

BYLAWS OF

THE TIMBERS RESIDENT ASSOCIATION

ARTICLE I
INTRODUCTORY PROVISIONS

1.1 Name. The name of the association is The Timbers Resident Association, and is hereinafter referred to as the "Association".

1.2 Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration.

ARTICLE II
THE ASSOCIATION

2.1 Organization. The Association is organized as a Pennsylvania non-profit corporation. The Association shall have the responsibility of establishing the means and methods of collecting assessments and charges, arranging for the management of the Association, and performing all of the other acts that may be required or permitted to be performed by the Association pursuant to the Declaration.

2.2 Membership. Every person who acquires title to a Unit shall automatically become a member of the Association and shall continue to be a member of the Association at all times that he or she has legal title to the Unit. Membership in the Association is an incident of ownership of a Unit and may not be resigned, terminated or transferred other than by transfer of title to the Unit to which such membership is appurtenant. Every Unit Owner and all persons entitled to occupy a unit shall comply with these Bylaws.

2.3 Annual Meetings. An annual meeting of the Association shall be held during the second week of May of each year at the time and place designated by the Board of Directors. At such annual meetings, members of the Board shall be elected in accordance with the requirements of Article III of these Bylaws, and such other business as may properly come before the meeting may be transacted.

2.4 Special Meetings. Special meetings of the Association may be called at any time by the President and shall be called as directed by resolution of the Board, or upon written request presented to the Secretary and signed by Unit Owners entitled to cast at least ten percent (10%) of the votes of the Association. No business shall be transacted at a special meeting except as stated in the Notice.

2.5 Quorum; Adjournment of Meetings. No official business may be transacted, nor may any binding vote be taken, at any meeting of the Association unless a quorum of Unit Owners is present. The presence at a meeting in person or by proxy of Unit Owners entitled to cast at least one-half (1/2) of the votes of the Association shall constitute a quorum. If less than a quorum is present at any meeting, a majority of the Unit Owners present, in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours after the time for which the original meeting was called, and the Secretary shall give notice of the adjourned meeting to all Unit Owners, which notice shall state the quorum requirements at the adjourned meeting. The quorum at such second meeting shall be the presence of Unit Owners, in person or by proxy, entitled to cast at least one-tenth (1/10) of the votes of the Association.

2.6 Notice of Meetings. Written notice of each meeting shall be given by or at the direction of the Secretary by hand delivering or mailing a copy of such notice, postage prepaid, to each Unit Owner at the address last appearing on the books of the Association or supplied by such Unit Owner for the purpose of notice. If no address is given, notice shall be delivered to the Unit. Such notice shall specify the place, day and hour of the meeting, which shall not be less than ten (10) days nor more than sixty (60) days from the date of the notice, and the agenda of the meeting. If the purpose of a special meeting includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 7.5 below, such meeting shall be held within fifteen (15) days after being called pursuant to Section 2.4 hereof.

2.7 Proxies. Each Unit Owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable at any time upon written notice to the Secretary and shall automatically cease when the Secretary has received written notice of the death or judicially declared incompetency of the Unit Owner granting the proxy or the sale or other transfer by the Unit Owner of his or her Unit.

2.8 Conduct of Meetings. The President (or in his absence, any other officer) 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. The President may appoint 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 the Declaration or these Bylaws.

2.9 Voting. (a) Providing a quorum exists the vote of the majority of the Unit Owners who are present, whether in person or by proxy, at any regular or special meeting and entitled to vote thereat shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Declaration or these Bylaws, a different vote is required, in which case such express provision shall govern and control. As used in these Bylaws, the term "majority of the Unit Owners

present" shall mean at least one vote in excess of fifty percent (50%) of the votes which the Unit Owners who are present in person or by proxy at a meeting of the Association are entitled to cast at such meeting.

(b) If more than one person is the Owner of a Unit, or if a corporation is the Owner of a Unit, the vote for such Unit shall be exercised as those persons themselves determine and advise the Secretary prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended in the event more than one person seeks to exercise it. In no event shall more than one vote be cast with respect to any Unit.

2.10 Acts of the Association Without a Meeting. Any action which may be taken by the Unit Owners at a meeting of the Association may also be taken, without a meeting, by the written consent to such action signed by Unit Owners whose votes would have been sufficient to take such action had a special meeting at which all Unit Owners were present been held for the purpose of taking such action. Such written consent shall state in detail the action so taken. Each action so taken without a meeting shall be promptly filed with the Secretary and reported to the Association.

