

VILLAGE SHIRES COMMUNITY ASSOCIATION

BY-LAWS

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## BY-LAWS

### VILLAGE SHIRES COMMUNITY ASSOCIATION

#### ARTICLE I

##### NAME AND ADDRESS

SECTION 1. Name: The name of this corporation shall be VILLAGE SHIRES COMMUNITY ASSOCIATION.

SECTION 2. Address: The registered office of this corporation shall be at the place designated in the Articles of Incorporation subject to transfer upon notice to the Secretary of the Commonwealth as may be permitted by law.

#### ARTICLE II

##### PURPOSE

SECTION 1. The purpose of this corporation is to maintain, regulate and administer certain private community facilities for the use, benefit and enjoyment of the owners and lawful occupiers of the land in the development known as Village Shires. In addition thereto, the corporation is to provide for the orderly, economical management and maintenance and to provide for the collection of such revenue as necessary to effectuate the maintenance of common areas, retention ponds, private streets and other such facilities as may be established for the convenience and comfort of homeowners. This corporation does not contemplate pecuniary gain or profit to its members.

SECTION 2. The Declaration of Covenants, Conditions and Restrictions applicable to Village Shires are incorporated herein by reference as fully as if the same were set forth at length. In the event of a conflict of interpretation between the provisions set forth in these By-Laws and the Declaration of Covenants, Conditions and Restrictions, the Declaration of Covenants, Conditions and Restrictions shall govern.

SECTION 3. In the event that the Internal Revenue Code is hereafter amended or changed, both the Declaration of Covenants, Conditions and Restrictions and these By-Laws shall be interpreted in such a manner as to conform to the provisions of the Internal Revenue Code with respect to non-profit entities, it being the intention to preserve the lawful status of the Village Shires Community Association as a bona fide non-profit entity.

### ARTICLE III

#### APPLICABILITY, MEMBERS, MEMBERSHIP AND DEFINITIONS

SECTION 1. Applicability: These By-Laws shall be applicable to Village Shires Community Association, a non-profit corporation of the Commonwealth of Pennsylvania, hereinafter referred to as "Association", to the community facilities owned by the Association, and to the common areas which are now or may hereafter be created, known as Village Shires, Bucks County, Pennsylvania, hereinafter referred to as "Village Shires".

All present and future owners and tenants, their guests, licensees, servants, agents, employees and any other person or persons that shall be permitted to use the facilities of the Association, shall be subject to these By-Laws and to rules and regulations issued by the Association to govern the conduct of its members. Ownership, rental or occupancy of any of the units in Village Shires shall be conclusively deemed to mean that said owner, tenant or occupant has accepted and ratified these By-Laws and the rules and regulations of the Association and will comply with them.

SECTION 2. Definitions: Unless it is plainly evident from the context that a different meaning is intended, as used throughout these By-Laws:

- (a) "Apartment Building" shall mean a building containing three (3) or more Dwelling Units to be occupied as a rental building.
- (b) "Association" shall mean and refer to the Village Shires Community Association, a non-profit corporation, its successors and assigns, and each and every owner shall be a member of the Association and subject to its By-Laws, rules and regulations.
- (c) "Charges" shall mean those levies, assessments or sums payable by the owners in Village Shires from time to time upon notification by the Association, as provided herein, the obligation to pay such charges to be deemed to be a covenant running with the land. Each assessment shall be separate and payable by the owner thereof.
- (d) "Commercial Area" shall mean that portion of the Plan granted tentative approval by the Supervisors of Northampton Township.
- (e) "Community Facilities" shall mean the Open Space, retention ponds, private roads, private parking areas and such other facilities as the Association may construct or acquire hereafter.

