;

3.2.5 to acquire and mortgage Units;

3.2.6 to allocate Limited Common Elements.

Any contract with the 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 of Board of Directors Prior to End of Declarant Control

3.3.1 The Declarant, prior to the end of the period of Declarant control, shall cause and conduct an election of members in order to elect the first unit owner controlled Board of Directors of the Association. There shall be seven (7) Board Members elected. The term of each elected Board Member shall be established based on the allocation of votes as indicated in 3.3.2.

3.3.2 The newly elected board will consist of the seven (7) candidates for the Board receiving the most votes. The four (4) candidates receiving the greatest number of votes will serve on the board until the election to be held in the Summer of 2011 (a two year term). The next three (3) successful candidates will serve until the next election to be held in Summer 2010 (a one year term).

3.3.3 The members of the 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.

3.3.4 Persons qualified to be members of the initial Board may be nominated for

election only as follows:

a. Any Unit Owner may submit (in writing) their intention to run for a position on the Board, within forty-five (45) days of notice of the election of the board of directors together with a biographical sketch of the nominee. A ballot, along with all biographical information for all candidates, shall be mailed or hand delivered to every Unit Owner along with the notice of such meeting; and

b. All Unit Owners shall have the opportunity to meet all candidates for the Board at a meeting held at least ten (10) days prior to the election and to pose any and all questions regarding the community to these candidates.

3.3.5 Organization Meeting. The first meeting of the initial Board of Directors of the Association shall be held within ten (10) days thereafter such candidates are elected.

### 3.4 General Election and Term of Office.

3.4.1 At the annual meeting of the Association, the election of members of the Board shall be held. The term of office of any Board member to be elected (except as expressly set forth to the contrary herein) shall be fixed at three (3) years starting with the 2012 election. The calendar of Board seats available and their associated terms are as follows:

2010 – three (3) Board seats available for three (3) year term.

2011 – three (3) Board Seats available for three (3) year terms and, one (1) seat available for one (1) year term

2012 – one (1) Board seat available for a three (3) year term

Beginning with 2012, all Board seats shall have a three (3) year term. In the event there are not adequate candidates to fill the seats available, incumbent terms shall continue as “holdovers” until the next election or resignation and appointment of their successor by the Board. If necessary, the Board may stagger the terms of the holdovers successor’s appointee’s to prevent a majority of the Board seats from being subject to election in any one year.

The members of the 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. A Board member may serve an unlimited number of terms and may succeed himself.

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

Any Unit Owner may submit to the Secretary at least forty-five (45) days before the meeting at which the election is to be held an Association approved self-nomination together with a statement that the person nominated is willing to serve on the Board and a biographical sketch of the nominee on the approved Association nomination form. Such biographical information shall be limited to the space provided on the approval nomination form. The

Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting.

3.5 Removal or Resignation of Members of the Board.

a. At any regular or special meeting of the Association duly called, any one or more of the members of the Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a Board member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit Owner shall be given at least twenty (20) 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 Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit.

b. Unless otherwise provided in a bylaw adopted by the members, the Board of Directors may declare vacant the office of a Director if he is declared of unsound mind by an order of court or is convicted of felony, or for any other proper cause which the bylaws may specify, or if, within 60 days, or such other time as the bylaws may specify, after notice of his selection, he does not accept such office either in writing or by attending a meeting of the Board of Directors, and fulfill such other requirements of qualification as the bylaws may specify.

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

3.7 Organization Meeting. The first meeting of the Board following 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 at the meeting at which such Board shall have been elected. The President shall have no power, other than to call the reorganizational meeting to order and request nominations for the appointment of officers. Once officer nominations and appointments are concluded, the President shall officially withdraw from the meeting.

3.8 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board members, but such meetings shall be held at least once every four (4) months during each fiscal year. Notice of regular and organizational meetings of the Board shall be given to each member, by first class mail, in person, telecopy and/or electronic mail, at least five (5) business days prior to the day named for such meeting.

3.9 Special Meetings. Special meetings of the Board may be called by the President on at least five (5) business days' notice to each member, given by first class mail, in person, telecopy or electronic mail which notice shall state the time, place and purpose of the meeting. Special meetings of the 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 Board.

