

BYLAWS

OF

***PATRIOTS CHOICE HOMEOWNERS’
ASSOCIATION, INC.***

Table of Contents

	<u>Page</u>
ARTICLE I	
INTRODUCTORY PROVISIONS.....	1
Section 1.1 Applicability	1
Section 1.2 Definitions	1
Section 1.3 Compliance	1
Section 1.4 Office	1
Section 1.5 Incorporation of Statutory Law	1
ARTICLE II	
THE PLANNED COMMUNITY	1
Section 2.1 Composition	1
Section 2.2 Annual Meetings	2
Section 2.3 Place of Meetings	2
Section 2.4 Special Meetings	2
Section 2.5 Notice of Meetings	2
Section 2.6 Adjournment of Meetings	3
Section 2.7 Voting	3
Section 2.8 Proxies	4
Section 2.9 Quorum	4
Section 2.10 Conduct of Meetings	4

ARTICLE III

EXECUTIVE BOARD	4
Section 3.1 Number and Qualification	4
Section 3.2 Delegation of Powers; Managing Agent	4
Section 3.3 Election and Term of Office	5
Section 3.4 Removal or Resignation of Members of the Executive Board	5
Section 3.5 Vacancies	6
Section 3.6 Organization Meeting	6
Section 3.7 Regular Meetings	6
Section 3.8 Special Meetings	6
Section 3.9 Waiver of Notice	6
Section 3.10 Quorum of the Executive Board	7
Section 3.11 Compensation	7
Section 3.12 Conduct of Meetings	7
Section 3.13 Action Without Meeting	7
Section 3.14 Validity of Contracts with Interested Executive Board Members ...	7
Section 3.15 Inclusion of Interested Board Members in the Quorum	8

ARTICLE IV

OFFICERS	8
Section 4.1 Designation	8
Section 4.2 Election of Officers	8
Section 4.3 Removal of Officers	8
Section 4.4 President	8
Section 4.5 Vice President	8
Section 4.6 Secretary	8
Section 4.7 Treasurer	9
Section 4.8 Execution of Documents	9
Section 4.9 Compensation of Officers	9

ARTICLE V

COMMON EXPENSES; BUDGETS	9
Section 5.1 Fiscal Year	9
Section 5.2 Preparation and Approval of Budget	9
Section 5.3 Assessment and Payment of Common Expenses	10
Section 5.4 Further Assessments	11

Section 5.5 Initial Budget 11

Section 5.6 Delivery of Approved Budget and Notice of Capital Expenditure;
Effect of Failure to Prepare or Adopt Budget 11

Section 5.7 Accounts; Audits 11

Section 5.8 Rejection of Budget; Limitations on
Expenditures and Borrowing 11

Section 5.9 Payment of Common Expenses 12

Section 5.10 Collection of Assessments 12

Section 5.11 Statement of Common Expenses 12

ARTICLE VI

COMPLIANCE AND DEFAULT 13

Section 6.1 Relief 13

ARTICLE VII

AMENDMENTS 14

Section 7.1 Amendments to Bylaws 14

Section 7.2 Approval of Mortgagees 14

Section 7.3 Amendments to the Declaration 14

Section 7.4 HUD/VA Rights 14

ARTICLE VIII

MISCELLANEOUS 14

Section 8.1 Notices 14

Section 8.2 Captions 15

Section 8.3 Gender 15

**BYLAWS
OF
PATRIOTS CHOICE HOMEOWNERS' ASSOCIATION,
INC.**

**ARTICLE I
Introductory Provisions**

1.1. Applicability. These Bylaws provide for the governance of the non-profit corporation pursuant to the requirements of Section 5306 of the Act with respect to the Planned Community created by the recording of the Declaration among the land records of Adams County in Record Book _____, at Page _____.

1.2. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws pertain or, if not defined therein, the meanings specified or used for such terms in the Act.

1.3. Compliance. Pursuant to the provisions of the Act, every Unit Owner and all Persons entitled to occupy a Unit shall comply with these Bylaws.

1.4. Office. The office of the Planned Community, the corporation, and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

1.5. Incorporation of Statutory Law. The Planned Community shall be a non-profit corporation pursuant to the laws of the Commonwealth of Pennsylvania. The "Board of Directors" described therein shall be referred to herein and in the Declaration as the "Executive Board."

**ARTICLE II
The Planned Community**

2.1. Composition. The Planned Community is hereby organized on the date hereof as a non-profit corporation. The Planned Community shall consist of all of the Unit Owners acting as a group in accordance with the Act, the Declaration and these Bylaws. The corporation shall have the responsibility of administering the Planned Community, establishing the means and methods of collecting assessments and charges, arranging for the management of the Planned Community and performing all of the other acts that may be required or permitted to be performed by the corporation pursuant to the Act and the Declaration. The foregoing responsibilities shall be performed by the Executive Board as more particularly set forth in these Bylaws.