- (f) "Community Manager" shall mean one or more persons duly authorized by the Board of Directors of the Association to act as its duly authorized representative for its specific purposes.
- (g) "Condominium Building" shall mean any structure created pursuant to the provisions of the Pennsylvania Unit Property Act of July 3, 1963, P. L. 196.
- (h) "Declarant" shall mean and refer to Village Shires, a Pennsylvania partnership, its successors and assigns.
- (i) "Dwelling Unit" shall mean a building designed and occupied exclusively as a residence and located in Village Shires subject to these By-Laws. For the purpose of this document, each separate Dwelling Unit shall constitute a separate lot and be subject to all of the rights, privileges and duties as if each was separately owned, irrespective of whether this is so in fact or not.
- (j) "Living Unit" shall mean and refer to any portion of Condominium Building intended for the use and occupancy as a Dwelling Unit.
- (k) "Lot" shall mean and refer to any plot of land shown upon any recorded map or plat of Village Shires, with the exception of the Community Facilities and Open Space, Apartment Buildings or Commercial Area. No lot shall be severed from the rights, duties, burdens, servitudes or benefits herein contained.
- (l) "Majority of Members" shall mean more than fifty (50%) percent of the membership of the Association entitled to vote at any annual or special meeting of the Association.
- (m) "Member" shall mean the owner or co-owners of a Dwelling Unit or Living Unit contained therein in Village Shires.
- (n) "Open Space" shall mean that space which is unoccupied by buildings, unobstructed to the sky, not devoted to driveways, off-street parking, loading, or rights-of-way, public or private, or streets, and which is devoted to landscaping, recreation, gardens or other like uses. However, for purposes of transfer of Open Space to the Association by the Declarant, it shall include public driveways, off-street parking, loading, or rights-of-way and private streets.
- (o) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any lot or lots which is part of Village Shires, but excluding those having such interest

merely as security for the performance of an obligation. "Owner" shall not be construed to be the owner of the Open Space and Community Facilities, the Apartment Building or Commercial Area. Ownership of more than one lot shall subject the Owner to multiple rights, privileges, liabilities and duties with respect to each lot as if each lot was or is separately owned.

- (p) "Plan" shall mean the map or plat of Village Shires granted tentative approval by the Supervisors of Northampton Township.
- (q) "Sectional Plan" shall mean a map or plat of a part of Village Shires given final approval by the Supervisors of Northampton Township.
- (r) "Single-Family Attached Dwellings" shall mean a building designed and occupied exclusively as a residence for one family and one of a group of two or more attached dwellings, placed side-by-side, separated by party walls, and each having separate front and rear or side and rear or front and side entrances from the outside (including corner or end dwellings in a group or cluster).
- (s) "Single-Family Detached Dwellings" shall mean a building designed and occupied exclusively as a residence for one family not attached to any other building on a separate lot.
- (t) "Village Shires" shall mean and refer to that real property described in Exhibit "A", attached hereto and incorporated herein, and such additions as may hereafter be made subject hereto.

SECTION 3. Membership: Except as otherwise provided, membership in the Association shall be limited to the owners or co-owners of a Dwelling Unit or Living Unit in Village Shires.

In the event that a member shall lease or permit another to occupy his Dwelling Unit, the tenant or occupant shall be permitted to enjoy the facilities of the Association, but shall not vote in the affairs of the Association except as the member shall permit the tenant or occupant to exercise the proxy vote of the member. Use of the facilities of the Association shall be limited to occupants of Dwelling Units and their guests.

Every lawful transfer of title to the member's Dwelling Unit shall include membership in the Association and upon making such transfer, the previous owner's membership shall automatically terminate.



Except as provided above, membership in the Association may not be assigned or transferred and any attempted assignment or transfer thereof shall be void and of no effect.

SECTION 4. Evidence of Membership. Evidence of membership and ownership in the Association shall be a membership card issued to each member of the Association. In the event there is more than one owner of a particular Dwelling Unit, the vote for that Dwelling Unit may be voted by any one of such co-owners. Membership cards shall be surrendered to the Manager of the Association whenever ownership of the Dwelling Unit designated thereon shall terminate.

SECTION 5. Charges: Charges shall be established by the Board of Directors, except that the original fee shall be fixed by the developer, his successors or assigns.

#### ARTICLE IV

##### MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

SECTION 1. Membership: Every person or entity who is a record owner of the Dwelling Unit in Village Shires and is subject to these By-Laws and assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

SECTION 2. Voting Rights: The Association shall have two classes of notice:

Class A. Class A members shall be all those owners as defined in SECTION 1 of ARTICLE IV, with the exception of the developer. Class A members shall be entitled to one (1) vote for each Dwelling Unit in which they hold the interest required for membership by SECTION 1. When more than one person holds an interest or interests in any Dwelling Unit, all such persons shall be members, and the vote for such Dwelling Unit shall be exercised as they, among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Dwelling Unit.

Class B. Class B members shall be the Declarant. Class B members shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by SECTION 1, provided that the Class B membership shall cease and become converted to a Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) When the total votes outstanding in Class A membership equals the total votes outstanding in Class B membership; or

(b) On January 2, 1984.

From and after the happening of these events, whichever comes earlier, the Class B member shall be deemed to be a Class A member entitled to one (1) vote for each Lot in which it holds the interest required for membership under SECTION 1.