3.10 Waiver of Notice. Any member may at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

3.11 Quorum of The Board. At all meetings of the Board a majority of the members of the Board 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 Board. If at any meeting of the 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 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.

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

3.13 Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book of the Board meetings, recording therein all resolutions adopted by the 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 Board if and to the extent not in conflict with these By-laws.

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

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

3.15.1 The fact that a Board member is also such a director or officer or has such financial interest is disclosed or known to the Board and is noted in the minutes thereof, and the 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 Board member or members; or

3.15.2 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.

3.16 Inclusion of Interested Board Members in the Quorum. Any 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 Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.15 hereof.

## ARTICLE IV

### Officers

4.1 Designation. The principal officers of the Association shall be the President, one or more Vice Presidents, a Secretary and a Treasurer (which positions may be combined, such as Vice President and Secretary), all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President and Vice President shall be members of the Board. Any other officers may, but need not, be Unit Owners or members of the Board. An officer other than the President may hold more than one office.

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

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

4.4 President. The President shall be the chief executive officer of the Association, preside at all meetings of the Association and of the Board and have all of the general powers and duties which are incident to the office of president of a corporation organized under the laws of Pennsylvania including without limitation the power to appoint committees from among the Unit Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall cease holding such office at such time as the President ceases to be a member of the Board.

4.5 Vice President. A 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 a Vice President is able to act, the Board shall appoint some other member of the 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 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 Board.

4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board, have charge of such books and papers as the Board may direct, maintain a register setting forth the place to which all notices to Unit Owners and holders Eligible 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 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: (i) keeping full and accurate financial records and books of account showing all receipts and disbursements, (ii) the preparation of all required financial data; (iii) the deposit of all monies in the name of the Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board, and (iv) in general, performing 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 shall be executed by any two officers of the Association. All such instruments for expenditures or obligations from the reserve fund must be supported by a Board resolution specific to the expenditure.

4.9 Compensation of Officers. No officer who is also a member of the Board shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any out-of-pocket expenses incurred in performing such officer's duties as approved by the Board of Directors.

## **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 Board.

5.2 Preparation and Approval of Budget.

5.2.1 Except for the initial budget adopted in accordance with Section 5.5 of these By-laws, on or before, the first day of December of each year, the Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Board to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by these By-laws 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 Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. Such budget shall constitute the basis for determining each Unit Owner's assessments for General Common Expenses and Limited Common Expenses for the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.

5.2.2 The Board shall make the adopted budget available for inspection at the Association office and shall send to each Unit Owner a copy of the budget thirty (30) days prior to the beginning of the fiscal year, in a reasonable itemized form that sets forth the amount of the Common Expenses.

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

### 5.3 Assessment and Payment of Common Expenses.

5.3.1 General Common Expenses. The Board shall have the right to collect annual assessments for general common expenses as provided within the deed covenants, the Uniformed Planned Community Act and applicable supporting decisions of law. The Board shall calculate the annual assessments for General Common Expenses against each Unit based on the amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Board for the fiscal year in question, after deducting any Limited Common Expenses and income expected to be received from sources other than Common Expense assessments and the operation of the Limited Common Elements to which the Limited Expenses pertain. The Board shall, on an annual basis, incorporate a formula for the allocation of common assessments amongst improved units, unimproved units adjacent and/or combined units and multiple-owned but not adjacent units. Such assessments shall be deemed to have been adopted and assessed on an annual basis and shall be due and payable on the day established and approved by the Board of Directors and shall be a lien against each Unit Owner's Unit. Within one hundred and twenty (120) days after the end of each fiscal year, the Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to General Common Expenses, after application of such reserves as the Board may determine, shall be assessed promptly against the Unit Owners and shall be payable in one or more monthly assessments, as the Board may determine.

5.3.2 Limited Common Expenses. The Board shall calculate the annual assessments for Limited Common Expenses against each Unit obligated to pay Limited Common Expenses by multiplying (a) the total amount of the estimated funds required for Limited Common Expenses set forth in the budget adopted by the Executive Board for the fiscal year in question by (b) the share of Limited Common Expenses (expressed in decimal form) allocated to

each such Unit. Such assessments shall be deemed to have been adopted and assessed on an annual basis and shall be due and payable on the day established and approved by the Board of Directors and shall be a lien against each Unit Owner's Unit. Within one hundred twenty (120) days after the end of each fiscal year, the Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary, an itemized accounting of the Limited Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to Limited Common Expenses, after application of such reserves as the Board may determine, shall be assessed promptly against the Unit Owners obligated to pay Limited Common Expenses in accordance with their allocable share of Limited Common Expenses and shall be payable in one or more monthly assessments, as the Board may determine.

