

**ROLLING RIDGE TOWNHOMES ASSOCIATION
A Pennsylvania Non-Profit Corporation**

BYLAWS

ARTICLE I - PURPOSE/OFFICES

1. The Rolling Ridge Townhomes Association shall exist (i) to enforce the Declaration of Covenants and Easements (the "Declaration") imposed upon the real estate of Rolling Ridge, a planned community ("Rolling Ridge"), (ii) to perform the actions set forth in the Uniform Planned Community Act, Act of 180 of 1996, 68 Pa. C.S.A. §5101, et. seq. (the "Act") and (iii) for such other non-profit purposes as a homeowners' association may undertake for the benefit of the owners of the townhouse units in Rolling Ridge.

2. The initial registered office of Rolling Ridge Townhomes Association (the "Corporation") shall be at 750 U.S. Highway 15S, Lewisburg, PA 17837-9507.

3. The Corporation may change its offices to the address of one of the officers or to such other place(s) as the Executive Board may from time to time direct.

[October 3, 1997]

ARTICLE II - SEAL

1. The corporate seal shall have inscribed thereon the name of the Corporation, "ROLLING RIDGE TOWNHOMES ASSOCIATION", the year of its organization, "1997" and the words "Corporate Seal, Pennsylvania".

ARTICLE III - MEMBERS

1. The membership of the Corporation shall be comprised of all of the owners of each of the townhouse lots located in Rolling Ridge (the "Members"), which lots are described more particularly in the Declaration. However, for voting purposes, each lot is entitled to only one (1) vote. When a lot is owned by more than one (1) person, the vote of such lot shall be exercised as they amongst themselves determine, but in no event shall more than one (1) vote be cast in respect to each lot.

2. Membership in this Corporation is not transferable or assignable except as a result of the sale, settlement and transfer of one of the Rolling Ridge townhouses as set forth in the Declaration and these Bylaws.

ARTICLE IV - MEETINGS OF MEMBERS

~~1. Meetings of the Members shall be held at 750 U.S. Highway 15S, Lewisburg, PA 17837-9507, or at such place or places, within the County of~~

~~Northumberland, Union County, Pennsylvania, as may from time to time be fixed by the Executive Board.~~

1. Meetings of the Members shall be held at 4550 Westbranch Highway, Lewisburg, PA 17837-9507, or at such place or places, as may from time to time be fixed by the Executive Board.

~~2. The annual meeting of the Members shall be held on the second Monday of May in each year if not a legal holiday, and if a legal holiday, then on the next full business day following, at seven o'clock (7:00) P.M. when they shall elect an Executive Board and transact such other business as may properly be brought before the meeting. If the annual meeting shall not be called and held within six (6) months after the designated time, any Member may call such meeting.~~

2. The annual meeting of the Members shall be held on the second Monday of January in each year if not a legal holiday, and if a legal holiday, then on the next full business day following, at seven o'clock (7:00) P.M. when they shall elect an Executive Board and transact such other business as may properly be brought before the meeting. If the annual meeting shall not be called and held within six (6) months after the designated time, any Member may call such meeting.

3. The semi-annual meeting of the Members shall be held on the second Monday of July in each year if not a legal holiday, and if a legal holiday, then on the next full business day following, at seven o'clock (7:00) P.M. when they shall transact such business as may properly be brought before the meeting. If the semi-annual meeting shall not be called and held within six (6) months after the designated time, any Member may call such a meeting.

4. Special meetings of the Members may be called at any time by the President, or the Executive Board, or Members entitled to cast at least ten percent (10%) of the votes which all Members are entitled to cast at the particular meeting. At any time, upon written request of any person who has called a special meeting, it shall be the duty of the Secretary to fix the time of the meeting which shall be held not more than sixty (60) days after the receipt of the request. If the Secretary shall neglect or refuse to fix the time of the meeting, the person or persons calling the meeting may do so. Business transacted at all special meetings shall be confined to the objects stated in the notice and matters germane thereto.

5. Written notice of every meeting of the Members, stating the time, place and object thereof, shall be given by, or at the direction of, the Secretary to each Member of record entitled to vote at the meeting, not less than ten (10) nor more than sixty (60) days in advance of the day named for the

meeting. If the Secretary shall neglect or refuse to give notice of the meeting, the person or persons calling the meeting may do so. In the case of a special meeting, the notice shall specify the general nature of the business to be transacted.