SECTION 3. Place of Annual and Special Meetings: All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law, and from time to time fixed by the Directors and designated in the notices of such meetings.

SECTION 4. Date of Annual Meeting: Annual meetings of the members of the Association shall be held on the third Monday of October of each year. At each annual meeting, there shall be elected by a ballot of a majority of the members entitled to vote, the Directors of the Association, in accordance with the provisions of ARTICLE VII, Section 4, of these By-Laws. The members may also transact such other business as may properly come before the meeting.

SECTION 5. Notice of Annual Meeting: The Secretary shall mail notices of annual meetings to each member of the Association, directed to his last known post office address as shown on the records of the Association, by uncertified mail, postage prepaid. Such notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date of such meeting, and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand to the members or left at their residence in their absence.

SECTION 6. Special Meeting: It shall be the duty of the President to call a special meeting of the members of the Association whenever he is directed to do so by resolution of the Directors or upon presentation to the Secretary of a petition signed by twenty (20%) percent of the members entitled to vote at such meeting.

SECTION 7. Notice of Special Meeting: The Secretary shall mail notice of such special meeting to each member of the Association in the manner provided in SECTION 5 of this Article, except that notice of such special meeting shall be mailed not less than five (5) nor more than twenty (20) days before the date fixed for such meeting. In lieu of mailing notice as herein provided, such notice may be delivered by hand to the members or left at their residence in their absence. No business shall be transacted at any special meeting except as stated in the notice thereof unless by consent of two-thirds (2/3) of the members present, either in person or by proxy.

SECTION 8. Membership List: Not less than thirty (30) days prior to the date of any annual or special meeting of the Association, the Secretary shall compile and

maintain at the principal office of the Association, an updated list of members and their last known post office addresses. Such list shall also show opposite each member's name the number of the unit owned by him. This list shall be open to inspection by all members and other persons lawfully entitled to inspect the same at reasonable hours during regular business days up to the date of such annual or special meeting. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all resolutions of the Directors.

SECTION 9. Cumulative Voting: Cumulative voting shall not be permitted.

SECTION 10. Voting Rights: A member shall be deemed to be "in good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association, if, and only if, he shall have fully paid all Charges made or levied against him and his Dwelling Unit by the Association as hereinafter provided, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him and against his Dwelling Unit, at least three (3) days prior to the date fixed for such annual or special meeting.

SECTION 11. Quorum: Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of the members of the Association shall constitute a quorum at any annual or special meeting of members. If any meeting of members cannot be organized because a quorum has not attended, the members present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. In the event of any such adjourned meeting, no further notice of the adjourned date need be given to any of the members. At the subsequent meeting, one-half of the required quorum at the preceding meeting shall be required.

SECTION 12. Proxy: Votes may be cast either in person or by proxy. Proxies must be in writing on forms prescribed by the Secretary and filed with the Secretary not later than the time appointed for each meeting in the notice thereof.

SECTION 13. Affirmative Vote: All decisions shall require for passage, the affirmative vote of at least a majority of the members in good standing and entitled to vote in attendance at that meeting.

SECTION 14. Order of Business: The order of business at all meetings of the members of the Association shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.

- (d) Reports of officers and committees.
- (e) Election of Directors.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

## ARTICLE V

### MAINTENANCE CHARGES – OBLIGATION OF MEMBERS

SECTION 1. Members' Maintenance Obligation: Each Owner of any Dwelling Unit, by acceptance of the deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) Annual Charges or assessments; (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual Charges and special assessments, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such Charge is made. Each such Charge, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the Owner who was the owner of such property at the time when the assessment becomes due.

SECTION 2. Owners' Negligence: Each Owner shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or parts of the Open Space damaged solely by his negligence or by the negligence of his tenants, agents, guests or licensees, promptly upon receipt of the Association's statement therefor.

SECTION 3. Amount of Maintenance Charge: Each Owner is bound to contribute to the common expenses of administration and of maintenance, replacement and repair of the Open Space of Village Shires, to the expenses of administering and maintaining the Association and all of its real and personal property, in such proportions and amounts as shall, from time to time, be fixed by the Directors, and to any other expense that may be lawfully agreed upon. No Owner may exempt himself from contributing toward such expenses by waiver of the use or enjoyment of the Open Space of the Association or by abandonment of the Dwelling Unit owned by him.

SECTION 4. Time of Payment: Payment by the Owner of his share of the expenses aforesaid shall be made at the discretion of the Directors.