5.3.3 Reserves. The Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Unit Owner's assessments, the Board may at any time levy further assessments for General Common Expenses and/or Limited Common Expenses which shall be assessed against the Unit Owners and allocated to each Unit Owner as aforementioned in Sections 5.3.1 and 5.3.2.

5.4 Further Assessments. The Board shall serve notice on all Unit Owners of any further assessments pursuant to Sections 5.3.1, 5.3.2 or 5.3.3, or otherwise as permitted or required by these By-laws by a statement in writing giving the amount and reasons therefore, and effective due date for the assessments. All Unit Owners 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 Sections 5.3.1, 5.3.2 and 5.3.3.

5.5 Initial Budget. At or prior to the time assessment of Common Expenses commences, the Board shall adopt a budget, as described in this Article, for the period commencing on the date the Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as is provided in Section 5.3 above.

5.6 Delivery of Approved Budget and Notice of Capital Expenditure; Effect of Failure to Prepare or Adopt Budget. Within thirty (30) days after the adoption of the budget for a fiscal year, the Board shall cause notice of the new Assessment for General Common Expenses and Limited Common Expenses and a copy of the budget to be mailed to each Unit Owner. Subject to Section 5.8 below, such budget shall become effective as of the first day of the fiscal year to which such relates. The failure or delay of the Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay such Unit Owner's allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

5.7 Accounts. All sums collected by the Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund.

5.8 Rejection of Budget. Anything herein to the contrary notwithstanding, the Association, by majority vote of all votes entitled to be cast by members in good standing in the Association, may reject any budget or capital expenditure approved by the Board, within thirty (30) days after approval by the Board.

5.9 Payment of Common Expenses (General and Limited). Each Unit Owner shall pay the Common Expenses assessed by the Board pursuant to the provisions of this Article V. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. 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 proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five (5) days following a written request therefore to the Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and, provided further that, 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 Board or the Managing Agent, at the request of the Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. Any assessment not paid within ten (10) days after its due date shall be considered delinquent and shall be subject to a late charge established by the Board from time to time. Any assessment not paid within thirty (30) days of the date when due shall accrue interest at a rate not to exceed fifteen (15) percent per annum from the date when due or such other rate as may be determined by the Board. The Board of Directors shall charge all collection costs for lien administration, reasonable attorney fees and associates administrative expenses to the units owners account.

5.11 Statement of Common Expenses (General and Limited). The Board shall promptly provide any Unit Owner, contract purchaser or proposed Eligible Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation.

5.12 Remedies for Non-Payment of Common Expenses (General and Limited). The Board or the Managing Agent, at the request of the Board, may impose additional collection remedies in addition to those outlined in 5.10. Such collection remedies may include all, but not be limited to the following: a) suspension of all voting rights, b) suspension of rights to participate on committees, c) all rights to use the Association common areas and, d) all other rights or privileges of membership of any unit owner for any period during which any Association common assessment (general or limited) or other obligation remains unpaid, or during the period of any continuing violation of the provisions of these bylaws by such unit owner after the existence thereof has been declared by the Board.

The Board or the Managing Agent, at the request of the Board, reserves the right to discontinue water and/or sewer services to any unit owner upon thirty (30) days written notice (via 1<sup>st</sup> class mail and posting of unit owner property) thereof, if such unit owner is delinquent with respect to payment of the associated limited common element assessment imposed pursuant to provisions in Article 5.3 through 5.11 hereof, or such unit owner otherwise is in violation of any rule or regulation of the Association applicable to the water and sewer utilities.

## **ARTICLE VI Compliance And Default**

6.1 Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of these By-laws, and the Rules and Regulations, as any of the same may be amended from time to time. A default by a Unit Owner shall entitle the Association, acting through its 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 act, neglect or carelessness or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the 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 Attorneys' Fees. In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceedings and such reasonable attorneys' fees as may be determined by the court.