ARTICLE III BOARD OF DIRECTORS

3.1 Number and Qualification. The business and affairs of the Association shall be managed by a Board of Directors composed of five natural persons of full age, all of whom shall be Unit Owners.

3.2 The First Board of Directors. Anything contained in Section 3.1 to the contrary notwithstanding, the members of the "First Board of Directors" shall be appointed and elected as follows:

(b) A meeting shall be called within ninety (90) days of the acceptance or rejection of the adoption of the Master Declaration for the purpose of electing the Board of Directors. At such meeting, all Unit Owners (including Declarant if it still owns Units) and lot owners shall elect five persons to serve on the Board, who shall be elected to serve until their respective successors are elected. The candidates receiving the three highest number of votes at such meeting shall be elected to serve a two year term, and the candidates receiving the next highest number of votes shall be elected to serve a one-year term. At each subsequent annual meeting, elections shall be held to fill the vacancies on the Board caused by the current expiration of the terms of office of Board members, and all members elected shall be elected for two year terms.

3.3 Resignation and Removal. Any elected Board member may be removed from the Board with or without cause by a majority vote of the Association. Any Unit Owner may propose removal of a Board member by presenting a petition to the Secretary signed by Unit Owners entitled to cast at least ten percent (10%) of the votes of the Association. Any Board member whose removal

has been proposed shall be given at least ten days' (10) notice by the Secretary of the time, place and purpose of the meeting at which the question of removal will be voted upon, and shall be given the opportunity to be heard at such meeting. Resignation of a board member will be accepted with sixty (60) days notice.

3.4 Vacancies. Except as set forth in Section 3.2 above with respect to the First Board of Directors, vacancies in the Board caused by any reason other than the removal of a Board member by a vote of the Unit Owners shall be filled by a vote of the 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 Board members present at such meeting may constitute less than a quorum. Each person so elected shall be a Board member for the remainder of the term of the Board member being replaced and until a successor shall be elected at the next annual meeting of the Association at which the term of his predecessor would have otherwise expired. Vacancies caused by a removal of a Board member by vote of the Unit Owners shall be filled by a vote of Unit Owners at a special meeting of the Association which shall be held within sixty (60) days after such vacancy occurs, and which may take place at the same meeting at which such removal is voted by the Unit Owners.

3.5 Compensation. No Board Member shall receive any compensation from the Association for acting as such, but may be reimbursed for any expense incurred in the performance of his or her duties.

ARTICLE IV NOMINATIONS AND ELECTION

4.1 Election and Term of Office. At the annual meetings of the Association, subject to Section 3.2, the election of Board Members shall be held. The term of office of any Board Member to be elected (except as set forth in Section 3.2) shall be fixed at two years. Board Members 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.

4.2 Election Committee. At least sixty (60) days before each meeting of the Association at which members of the Board of Directors are to be elected, the President shall appoint an election committee of at least three (3) persons, at least one of whom shall be a member of the Board of Directors whose term of office does not expire at the upcoming meeting. The duties of the election committee shall be to publicize the upcoming election, encourage qualified persons to run for office, prepare ballots, solicit proxies from the Unit Owners and

certify the elected nominees to the Association.

4.3 Nominations. Persons qualified to be Board Members may declare candidacy or be nominated for election only as follows:

(a) Any Unit Owner may submit to the Election Committee at least thirty (30) days before the meeting at which the election is to be held a declaration of candidacy stating that the candidate is willing to serve on the Board, together with a biographical sketch of the candidate. At least twenty (20) days prior to the meeting, the Unit Owners shall be notified in writing of all such candidates and shall be furnished with the biographical sketches submitted by the candidates and ballots. Ballots shall contain the typed or printed names of all candidates, with the order in which such names appear determined by lot.

(b) Nominations may be submitted from the floor at the meeting only for vacancies for which no more than one person has declared candidacy.