SECTION 5. Lien of Maintenance Charge: All charges and expenses chargeable to any Dwelling Unit shall constitute a lien against said unit in favor of the Association, which lien shall be prior to all other liens except (a) assessments, liens and charges for taxes past due and unpaid on the unit; (b) a bona fide mortgage lien, if any, to which the Dwelling Unit is subject; and (c) any other lien recorded prior to recording the claim of lien. Such lien shall be effective from and after the time of recording in the public records of Bucks County of a claim of lien stating the description of the Dwelling Unit, the name of the record owner, the amount due and the date when due. Such claim of lien shall include only sums which are due and payable when the claim of lien is recorded and shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by the lien and a preparation fee, the party making payment shall be entitled to a recordable satisfaction of lien to be recorded at his sole expense.

Liens for unpaid assessments may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. The Association shall have the power to bid in the suit at foreclosure sale and to acquire, hold, lease, mortgage and convey. Suit to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same. The title acquired by any purchaser following any such foreclosure sale shall be subject to all of the provisions of this instrument, the By-Laws and Rules and Regulations of the Association, and by so acquiring title to the unit, said purchaser covenants and agrees to abide and be bound thereby.

SECTION 6. Transfer of Dwelling Unit: Upon any voluntary conveyance of a Dwelling Unit, the Grantor and Grantee of such Dwelling Unit shall be jointly and severally liable for all unpaid charges pertaining to such Dwelling Unit duly made by the Association or accrued up to the date of such conveyance, without prejudice to the right of the Grantee to recover from the Grantor any amounts paid by the Grantee, but the Grantee shall be exclusively liable for those accruing while he is the Owner. Any Owner or any purchaser of a Dwelling Unit prior to completion of a voluntary sale may require from the Association a certificate showing the amount of unpaid charges pertaining to such Dwelling Unit, and the Association shall provide such certificate within ten (10) days after request therefor. The holder of a mortgage or other lien on any Dwelling Unit may request a similar certificate with respect to such Dwelling Unit. Any person other than the Owner at the time of issuance of any such certificate who relies upon such certificate shall be entitled to rely thereon and his liability shall be limited to the amounts set forth in such certificate.

SECTION 7. Mortgage Foreclosure: If a mortgagee of a first mortgage of record or other purchaser of a Dwelling Unit acquires title to such Dwelling Unit as a result of foreclosure of the first mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of common expenses or other charges by the Association pertaining to such Dwelling Unit or chargeable to the former Dwelling Unit Owner which became due prior to acquisition of title as a result of the foreclosure. Such unpaid share of the charges shall be deemed to be common expenses collectible from all of the remaining Owners, including such acquirer, his successors and assigns.

SECTION 8. Duty to Comply with Declaration of Covenants and Conditions and Restrictions and By-Laws: Each Owner shall comply strictly with these By-Laws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions as recorded or in the deed to his Dwelling Unit. Failure to comply with any of the same shall be grounds for a civil action to recover sums due, for damages or injunctive relief, or both, maintainable by the Association on behalf of the Owners.

SECTION 9. Failure to Maintain Association Properly: In the event that the Association fails to maintain the Open Space, or any successor organization shall at any time fail to maintain the Open Space in reasonable order and condition, the Township may demand that such deficiencies of maintenance be corrected pursuant to the provisions contained in the "Pennsylvania Municipalities Planning Code", 53 P. S. S10101 et seq.

## ARTICLE VI

### BOARD OF DIRECTORS

SECTION 1. Number of Directors: The affairs of the Association shall be governed by a Board of Directors consisting of seven (7) persons, each of whom, other than those Directors nominated by the Declarant pursuant to this Section, shall be a member of the Association, and one (1) of whom shall be a resident of the Commonwealth of Pennsylvania. The initial Directors or their successors shall serve until their successors take office. The Declarant shall be permitted to appoint and reappoint Directors as he may be entitled to do without the necessity of obtaining resignations. As to those Directors nominated or appointed by the Declarant, this shall specifically modify SECTION 3 hereof.

SECTION 2. Term of Directors: At the first annual meeting of the members of the Association after the expiration of the terms of the initial Directors or their successors, three (3) Directors shall be elected to serve for a term of three (3) years, two (2) shall be elected to serve for a term of two (2) years, and two (2) shall be elected to serve for a term of one (1) year. At the expiration of the initial term of each Director, his successor shall be elected to serve for a term of two (2) years, provided that each Director shall continue to hold office until his successor is elected. Directors shall serve without compensation.