6.1.3 No Waiver of Rights The failure of the Association, the Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by these By-laws, or the Board Rules and Regulations shall not constitute a waiver of the right of the Association, the 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 Board or any Unit Owner pursuant to any term, provision, covenant or condition of these By-laws, or the Rules and Regulations 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 these By-laws, or the Rules and Regulations or at law or in equity.

6.1.4 Abating and Enjoining Violations By Unit Owners. The violation of any of the Board Rules and Regulations adopted by the Board, the breach of any Bylaw contained herein shall give the 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, and the Board shall not thereby be deemed guilty in any manner of trespass; and/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 By-laws. These By-laws may be modified or amended only by a supermajority vote of the members of the Board in favor of the amendment. A supermajority shall be defined in Exhibit 1, (mm).

7.2 Approval of Mortgagees. These By-laws contain provisions concerning various rights and interests of record holders of mortgages on Units. Such provisions in these By-laws are to be construed as covenants for the protection of such holders on which they may rely in making loans secured by such mortgages. Accordingly, no amendment or modification of these By-laws impairing or affecting such rights, priorities, remedies or interests of such a holder shall be adopted without the prior written consent of such holders who have registered an address with the Secretary.

## **ARTICLE VIII Indemnification of Directors and Officers**

8.1. Indemnification. Any person (hereafter called an "Indemnitee") made, or threatened to be made, a party to, or who otherwise is involved in, any action, suit or proceeding whether civil, criminal, administrative or investigative, by reason of the fact that such Indemnitee, or his or her testator or intestate, is or was a Director, officer, employee or agent of this Association, or of any constituent Association absorbed by this Association in a consolidation or merger or while a Director, officer, employee or agent of this Association and at the request of this Association or of the constituent Association is or was serving as a Director, officer, employee or agent of any other Association or other enterprise, shall be indemnified by this Association to the full extent from time to time permitted by applicable law, against judgment, fines, amounts paid in settlement and all expenses, including attorneys' fees, actually incurred as a result of such action, suit or proceeding, or any appeal therein.

8.2 Advancement of Expenses. The Association shall, from time to time, reimburse or advance to any Indemnitee the funds necessary for payment of expenses incurred in connection with any action, suit or proceeding referred to in Section 8.1, upon receipt of a written understanding by or on behalf of such Indemnitee to repay such amounts if and to the extent that such repayment is required pursuant to applicable law.

8.3 Insurance. This Association shall have the power to purchase and maintain insurance on behalf of any officer, Director, employee or agent or former Director, officer, employee or agent of this Association against any liability asserted and incurred in any such capacity or arising out of his or her status as such officer or Director of this Association to the extent permitted by the Corporation Law or the corresponding provision of any successor legislation.

## **ARTICLE IX Miscellaneous**

9.1 Notices. All notices, demands, bills, statements or other communications under these By-laws 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, (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 Unit Owner, or (ii) if to the Association, the Board or to the 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.

9.2 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 By-laws or the intent of any provision hereof.

9.3 Gender. The use of the masculine gender in these By-laws 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.

## Exhibit 1

Defined Terms. In addition to the terms defined in the By-laws, the following terms, when used herein, shall have the meanings ascribed to them below:

(a) “Assessments” – amounts levied or assessed by the Association against the Units and Unit Owners from time to time, for the purpose of paying or providing for the payment of Common Expenses, including Assessments for General Common Expenses, Limited Common Expenses, Special Assessments and amounts assessed against any Unit or Unit Owner as a special allocation of Common Expenses or as a Limited Direct Charge.

(b) “Association” – “Sunrise Lake Property Owners Association”, a Pennsylvania non-profit corporation.

(c) “Board” – the board of directors of the Association.

(d) “Building” or “Buildings” – each, any or all of the buildings constructed on the Land and containing Units.

(e) “By-laws” – the By-laws of the Association, as the same may be amended from time to time. The By-laws of the Association shall bind the Association and all Unit Owners, whether or not they are recorded.

(f) “City” – the City of Milford.

(g) “Common Elements” – all portions of the Property other than the Units and improvements dedicated or intended to be dedicated to the City, any other public body or authority, or any utility company.

(h) “Common Expense Liability” – the liability appurtenant to each Unit to pay the share of Common Expenses and Assessments therefore allocated to such Unit hereunder.

(i) “Common Expenses” – General Common Expenses or Limited Common Expenses, as the case may be.