6. Persons authorized or required to give notice of a meeting of Members must cause the notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Member or to any other mailing address designated in writing by the Member.

7. A meeting of Members duly called shall not be organized for the transaction of business unless a quorum is present. The presence in person or by proxy of fifty percent (50%) of the Members entitled to cast a vote shall constitute a quorum at all meetings of the Members for the transaction of business except as may be otherwise provided by law or by the Articles of Incorporation. The Members present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided by statute, adjourn the meeting to such time and place as they may determine, but in the case of any meeting called for the election of Board Members, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for

the purpose of electing such Board Members. In the case of any meeting called for any other purpose, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of acting upon any resolution or other matter set forth in the notice of the meeting, if written notice of such second adjourned meeting, stating that those Members who attend shall constitute a quorum for the purpose of acting upon such resolution or other matter, is given to each Member of record entitled to vote at such second adjourned meeting at least ten (10) days prior to the day named for the second adjourned meeting.

8. Votes allocated to a lot may be cast pursuant to a proxy duly executed by a Member. If a lot is owned by more than one person, each owner of the lot may vote or register protest to the casting of votes by the other owners of the lot through a duly executed proxy. A Member may not revoke a proxy given under this section except by actual notice of revocation to the person presiding over a meeting of the Corporation. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date unless it specifies a shorter term.

9. No Member shall sell his vote for money or anything of value. Upon request of a Member, the books or records of membership shall be produced

at any regular or special meeting of the Corporation. If at any meeting the right of a person to vote is challenged, the presiding officer shall require such books or records to be produced as evidence of the right of the person challenged to vote, and all persons who appear by such books or records to be Members entitled to vote may vote. The right of a Member to vote, and his right, title and interest in or to the Corporation or its property, shall cease on the termination of his membership by his sale and settlement on his townhouse which shall not relieve him of his liability to pay the assessments, if any, against his lot.

10. Voting may be by show of hands, voice, ballot, mail or any reasonable means determined by the Executive Board.

11. In advance of any meeting of Members, the Executive Board may appoint judges of election, who need not be Members, to act at such meeting or any adjournment thereof. If judges of election are not so appointed, the presiding officer of any such meeting may, and on the request of any Member shall, make such appointment at the meeting. The number of judges shall be one or three. No person who is a candidate for office shall act as a judge.

ARTICLE V - EXECUTIVE BOARD MEMBERS

~~1. The business and affairs of this Corporation shall be managed by its Executive Board. The Executive Board shall consist of one (1) member until the earlier of either of the following occurs: (i) the total votes outstanding in the Class A membership equal the total votes then outstanding in the Class B membership; or (ii) January 1, 2002. Thereafter, the Executive Board shall consist of at least three (3), but not more than seven (7) Board Members, the exact number to be set from time to time by resolution of the Executive Board (the "Board Members"). The Board Members shall be natural persons of full age and residents of this Commonwealth and shall be Members of this Corporation. They shall be elected by the Members at the annual meeting of Members of the Corporation, and each Board Member shall be elected for the term of one (1) year and until his successor shall be elected and shall qualify.~~

1. The business and affairs of this Corporation shall be managed by its Executive Board. The Executive Board shall consist of one (1) member until the earlier of either of the following occurs: (i) the total votes outstanding in the Class A membership equal the total votes then outstanding in the Class B membership; or (ii) January 1, 2002. Thereafter, the Executive Board shall consist of at least three (3), but not more than seven (7) Board Members, the exact number to be set from time to time by resolution of the Executive Board (the "Board Members"). The Board Members shall be natural persons of full age and

residents of this Commonwealth and shall be Members of this Corporation. They shall be elected by the Members at the January annual meeting of Members of the Corporation, and each original Board Member shall be elected for a term of one (1) year and until a successor shall be elected and shall qualify. At the January 2004 annual meeting either fifty (50) percent, or three (3) of five (5), or four (4) of seven (7), depending upon the number of Board Members shall be re-elected or replaced by the Members of the Corporation for a term of two (2) years. The remaining Board Members shall be re-elected or replaced for a term of one (1) year. At the January 2005 annual meeting all Board Members completing a one (1) year term shall be re-elected or replaced by the Members of the Corporation for a term of two (2) years. In all subsequent January annual meetings Board Members whose terms expire shall be re-elected or replaced by the Members of the Corporation for a term of two (2) years.

2. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Executive Board shall have all of the powers conferred on them by the Act and may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles or by these Bylaws directed or required to be exercised or done by the Members.

3. The meetings of the Executive Board may be held at such times and at such place or places within this Commonwealth, or elsewhere, as a majority of the Board Members may from time to time appoint, or as may be designated in the notice calling the meeting.

4. Written or personal notice of every meeting of the Executive Board shall be given to each Board Member at least five (5) days prior to the day named for the meeting.

5. A quorum is deemed present throughout any meeting of the Executive Board if persons entitled to cast fifty percent (50%) of the votes on the Executive Board are present at the beginning of the meeting. Any action which may be taken at a meeting of the Executive Board may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Board Members in office and shall be filed with the Secretary of the Corporation.

6. Upon the formation of the Corporation and annually thereafter, the Executive Board shall establish and set forth the total annual assessment amount for the Corporation, as well as establish the special and supplemental assessments, if any, of the Corporation. Additionally, the Executive Board shall

adopt and then deliver to all Members copies of each budget approved by the Executive Board and notice of any special or supplemental assessment approved by the Executive Board promptly after such approval. The Members entitled to cast a majority of the votes may reject any annual budget approved by the Executive Board within thirty (30) days of the Executive Board's approval of such budget. Any amounts accumulated from annual assessments in excess of the amount actually required for such expenses and reserves for such future expenses, shall be credited to each Member's lot in accordance with that lot's fractional assessment amount. These credits shall be applied to the next scheduled payment of annual expenses and thereafter until exhausted.

7. The Executive Board may, by resolution adopted by a majority of the Board Members in office, establish one or more committees to consist of one or more Board Members of the Corporation. Any such committee, to the extent provided in the resolution of the Executive Board or in the Bylaws, shall have and may exercise all of the powers and authority of the Executive Board, except that no such committee shall have any power or authority as to the following:

(a) The submission to Members of any action required by statute to be submitted to the Members for their approval.

(b) The filling of vacancies in the Executive Board.

(c) The adoption, amendment or repeal of the Bylaws.

(d) The amendment or repeal of any resolution of the Executive Board.

8. The Executive Board may designate one or more Board Members as alternate committee members of any committee, who may replace any absent or disqualified committee member at any meeting of the committee. In the absence or disqualification of a member of a committee, the other member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Board Member to act at the meeting in the place of any such absent or disqualified committee member. Each committee of the Executive Board shall serve at the pleasure of the Executive Board.

9. The Executive Board shall receive no compensation for their services.

10. The entire Executive Board or any individual Board Member may be removed from office without assigning any cause by a two-thirds (2/3) vote of all persons present and entitled to cast a vote at any meeting of the Members at which a quorum is present. In case the whole Executive Board or any one or more

Board Members are so removed, a new Board Member(s) may be elected at the same meeting.

11. The Executive Board may declare vacant the office of a Board Member if he is declared of unsound mind by an order of court or is convicted of felony, or if within sixty (60) days after notice of his selection, he does not accept such office either in writing or by attending a meeting of the Executive Board, and fulfill such other requirements of qualification as the Bylaws may specify.

12. A Board Member of this Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless: (1) the Board Member has breached or failed to perform the duties of his office in good faith, in a manner he reasonably believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances; and (2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this Section 12 shall not apply to the responsibility or liability of a Board Member pursuant to any criminal statute or for the payment of taxes pursuant to local, state or federal law.

ARTICLE VI - OFFICERS

1. The executive officers of the Corporation shall be chosen by the Executive Board, and shall be a President, Secretary, and Treasurer. The President and Secretary shall be natural persons of full age; the Treasurer, however, may be a corporation, but if a natural person, shall be of full age. They shall hold their offices for a term of one (1) year and shall have such authority and shall perform such duties as are provided by the Bylaws and as shall from time to time be prescribed by the Executive Board. It shall not be necessary for the officers to be Board Members and any number of offices may be held by the same person. The Executive Board may secure the fidelity of any or all such officers by bond or otherwise.

2. The salaries of all officers and agents shall be fixed by the Executive Board.

3. Any officer or agent may be removed by the Executive Board whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights of any person so removed.