SECTION 3. Vacancy on Board: If the office of any Director shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a special meeting duly called for such purpose, shall choose a successor, who shall hold office until the next annual meeting of the members and his re-election or the election of his successor at such meeting. The

person so elected shall serve for the unexpired term in respect to which such vacancy occurred.

SECTION 4. Nominations to Board: Except as provided for in SECTION 1 of this Article, members of the Association may be nominated for election to the Board of Directors in one of the following ways:

- (a) In the event that an Association member has previously been appointed or elected as a Director, including in accordance with SECTION 3 of this Article, he shall be deemed to have been nominated for re-election to that position by his signifying his intention to seek re-election in writing addressed to the Board of Directors.
- (b) In the event that an Association member who has not previously held the position of Director desires to run for election to that position, he shall be deemed to have been nominated for election as a Director upon his filing with the Board of Directors of a written petition of nomination bearing the genuine signatures of not less than fifty (50) members of the Association.

SECTION 5. Removal of Board Members: Subject to the right of the Declarant to nominate and elect members of the Board of Directors as set forth in SECTION 1 of this Article, Directors may be removed with or without cause, by a majority of members. Those members of the Board of Directors nominated and appointed by the Declarant shall not be subject to removal except by the Declarant.

SECTION 6. Organizational Meeting of Board: The first or organizational meeting of each newly elected Board of Directors shall be held not later than twenty (20) days from the date of the annual meeting at which they were elected.

SECTION 7. Regular Board Meetings: Regular meetings of the Board of Directors may be held at such time and place permitted by law as from time to time may be determined by the Directors. Notice of regular meetings of the Board shall be given to each Director personally, by telegram, telephone or by United States mail, with postage prepaid, directed to him at his last known post office address as the same appears on the records of the Association, at least five (5) days before the date appointed for such meeting. Such notice shall state the date, time and place of such meeting and the purpose thereof.

SECTION 8. Special Board Meetings: Special meetings of the Board of Directors may be called by the President of the Association on three (3) days' written notice to each Director, given in the same manner as provided in SECTION 6 of this Article. Special meetings of the Board shall be called by the President or the Secretary in like manner upon the written request of any three (3) Directors.

SECTION 9. Waiver of Notice: Before any meeting of the Board of Directors, whether regular or special, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall likewise constitute a waiver by him of such notice. If all Directors are present at any meeting of the Board, no notice of such meeting shall be required and any business may be transacted at such meeting except as prohibited by law or these By-Laws.

SECTION 10. Consent in Writing: Any action by the Board of Directors may be taken without a meeting if all of the members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

SECTION 11. Quorum: At all duly convened meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, except as otherwise expressly provided in these By-Laws or by law, and the acts of the majority of the Directors present at such meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, the Director or Directors present may adjourn the meeting from time to time, and at 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 Director.

SECTION 12. Powers and Duties: The Board of Directors shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association and the operation and maintenance of Village Shires, and may do or cause to be done all such other lawful acts and things as are not by law, by these By-Laws or otherwise, directed or required to be done or exercised by members of the Association or Owners of Dwelling Units, or by others. In the performance of its duties as the administering body of the Association and of Village Shires, the Board of Directors shall have powers and duties including, but not limited to, the following:

- (a) The operation, maintenance, cleaning, sanitation, renewal, replacement, care, upkeep, protection and surveillance of the Open Space and the community facilities and all other property, real or personal, of the Association.
- (b) Consistent with law, to fix the common expenses and assess the same against the Owners in such fair and equitable proportions and amounts as shall from time to time be deemed necessary to the proper functioning of the Association.
- (c) By majority vote of the Board, to adjust or increase the amount of any such Charges, except that there shall be permitted an automatic adjustment to compensate for the increase or decrease in the Charges based upon the Consumer Price Index for moderate



income families in large cities (new series), published by the Bureau of Labor Statistics, U. S. Department of Labor (1957-1959 = 100), which increase or decrease shall be equal to each member; and to levy and collect, in addition thereto, special assessments in such amounts as the Board may deem proper, whenever the Board is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs, or additional capital expenses, or because of emergencies.