(j) “Common Parking Spaces” – the Parking Spaces designated on the Plats as Common Elements.

(k) “Common Streets” – the paved roads within the Property and Community for the use and benefit of the Unit Owners, the Planned Community Lot Owners and their respective guests and invitees.

(l) “Community” - the planned community created as Sunrise Lake.

(m) “Community Documents” – collectively, the By-laws, and the plats and regulations of the Association, each as amended from time to time.

(n) “Completion Date” – the later of (i) the date of conveyance or lease by the Declarant of the last Unit the Declarant reserves the right to include in the Community.

(o) “Declarant” – The original Community developer, Sunrise Ventures, Inc., and any successor to any Special Declarant Rights.

(p) “Director” – a Person elected or appointed as a member of the Board, in accordance with the By-laws.

(q) “Eligible Mortgage” – a mortgage held by an Eligible Mortgagee and recorded as a first mortgage lien on a Unit.

(r) “Eligible Mortgagee” – any Bank, Savings and Loan Association, Savings Bank or other federally or state chartered financial institution that is the holder of a first mortgage lien encumbering a Unit, or any guarantor or insurer of a first mortgage lien against a Unit that is a federally or state chartered financial institution or federal or state governmental agency or corporation (including, but not limited to, the Veterans Administration, the United States Department of Housing and Urban Development, the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation, or their successors), but only if (and only after) the Association has received from such holder, guarantor or insurer written notice of its name and address and the address and description of the Unit against which it holds, insures or guarantees an Eligible Mortgage. With respect to each Unit (and with respect to any Eligible Mortgage), there shall be no more than one (1) Eligible Mortgagee. If written notice is given to the appropriate Association by more than one (1) entity that qualifies as an Eligible Mortgagee with respect to the same Unit, the Association shall be entitled to rely on the last notice received. If an Eligible Mortgage is assigned by an Eligible Mortgagee to another Person that qualifies as an Eligible Mortgagee hereunder, the Association shall not be bound to recognize the assignee as an Eligible Mortgagee unless and until the Association receives written notice of such assignment and written notice of the name and address of the assignee.

(s) “General Common Expenses” – the actual and estimated expenses incurred from time to time for the general benefit of the Association, or all Unit Owners, including but not limited to (i) general overhead, administrative and operating expenses of the Association, (ii) taxes or other governmental charges levied or assessed against the Association or its property, (iii) premiums for insurance and bonds carried by the Association, (iv) the costs of maintaining, repairing, replacing, managing and insuring the Common Elements, except to the extent such costs are included in Limited Common Expenses, (v) allocations to operating and capital reserves, (vi) expenses of prosecuting or defending litigation or other proceedings by, against or affecting the Association, the Board, the Unit Owners, the Property or any of the Units, which the Association may bring, defend or otherwise participate in, including without limitation the expenses of enforcing or attempting to enforce this By-Laws and the Regulations, (vii) the fees or other compensation payable to any manager that may be engaged by the Association from time to time to assist the Association in managing, operating or administering the Association or the Common Elements, (viii) Planned Community Assessments, and (ix) all other expenses and liabilities incurred or that may be incurred by the Association in carrying out

or performing its rights, duties and functions and that are not budgeted or charged as Limited Common Expenses.

(t) “Limited Common Elements” – a part of the Common Elements allocated pursuant to the plat for the exclusive use of one or more (but fewer than all) of the Units. Such Limited Common Elements shall include, but not be limited to, sewer and water facilities and services.

(u) “Limited Common Expenses” - expenses of insuring, maintaining, repairing and/or replacing the Limited Common Elements, which shall be allocated to and shall be assessed against the Units benefiting therefrom.

(v) “Limited Direct Charge” – an Assessment against one or more Unit Owners for Limited Common Expenses that are charged directly to the Unit Owners receiving such services at or after the time such services are rendered, and that are not included in the annual budget of General Common Expenses or Limited Common Expenses.

(w) “Member” – a Unit Owner in his or her capacity as a member of the Association.

(x) “Member in Good Standing” – shall mean that a property owner has met all the financial obligations owed to the Association and is in compliance with all other obligations under the governing documents for the Association.

(y) “Person” – any individual, corporation, partnership, limited liability company, trust or any other legal entity (whether existing under common law or by statute).