4.4 Method of Election. All elections to the Board shall be by written ballot, and the candidates receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE V BOARD OF DIRECTOR MEETINGS

5.1 Regular Meetings. Regular meetings of the Board shall be held without notice at such place and hour as may be fixed from time to time by resolution of the Board. The first meeting of a newly elected Board shall be held within ten days of election at such place as shall be fixed by the President at the meeting at which such Board was elected. Notice of such first meeting shall be sent to each Board Member at least three days prior to the date of the meeting. At least three regular meetings shall be held during the period between the organization meeting of the Board and the next annual meeting of the Association, unless each Board Member waives in writing the requirement to hold a particular meeting. One such meeting of the Board shall be held during the month of November for the purpose of adopting a budget for the following calendar year, which meeting may not be waived by the Board Members.

5.2 Special Meeting. Special meetings of the Board shall be held when called by the President, or by any two Board Members after not less than two days notice to each board Member. Notice may be given personally or by mail, telephone or telegraph, and shall state the time, place and purpose of the meeting.

5.3 Quorum. A majority of the Board Members shall constitute a quorum for the transaction of business and the acts of the majority of those present at a meeting at which a quorum is present shall be the acts of the Board.

5.4 Action Taken Without a Meeting. The Board Members shall have the right to take any action in the absence of a meeting which they could take at a meeting if all of the Board Members shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the Secretary and included with the minutes of the Board.

5.5 Waiver of Notice. Before or at any meeting of the Board any Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Board Member at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Board Members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.6 Assumed Assent. Any Board Member present at any meeting shall be deemed to have assented to any action taken at such meeting, unless his or her dissent is entered on the minutes or unless his or her written dissent is filed with the Secretary at or immediately following the adjournment thereof, provided that no Board Member may dissent from any action for which he or she voted at the meeting.

5.7 Participation in Meetings by Communications Equipment. One or more Board Members may participate in and be counted for quorum purposes at any meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

5.8 Attendance by Unit Owners. Except for the annual budget meeting referred to in Section 5.1, Unit Owners who are not Board Members shall not have the right to receive notice of, or to attend, meetings of the Board, unless the Board, in its sole discretion, elects to invite all Unit Owners to attend (except that the Board may request the attendance at any meeting of a Unit Owner of Unit Owners who are members of advisory committees formed pursuant to Section 3.6(c) without inviting all unit Owners to attend). The Secretary shall give all unit Owners notice, in accordance with Section 2.5, of the annual budget meeting of the Board (which notice shall be accompanied by a copy of the proposed budget to be voted upon by the Board) and of all other meetings to which the Board elects to invite Unit Owners. At each such meeting which Unit Owners are entitled to attend, the attending Unit Owners shall not have the right to vote, but shall have the right to be heard consistent with such rules of order as the Board may adopt.

5.9 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, her or their votes are counted, if the circumstances

specified in either of the following subparagraphs exist:

(a) 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

(b) 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.

ARTICLE VI OFFICERS

6.1 Enumeration of Officers. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an Assistant Treasurer, and Assistant Secretary, and such other officers as, in its judgment, may be necessary. An officer other than the President may hold more than one office.

6.2 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.

6.3 Removal of Officers. Upon the affirmative vote of a majority of all Board Members, 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.

6.4 Vacancies. A vacancy in any office may be filled by appointment by the Board. The person appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

6.5 Duties. The duties of the officers are as follows:

(a) 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. The President shall cease holding such office at such time as he ceases to be a Board Member.

(b) 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 Eligible Mortgagees 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.

(c) Treasurer. The Treasurer shall have the

responsibility for the safe-keeping of Association funds and securities, be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data, and be responsible for 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, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the laws of Pennsylvania. The treasurer shall be covered by a fidelity bond carried by the association.

6.6 Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of \$5,000 shall be executed by any two officers of the Association. All such instruments for expenditures or obligations of \$5,000 or less may be executed by any one officer of the Association or any other person designated by the Board, including, but not limited to, the Managing Agent, if any.

6.7 Delegation of Duties. The Secretary and Treasurer may delegate all or some of their duties to the Managing Agent.

ARTICLE VII COMMON EXPENSES AND ASSESSMENTS

7.1 Fiscal Year. The fiscal year of the Association shall be the calendar year, unless otherwise determined by the Board.

7.2 Preparation and Approval of Budget.

(a) During the month of November of each year, the Board shall adopt an annual budget for the Association containing as estimate of the total amount considered necessary to pay (i) the cost of maintenance, management, operation, repair and replacement of the Common Elements as defined by the Declaration; (ii) assessments made by the Master Association and (iii) the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Declaration, these Bylaws or a resolution of the Association, and which will be required during the following fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services, and to pay the assessments made by the Master Association under the Master Declaration of The Villages at Timber Lake. Such budget shall also include such reasonable amounts as the Board considers necessary to provide working capital and reserves for contingencies and replacements.