2.2. Annual Meetings. The annual meetings of the corporation shall be held on the third Thursday of September of each year unless such date shall occur on a holiday, in which event the meetings shall be held on the succeeding Monday. At such annual meetings the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.3 of these Bylaws and such other business as may properly come before the meeting may be transacted.

2.3. Place of Meetings. Meetings of the corporation shall be held at the principal office of the corporation or at such other suitable place convenient to the Unit Owners as may be designated by the Executive Board.

2.4. Special Meetings.

2.4.1. The President shall call a special meeting of the corporation if so directed by resolution of the Executive Board or upon a petition signed and presented to the Secretary by Unit Owners entitled to cast at least twenty-five percent of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within forty-five days after receipt by the President of such resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 5.8 below, such meeting shall be held within fifteen days after receipt by the President of such resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.4.2. Within sixty days after conveyance of twenty-five (25%) percent of the Units to Unit Owners other than the Declarant, a special meeting of the Association shall be held at which at least one (1) member and not less than twenty-five (25%) percent of the members of the Executive Board shall be elected by unit owners other than Declarant. Not later than sixty (60) days after conveyance of fifty (50%) percent of the Units which may be created to Unit Owners other than the Declarant, not less than thirty-three (33%) percent of the members of the Executive Board shall be elected by Unit Owners other than the Declarant.

2.4.3 Not later than the termination of any period of Declarant control, the Unit Owners shall elect an Executive Board of at least three (3) members, all of whom shall be Unit Owners, provided that the Executive Board may consist of two (2) members, both of whom shall be Unit Owners, if the Planned Community consists of two (2) units. Such successor members shall serve until the annual meeting of the corporation following the meeting at which they were elected.

2.4.4 Notwithstanding the foregoing, if any meeting required pursuant to Sections 2.4.2 and 2.4.3 above could be held on the date an annual meeting of the corporation is scheduled, then such meeting(s) shall be held concurrently with such annual meeting.

2.5. Notice of Meetings. The Secretary shall give to each Unit Owner a notice of each annual or regularly-scheduled meeting of the corporation at least ten but not more than sixty days, and of each special meeting of the Unit Owners at least ten but not more than forty-five days, prior to

such meeting, stating the time, place and purpose thereof, including, without limitation, any proposed budget or assessment changes, the general nature of any proposed amendment to the Bylaws or Declaration, and any proposal to remove an Executive Board member or Officer. The giving of a notice of meeting in the manner provided in this Section and Section 8.1 of these Bylaws shall be considered service of notice.

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

2.7. Voting. Voting at all meetings of the Association shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the Percentage Interest assigned to such Unit Owner's Unit in the Declaration. If the owner of a Unit is a corporation, joint venture, partnership or unincorporated association, the natural person who shall be entitled to cast the vote for such unit shall be the natural person named in a certificate executed by such entity pursuant to its governing documents. If the owner of a Unit is a trust, the trustee or trustees shall be deemed to be the owner for voting purposes. Where the ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote of such Unit shall be the natural person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the natural person who shall be entitled to cast the vote of such Unit shall be the natural person owning such Unit who is present. If more than one of the multiple Owners is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 5310(a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Unit. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the natural person who would be entitled to cast the vote of such Unit at any meeting of the Association. Except with respect to election of members of the Executive Board and except where a greater number is required by the Act, the Declaration or these Bylaws, the Owners of more than fifty percent of the aggregate Percentage Interests in the Planned Community voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the corporation. Any specified percentage of the Unit Owners means the Unit Owners owning such Percentage Interests in the aggregate. In all elections for Executive Board members, each Unit Owner shall be entitled to cast for each vacancy to be filled at such election the number of votes allocated to the Unit or Units owned by such Unit Owner as provided in the Declaration. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected. Except as set forth in Section 2.4.2, if the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No votes allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting.

2.8. Proxies. A vote may be cast in person or by proxy. If a Unit is owned by more than one Person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, a holder of a mortgage on a Unit or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the Person presiding over the meeting of written notice of revocation from the grantor(s) of the proxy. No proxy shall be valid for a period in excess of one year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

2.9. Quorum. Except as set forth below, the presence in person or by proxy of Unit Owners of twenty percent or more of the aggregate Percentage Interests at the commencement of all meetings shall constitute a quorum at all meetings of the Unit Owners Association. If a meeting is adjourned pursuant to Section 2.6 above, the quorum at such second meeting shall be deemed present throughout any meeting of the Association if persons entitled to cast ten percent of the votes which may be cast for the election of the Executive Board are present in person or by proxy at the beginning of the meeting.