- (d) To use and expend any sums collected from such Charges or assessments for the operation, maintenance, renewal, care, upkeep, surveillance and protection of the Open Space, community facilities of the Association and all of its real and personal property.
- (e) To require all officers and employees of the Association handling or responsible for funds of the Association or funds in its possession or under its control, to furnish adequate fidelity bonds, in form, penalties and with corporate surety satisfaction to the Board of Directors. The premiums on such bonds shall be paid by the Association as part of the common expenses.
- (f) To pay all taxes and assessments levied or assessed against any property of the Association, exclusive of any taxes or assessments levied against any Owner or otherwise properly chargeable to the Owner.
- (g) To employ and dismiss such clerks, stenographers, workmen, janitors, gardeners, watchmen and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board of Directors may from time to time be necessary for the proper operation and maintenance of the Open Space and the community facilities of the Association. The Board of Directors may also employ a Manager for the Association, at such compensation as may be established by the Board, to perform such duties and services as the Board may lawfully delegate.
- (h) To serve as Managing Agent of Village Shires.
- (i) To collect delinquent Charges or assessments made by the Association through the Board of Directors against any Dwelling Unit and the Owner thereof, together with such costs and expenses incurred in connection therewith, including, but not limited to, court costs and attorneys' fees, whether by suit or otherwise, to abate nuisances and enforce observance of the rules and

regulations relating to Village Shires, by injunction or such other legal action or means as the Board of Directors may deem necessary or appropriate.

- (j) To employ or retain such counsel and consultants as may be deemed necessary by the Board for any proper purposes of the Association, and to fix their compensation for professional advice or services such as, but not limited to, those hereinbefore or hereinafter referred to in these By-Laws.
- (k) To cause such operating accounts, and escrow and other accounts, if any, to be established and opened as the Board of Directors may deem appropriate from time to time and as may be consistent with generally accepted accounting practices.
- (l) To cause a complete audit of the books and accounts of the Association to be made by a competent independent public accountant at the end of each fiscal year, and at such other time or times as may be deemed necessary.
- (m) To maintain accounting records in accordance with generally accepted accounting principles.
- (n) To make, and enforce compliance with, such reasonable rules and regulations relative to the operation, use and occupancy of the Open Space and community facilities, and to amend the same from time to time as when approved by appropriate resolutions shall be binding on the Owners and occupants of Dwelling Units, their successors in title and assigns. A copy of such rules and regulations and copies of any amendments thereof shall be delivered or mailed to each Owner or occupant of a Dwelling Unit promptly upon the adoption thereof.
- (o) The Board of Directors shall keep the community facilities, fixtures, equipment and personal property owned by the Association, insured for the benefit and protection of the Association in amounts equal to their maximum insurable values, excluding foundations and excavation costs, as determined annually by the insurance carrier or carriers, against the following hazards, casualties or contingencies:
  - (1) Loss or damage by fire and other casualties covered by a standard extended coverage endorsement.
  - (2) Such other risks, of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other

buildings, fixtures and equipment similar in construction, design, use and location to the buildings and other property hereinbefore mentioned. All such policies shall provide that in the event of loss of damage, the proceeds shall be payable to the Association. The Association shall pay the premiums on such policies as common expenses.

- (p) Borrow and repay monies, giving notes, mortgages or other security, upon such term or terms as is deemed necessary, provided that said monies shall not exceed Five Thousand (\$5,000.00) Dollars, otherwise the approval of sixty-six and two thirds (66-2/3) percent of the members shall be required; and, to provide the rights of any mortgagee or lender shall be subordinate to or superior to the use rights of the Owners.
- (q) Additional land may be purchased, annexed or acquired by the Association, if, at any time in the future, it deems it to be proper and consistent with the terms hereof to do so, provided that sixty-six and two-thirds (66-2/3) percent of the members approve such acquisition.
- (r) Acquire by purchase, gift, bequest, devise, sale or lease additional land; to protect the Open Space or additional Open Space upon such term or terms as the Association deems necessary and proper; to accept such additional lands and property from the developer, subject to such liens, encumbrances and conditions as may be then imposed.
- (s) Employ professional counsel and receive advice from such persons and firms or corporations, such as, but not limited to, landscape architects, recreation experts, architects, planners, biologists, lawyers and accountants.
- (t) To do all things incidental and necessary to the accomplishment of the above.

The Board of Directors shall also maintain public liability insurance insuring the Association and its members against liability for any negligent act of commission or omission attributable to the Association or any of its members and which occurs on or in any of the Open Space or the community facilities of the Association. The Board shall also maintain workmen's compensation insurance, boiler, glass, burglary, theft and such other insurance as will protect the interest of the Association, its employees and the members.