4. The President shall be the chief executive officer of the Corporation; he shall preside at all meetings of the Members and Board Members; he shall have general and active management of the affairs of the Corporation; he shall see that all orders and resolutions of the Executive Board are carried into effect, subject, however, to the right of the Executive Board to delegate any specific powers, except such as may be by statute exclusively conferred on the President, to any other officer or officers of the Corporation. He shall execute bonds, mortgages and other documents requiring a seal, under the seal of the Corporation. He shall be EX-OFFICIO, a member of all committees and shall have the general powers and duties of supervision and management usually vested in the office of President. He, or any other officer appointed by the President, shall prepare, execute, certify and record amendments to the Declaration on behalf of the Corporation.

5. The Secretary shall attend all sessions of the Executive Board and all meetings of the Members and act as clerk thereof, and record all the votes of the Corporation and the minutes of all its transactions in a book to be kept for that purpose; and shall perform like duties for all committees of the Executive Board when required. He shall give, or cause to be given, notice of all meetings of the Members and of the Executive Board, and shall perform such other duties as may be prescribed by the Executive Board or President, under whose supervision he shall be. He shall keep in safe custody the corporate seal of the Corporation,

and when authorized by the Executive Board, affix the same to any instrument requiring it.

6. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, and shall keep the moneys of the Corporation in a separate account to the credit of the Corporation. He shall disburse the funds of the Corporation as may be ordered by the Executive Board, taking proper vouchers for such disbursements, and shall render to the President and Board Members, at the regular meetings of the Executive Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

ARTICLE VII - VACANCIES

1. If the office of any officer or agent, one or more, becomes vacant for any reason, the Executive Board may choose a successor or successors, who shall hold office for the unexpired term in respect of which such vacancy occurred.

2. Vacancies in the Executive Board, including vacancies resulting from an increase in the number of Board Members, shall be filled by a majority of the remaining Board Members, though less than a quorum, and each person so

elected shall be a Board Member until his successor is elected by the Members, who may make such election at the next annual meeting of the Members, or at any special meeting duly called for that purpose and held prior thereto.

ARTICLE VIII - BOOKS AND RECORDS

1. The Corporation shall keep an original or duplicate record of the proceedings of the Members and the Executive Board, the original or a copy of its Bylaws, including all amendments thereto to date, certified by the Secretary of the Corporation, and an original or a duplicate membership register, giving the names of the Members, and showing their respective addresses and other details of the membership of each. The Corporation shall also keep appropriate, complete and accurate books or records of account sufficiently detailed to enable the Corporation to comply with Section 5407 (relating to resales of lots) of the Act. The records provided for herein shall be kept at either the registered office of the Corporation in this Commonwealth, or at its principal place of business wherever situated.

2. Every Member shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account, and records of the proceedings of the Members and Executive Board, and to make copies or extracts therefrom. A proper

purpose shall mean a purpose reasonably related to the interest of such person as a Member. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the Member. The demand under oath shall be directed to the Corporation at its registered office in this Commonwealth or at its principal place of business wherever situated.

ARTICLE IX - MEMBERSHIP CERTIFICATES

1. Membership in the Corporation may be evidenced by Certificates of Membership, in which case they shall be in such form and style as the Executive Board may determine. The fact that the Corporation is a nonprofit corporation shall be noted conspicuously on the face of each certificate. They shall be signed by the President and the Secretary and shall bear the corporate seal.

ARTICLE X - TRANSACTION OF BUSINESS

1. The Corporation shall make no purchase of real property nor sell, mortgage, lease away or otherwise dispose of its real property, unless eighty percent (80%) of the Members entitled to cast a vote in the Corporation, including eighty percent (80%) of the votes allocated to lots not owned by the Declarant, agree to such action. An agreement to sell, mortgage, lease, convey or otherwise

dispose of its real property shall be evidenced by the execution of an agreement or ratification of an agreement by the requisite number of Members.

2. Whenever the lawful activities of the Corporation involve among other things the charging of fees or prices for its services or products, it shall have the right to receive such income and, in so doing, may make an incidental profit. All such incidental profits shall be applied to the maintenance and operation of the lawful activities of the Corporation, and in no case shall be divided or distributed in any manner whatsoever among the Members, Board Members or officers of the Corporation.

3. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers as the Executive Board may from time to time designate.

ARTICLE XI - ANNUAL FINANCIAL STATEMENT

1. Within one hundred eighty (180) days after the close of its fiscal year, the Executive Board shall have an annual financial statement prepared, verified by the President and Treasurer or by a majority of the Board Members, showing in appropriate detail the following:

(a) The assets and liabilities of the Corporation as of the end of the fiscal year immediately preceding the date of the statement.