(z) “Planned Community Assessments” – any Assessments imposed by the Planned Community Association.

(aa) “Planned Community Association” – Sunrise Lake Property Owners Association, a Pennsylvania non-profit corporation, which Planned Community Association is the governing body of the entire Community.

(bb) “Planned Community Common Facilities” – all land, buildings and improvements now or hereafter within the Community, which are owned by the Planned Community Declarant or which have been leased or conveyed to the Planned Community Association for use by all Community residents, other than the Planned Community Lots and any land or improvements dedicated or intended to be dedicated to the City, any other public body or authority, or any utility company.

(cc) “Planned Community Declarant” – Sunrise Ventures, Inc., the declarant of the Planned Community.

(dd) “Planned Community Lot” – each separate parcel of land designated for separate ownership as a “Lot” within the Planned Community and the

improvements thereon.

(ee) “Planned Community Lot Owner” – the owner of fee simple title to a Planned Community Lot.

(ff) “Plats” – the plans and legal descriptions of the Property. The Plats are a part of these By-Laws.

(gg) “Property” – the Land described on Exhibit “A” attached hereto and on the Plats together with all improvements now or hereafter constructed thereon, all easements benefiting the Land, and all appurtenances thereto.

(hh) “Regulations” – those rules, regulations and policies promulgated by the Association or the Planned Community Association, from time to time, governing and regulating the Unit Owners’ use and enjoyment of the Common Elements and other matters.

(ii) “Single Family” – For purposes of this definition, the term “family” means the parents, grandparents or siblings of the Unit Owner or the Unit Owner’s spouse. A group of not more than four (4) unrelated individuals who maintain a common household in a Unit, one or more of whom is a Unit Owner or a member of the Unit Owner’s family.

(jj) “Special Assessment” – an Assessment, either for General Common Expenses or Limited Common Expenses, as applicable, that may be made by the Association for the purpose of defraying unforeseen Common Expenses; or an Assessment made against one or more, but fewer than all, Unit Owners on account of damages or other costs incurred by the Association as a result of the wrongful act or omission of such Unit Owners. Any fines, costs of enforcement, costs of collection, including reasonable attorney’s fees, or amounts expended by the Association to remedy any violation by a Unit Owner that are assessed against such Unit Owner are a form of Special Assessment.

(kk) “Special Declarant Rights” – includes any rights reserved for the benefit of the Declarant hereunder to (i) complete the improvements shown on the Plats, (ii) maintain offices, signs and models, (iii) use easements through the Common Elements for the purpose of making improvements within the Property, (iv) convert a Unit into Common Elements, or change the boundary lines between Units and/or between Units and Common Elements, (v) appoint and remove Directors during the Declarant Control Period, (vi) create additional Units or Limited Common Elements within the Convertible Real Estate, as provided herein, and (vii) any other rights reserved unto the Declarant constituting “Special Declarant Rights” or “Development Rights”.

(ll) “Stormwater Management Facilities” – any surface or subsurface stormwater drainage facilities, including retention or detention basins, berms, swales, pipes, culverts, endwalls, inlets, outlets and related facilities and components on the Property, as shown on the Plats.

(mm) “Supermajority” – requires that six (6) of the seven (7) Board

Members vote in favor of the proposed bylaw amendment.

(nn) “Unit” – each portion of the Community designated for separate ownership.

(oo) “Unit Improved” – means any unit (lot) improved with a minimum of well and/or septic.

(pp) “Unit Unimproved” – means any unit (lot) that is in its natural state.

(qq) “Utility Facilities” – means all property, real, personal or mixed, acquired or constructed and used or useful in the connection with providing shared water supply service and/or sewage collection and disposal.

(rr) “Unit Owner” – the record owner, whether one or more Persons, of legal title to the fee simple interest of a Unit. All obligations imposed on a Unit Owner hereunder (including without limitation the obligation to pay Assessments) are the joint and several obligations of all Persons comprising the Unit Owner of a Unit.

Exhibit "A"

The Property

(DELETE)

Exhibit "B"

Each Unit Owner's Interest in the Common Elements

The Interest of each Unit Owner Shall in the Common Elements shall be calculated by taking the number of lots owned by each Unit Owner and dividing that number by the total number of lots in the entire community.

(DELETE)