## ARTICLE VII

## OBSOLESCENCE

SECTION 1. Obsolescence: In the event that the Board of Directors shall determine that any community facilities or any other real or personal property of the Association are obsolete, the Board, at any regular or special meeting of the members of the Association, may call for a vote by the Association membership to determine whether or not the said property should be demolished and replaced. In the event 66-2/3% of the Association members shall determine that the said property should be demolished and replaced, the costs thereof shall be assessed against all of the members of the Association equally.

SECTION 2. Construction Prohibition: In no event shall the Association be permitted to erect any residential dwelling or commercial unit which is not ancillary to the community facilities.

## ARTICLE VII

### OFFICERS

SECTION 1. Officers: The officers of the Association shall be a President, Vice-President, Secretary and Treasurer. The Secretary may be eligible to the office of Treasurer. The President, Vice-President and Secretary shall be members of the Board of Directors. An Assistant Secretary may be appointed by the Board of Directors, who need not be a member of the Board of Directors.

SECTION 2. Elections: The officers of the Association shall be elected annually by the Board of Directors at the organization of each new Board and shall hold office until their successors are elected or appointed by the Board and qualify, provided that each officer shall hold office at the pleasure of the Board of Directors and may be removed either with or without cause, and his successor elected at any annual or special meeting of the Board called for such purpose, upon the affirmative vote of a majority of the members of the Board. The Board of Directors may, from time to time, appoint such other officers as in its judgment are necessary.

SECTION 3. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and of the Board of Directors. He shall have the general powers and duties usually vested in the office of President of an Association, including, but not limited to, the power to appoint committees from among the members from time to time as he may deem appropriate to assist in the conduct of the affairs of the Association. He shall execute such deeds, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal when a seal is required, except when such documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof shall be delegated by Board of Directors to another officer or agent of the Association.

SECTION 4. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the members and record all votes and the minutes of all meetings and proceedings, including resolutions, in a Minute Book to be kept for that purpose, and shall perform the duties for any committees, when required. He shall have charge of the Minute Book and such records and papers as the Board shall direct, and perform all duties incident to the office of Secretary, including the sending of notice of meetings to the Members, the Board of Director and committees, and such other duties as may be prescribed by these By-Laws or by the Board of Directors or the President. He shall also have custody of the corporate seal, and when authorized by the Board, affix the same to any instrument requiring it and attest the same when appropriate.

SECTION 5. Treasurer. The Treasurer shall have responsibility for the Association's funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies, checks and other valuable effects in the name and to the credit of the Association, in such depositories as may from time to time be designated by the Board of Directors. He shall disburse the funds of the Association as may from time to time be ordered by the Board or by the President, and shall render to the President and Directors at the regular meetings of the Board, or whenever they or either of them shall require, an account of his transactions as Treasurer and of the financial condition of the Association.

SECTION 6. Compensation. The officers of the Association shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

## ARTICLE IX

### COMMITTEES

SECTION 1. Standing Committees: The standing committees of the Association shall be: the Maintenance Committee, the Architectural Control Committee, the Publicity Committee and the Audit Committee. Unless otherwise provided herein, each committee shall consist of a Chairman and two (2) or more members and shall include a member of the Board of Directors for Board contact. The committees shall be appointed by the Board of Directors prior to each annual meeting, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Board of Directors may appoint such other committees as it deems desirable.

SECTION 2. Maintenance Committee: The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Open Space and community facilities of the Association, and shall perform such other functions as the Board, in its discretion, determines.

SECTION 3. Architectural Control Committee: The Architectural Control Committee shall review all plans and specifications showing the nature, kind, shape, height, materials and location of any exterior addition, change or alteration of the exterior condition to determine if same is in harmony with the external design and location in relation to the surrounding structures and topography. The Committee shall render its decision within forty-five (45) days after its submission by giving notice to the Owner by the use of United States mail.

SECTION 4. Publicity Committee: The Publicity Committee shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interest of the Association.

SECTION 5. Audit Committee: The Audit Committee shall supervise the annual audit of the Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex officio member of the Committee.

SECTION 6. (a) Grievance Procedure: It shall be the duty of each Committee to receive complaints from members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other Committee, Director or Officer of the Association as further concerned with the matter presented.