(b) The principal changes in assets and liabilities during the year immediately preceding the date of the statement.

(c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the year immediately preceding the date of the statement.

(d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the year immediately preceding the date of the statement.

(e) The number of Members of the Corporation as of the date of the statement, together with a statement of increase or decrease in such number during the year immediately preceding the date of the statement, and a statement of the place where the names and addresses of the current Members may be found. This statement shall be filed with the minutes of the meeting of the Members.

2. The cost of preparing the statement shall be a common expense. Each Member shall be entitled to receive from the Corporation, within thirty (30) days after submitting a written request to the Corporation, a copy of the statement. The Corporation may charge a fee not to exceed the costs of producing copies of records and the statement.

ARTICLE XII - NOTICES

1. Whenever written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof by first class mail, postage prepaid, to his address appearing on the books of the Corporation, or, the address supplied by him to the Corporation for the purpose of notice. If the notice is sent by mail, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail. A notice of a meeting shall specify the place, day and hour of the meeting and any other information required by statute or these Bylaws. When a special meeting is adjourned it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

2. Whenever any written notice is required to be given under the provisions of the statute or the Articles or Bylaws of this Corporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except as otherwise required by statute, neither the business to be transacted at nor the purpose of a meeting need be specified in the waiver of notice of such meeting. In the case of a special meeting of Members, such waiver of

notice shall specify the general nature of the business to be transacted. Attendance of a person at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE XIII - MISCELLANEOUS PROVISIONS

1. The fiscal year of the Corporation shall end on the last day of December.

2. One or more persons may participate in a meeting of the Executive Board or of the Members by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE XIV - INDEMNIFICATION

1. Subject to the limitations hereinafter set forth, the Corporation shall indemnify each Board Member, officer, employee or agent of the Corporation or of any organization that he is serving as a board member, director, officer, employee or agent at the request of the Corporation, and his heirs, executors or

administrators, to the full extent permitted by law, against all judgments, fines, liabilities, and reasonable expenses (including, but not limited to, court costs, attorneys' fees and any amount paid in any settlement), which judgments, fines, liabilities and expenses were incurred or expended in connection with any claim, suit, action or proceeding, whether civil, criminal, administrative or investigative, and whether or not the indemnified liability arises or arose from any action by or in the right of the Corporation, in which he was involved because of anything he may have done or omitted to do as a Board Member, director, officer, employee or agent of the Corporation or of any organization that he may have served as a board member, director, officer, employee or agent at the request of the Corporation, but such indemnification can be made only if a determination is made as hereinafter provided that such indemnification should be made. Such indemnification shall not impair any other right any such person may have.

Said indemnification can be made only if a determination has been made, with the advice of counsel for the Corporation, by members of the Executive Board not involved in the claim or proceeding, or by a disinterested person or persons named by said members of the Executive Board not involved in the claim or proceeding, or by independent legal counsel in a written opinion: (1) that the Board Member, officer, employee or agent acted or failed to act, and in either case, in good faith, and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and with respect to any criminal action or

proceeding, had no reasonable cause to believe his conduct was unlawful, and (2) that the amount of the proposed indemnification is reasonable, and (3) that the proposed indemnification is just and proper and can be legally made by the Corporation under then existing law, and (4) that the indemnification shall be made by the Corporation in an amount stated in the determination; provided, however, that the indemnification provided for herein shall not be available if the act or failure to act giving rise to the claim for indemnification has been determined by a court to have constituted willful misconduct or recklessness.

2. Expenses incurred by an officer, Board Member, employee or agent in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the Corporation.

3. The Corporation shall have the power to buy and maintain insurance and to establish and fund a self-insurance indemnification reserve fund on behalf of the Board Members, officers and employees and agents of the Corporation and persons serving at the request of the Corporation as a board

member, officer, employee or agent of another organization, against liability incurred in any such capacity, or arising out of his status as such.

4. The invalidity of any portion of this ARTICLE XIV shall not affect the validity of the remainder hereof.

ARTICLE XV - AMENDMENTS

1. Bylaws may be adopted, amended or repealed by the vote of Members entitled to cast at least a majority of the votes which all Members present are entitled to cast thereon at any regular or special meeting duly convened after notice to the Members of that purpose.

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