(b) The Board shall make the budget available for inspection at the Association's office and shall send a copy thereof to each Unit Owner promptly after the budget is adopted. The budget shall constitute the basis for determining each Unit Owner's assessments for Common Expenses and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 7.6 below.

(c) 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.

7.3 Assessments of Common Expenses. The Board shall calculate the monthly assessments for Common Expenses against each Unit by dividing (i) the total amount of the estimated funds required for the operation of the Property and payment of assessments made by the Master Association under the Master Declaration of the Villages of Timber Lake set forth in the budget adopted by the Board for the fiscal year in question, after deducting any estimated income expected to be received from sources other than Common Expense assessments, by (ii) the percentage interest appurtenant to the Unit, and dividing that result by (iii) the number of calendar months in such fiscal year. Such assessment shall be deemed to have been adopted and assessed on a monthly basis, and not on an annual basis payable in monthly installments, shall be due and payable on the first day of each calendar month, and shall be a lien against each Unit Owner's Unit as provided in the Declaration.

7.4 Reserves; Special Assessments. (a) The Board shall build up and maintain reasonable reserves for contingencies and replacements. Extra-ordinary 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 adjust the budget and levy special assessments for Common Expenses which shall be assessed against the Unit Owners according to their respective Percentage Interest and shall be payable in one or more monthly assessments as the Board may determine.

(b) The Board shall serve notice on all Unit Owners of any special assessments pursuant to subsection (a) above (or otherwise as permitted or required by the Declaration and these Bylaws) by a statement in writing giving the amount and reasons therefor, and such special assessment shall, unless otherwise specified in the notice, become effective with the next monthly assessment which is due more than thirty (30) days after the delivery of such notice. The effective date of the lien for such assessments shall be determined in the same manner as set forth in Section 7.3.

7.5 Effect of Failure to Prepare or Adopt Budget. 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 his or her allocable share of the Common Expenses as herein provided wherever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly assessment at the rate established for the previous fiscal year until a new annual or adjusted budget shall have been adopted.

7.6 Payment of Common Expenses. Each Unit Owner shall pay the assessments levied by the Board pursuant to the provisions of this Article. No Unit Owner may exempt himself

from liability for the payment of Common Expenses by waiver of the use or enjoyment of any of the Common elements or by abandonment of his or her Unit, and such liability shall not be abated due to any interruption in the delivery of services to the Unit Owner or for any other reason except as specifically set forth in the Declaration or these Bylaws. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his or her Unit subsequent to the date of recordation of a conveyance by him or her 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 Unit 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 therefor.

7.7 Collection of Assessments; Late Charges. (a) 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 accrue a late charge in the amount of five percent (5%) of the overdue assessment in addition to interest at the rate of fifteen (15%) percent per annum or such other rate as may be determined by the Board, together with any resulting late charge or interest assessed by the Master Association

(b) In the event that any assessment shall be past due for more than forty-five (45) days, the monthly assessments for the balance of the fiscal year (based upon the amount of the last monthly assessment), plus late charges and interest as aforesaid, shall, at the option of the Board, become immediately due and payable in full; provided, that, in the event that (i) an arm's length and bona fide sale of a Unit to a third person is consummated, or (ii) the holder of an Eligible Mortgage encumbering a Unit and recorded prior to the date of an acceleration of payments by the Board either (1) takes possession of such Unit, (2) accepts a deed in lieu of foreclosure, or (3) files suit to foreclose such Eligible Mortgage and causes a receiver to be appointed for the Unit, then, upon payment of all monthly assessments falling due up to and including any of the events described above in (i) or (ii)(1) through (3) as applicable, any assessments theretofore accelerated by the Board shall be due and payable at the time and in the manner in which such assessments would have otherwise been due and payable had no such acceleration occurred.

7.8 Accounts; Audits. All sums collected by the Board with respect to assessments against the Unit Owners, or from any other source may be comingled into a single fund. All books and records of the Association shall be kept in accordance with generally accepted accounting practices, and the same shall be audited at least once each year by an independent accountant retained by the Board.

7.9 Statement of Common Expenses. Upon written request, the Board shall promptly provide any Unit Owner, contract purchaser or proposed mortgagee with a written statement of all