(b) No Owner shall have the right to object, challenge, commence any suit at law or in equity or take any other action under any act, power or authority now in force or hereafter to be enacted except in the manner provided herein. Prior to the commencement of any suit or action at law or in equity, the Owner shall first make known his objection in writing and directed to the appropriate Committee or Board of Directors by registered or certified mail, return receipt requested, or by an equivalent class of service of the United States Post Office, stating with particularity the objection made and relief, change or difference sought. It shall be signed legibly by the person objecting, giving their address, and be written in the English language. If specific Dwelling Units or Owners are involved, these shall be identified by name and address or with such sufficient particularity as to be easily capable of ascertainment. The Board of Directors or Committee shall have the right to schedule a hearing on the merits of the aforesaid claim or objection within twenty (20) days of the receipt of the notice of claim or objection and within ten (10) days after the close of the hearing, or continued hearing or hearings, the Board of Directors or Committee, as the case may be, shall notify the Owner of its decision in writing. Unless such internal remedy shall be voluntarily waived by the Association, or the Association fails or refuses to act, no action at law or in equity shall be commenced by any Owner until such internal remedy is pursued to exhaustion. Any action by an Owner against any other Owner arising out of any term, covenant or condition contained in these By-Laws or any other instruction thereof, any rule or regulation made pursuant thereto, use or non-use, shall be subject to the same procedures. In such hearings, all parties shall be entitled to be represented by counsel. In any claim

or objection, the Association may appoint counsel to the Association, or any other person or persons, one of whom shall be learned in the law, to act as a hearing officer and make recommendations or findings, or both, to the Association. In such event, an additional five (5) days shall be permitted for forwarding any decision to the Owner.

## ARTICLE X

### INDEMNIFICATION OF OFFICERS AND DIRECTORS

SECTION 1. Indemnification of Officers and Directors: The Association shall indemnify every Director and officer, his heirs, executors and administrators, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matter covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as common expenses; provided, however, that nothing in this Article contained shall be deemed to obligate the Association to indemnify any Owner of a Dwelling Unit, who is or has been a Director or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Association or as an Owner of a Dwelling Unit.

## ARTICLE XI

### PARTY WALLS

SECTION 1. Party Walls: Each wall which is built as part of the original construction of each Dwelling Unit and placed upon the dividing line between each lot shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligent or willful acts or omissions shall apply thereto.

SECTION 2. Cost of Repair and Maintenance: The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

SECTION 3. Destruction or Damage: If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the Owners

thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under the rule of law regarding liability for negligent or willful acts or omissions.

SECTION 4. Disputes: In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrator shall choose one additional arbitrator, and the decision of a majority of all the arbitrators shall be final and conclusive of the question involved.

## ARTICLE XII

### CORPORATE SEAL

SECTION 1. Corporate Seal: The corporate seal of the Association shall consist of two concentric circles between the circumferences of which shall be inscribed the name, "VILLAGE SHIRES COMMUNITY ASSOCIATION", and within the circumference of the inner circle the words, "Incorporated, Pennsylvania" and the year of incorporation.

## ARTICLE XIII

### AMENDMENTS TO BY-LAWS

SECTION 1. Amendments to By-Laws: These By-Laws and the form of administration set forth herein may be amended from time to time by the affirmative vote of the members representing two-thirds of the Association membership entitled to vote at such meeting where amendments to these By-Laws are being considered within the limitations prescribed by law.

## ARTICLE XIV

### DISSOLUTION

SECTION 1. Dissolution: In the event it shall be deemed advisable and for the benefit of the members that the Association should be dissolved, the procedures concerning dissolution set forth in Chapter 1, Section 8001 of Title 15 of the Purdon's Pennsylvania statutes, entitled "Nonprofit Corporation Law", shall be followed.

SECTION 2. Distribution: In the event of dissolution, the assets, including common surplus, if any, of the Association, after payment of all debts, including mortgages and other encumbrances, shall be distributed pursuant to the final decree of the Court.

## ARTICLE XV



## MISCELLANEOUS

SECTION 1. Delegation of Authority: The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors, no officer, agent or other person shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

SECTION 2. Inspection of By-Laws: The Association shall keep in its principal office the original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times during office hours.

SECTION 3. Membership Minutes: The membership register and minutes of proceedings of the members and Directors shall be open to inspection upon demand of any member at any reasonable time during office hours, and for a purpose reasonably related to his interest as a member.

SECTION 4. Robert's Rules of Order: The rules contained in Robert's Rules of Order, revised, shall govern all members' meetings and Directors' meetings of the Association, except in instances of conflict between said Rules of Order and the Articles or By-Laws of the Association or provisions of law.

SECTION 5. Construction: Number and gender, as used in these By-Laws, shall extend to and include both singular and plural and all genders as the context and construction requires.