2.10. Conduct of Meetings. The President (or in the President's absence, one of the vice-presidents) shall preside over all meetings of the corporation, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the corporation. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the corporation when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

ARTICLE III **Executive Board**

3.1. Number and Qualification. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of at least three (3) natural persons, all of whom shall be Unit Owners or designees of the Declarant.

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

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

3.2.2. to adopt, repeal or amend Rules and Regulations;

3.2.3. to designate signatories on corporate bank accounts;

3.2.4. to borrow money on behalf of the corporation;

3.2.5. to acquire and mortgage Units;

Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty days' written notice and without cause on no more than ninety days' written notice. The term of any such contract may not exceed one year.

3.3. Election and Term of Office.

3.3.1. At the annual meeting of the corporation, the election of members of the Executive Board shall be held. The term of office of any Executive Board member to be elected (except as set forth in Sections 2.4.2 and 2.4.3 and 3.5 hereof) shall be fixed at three years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself.

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

a. Any Unit Owner may submit to the Secretary at least thirty days before the meeting at which the election is to be held a nominating petition signed by Unit Owners owning at least ten Units in the aggregate, together with a statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting; and

b. Nominations may be submitted from the Floor at the meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has been nominated by petition.

3.4. Removal or Resignation of Members of the Executive Board. Except with respect to members designated by the Declarant, at any regular or special meeting of the corporation duly called, any one or more of the members of the Executive Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a

Board member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit Owner shall be given at least ten days' notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit. The Declarant shall have the right to remove and replace any or all members appointed by the Declarant in accordance with the Act.

3.5. Vacancies. Except as set forth in Section 3.4 above with respect to members appointed by the Declarant, vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of Unit Owners shall be filled by a vote of a majority of the remaining members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor.

3.6. Organization Meeting. The first meeting of the Executive Board following each annual meeting of the corporation shall be held within ten days thereafter at such time and place as shall be fixed by the President (even if he is the outgoing President) at the meeting at which such Executive Board shall have been elected, and no notice shall be necessary to the newly elected members of the Executive Board in order legally to constitute such meeting, if a majority of the Executive Board members shall be present at such meeting.

3.7. Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the members, but such meetings shall be held at least every four months during each fiscal year. Notice of regular meetings of the Executive Board shall be given to each member, by mail or telecopy, at least three business days prior to the day named for such meeting.

3.8. Special Meetings. Special meetings of the Executive Board may be called by the President on at least three business days' notice to each member, given by mail or telecopy, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two members of the Executive Board.

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

3.10. Quorum of the Executive Board. A quorum is deemed present throughout any meeting of the Executive Board if persons entitled to cast fifty (50%) per cent of the votes on the Board are present at the beginning of the meeting. The votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other.

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

3.12. Conduct of Meetings. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Executive Board if and to the extent not in conflict with the Declaration, these Bylaws or the Act.

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

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

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

3.14.2. The contract or transaction is made in good faith and is not unconscionable to the corporation at the time it is authorized, approved or ratified.

3.15. Inclusion of Interested Board Members in the Quorum. Any Executive Board member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.14 hereof.

ARTICLE IV Officers

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

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

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

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

4.5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated or assigned to the Vice President by the Executive Board or by the President. The Vice President shall cease holding such office at such time as the Vice President ceases to be a member of the Executive Board.

4.6. Secretary. The Secretary shall keep the minutes of all meetings of the corporation and of the Executive Board, have charge of such books and papers as the Executive Board may direct, maintain a register setting forth the place to which all notices to Unit Owners and holders of mortgages on any Units hereunder shall be delivered and, in general, perform all the duties incident

to the office of secretary of a corporation organized under the laws of Pennsylvania. The Secretary shall, upon request, provide any Person, or cause to be provided to any Person entitled thereto a written statement or certification of the information required to be provided by the corporation pursuant to Sections 5315(h), 5407(a) and 5407(b) of the Act and Sections 5.6 and 5.11 below.

4.7. Treasurer. The Treasurer shall have the responsibility for the safekeeping of corporate 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 Executive Board, the corporation or the Managing Agent, in such depositories as may from time to time be designated by the Executive Board and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of Pennsylvania.

4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the corporation for expenditures or obligations in excess of \$5,000 shall be executed by any two officers of the corporation. All such instruments for expenditures or obligations of \$5,000 or less may be executed by any one officer of the corporation.

4.9. Compensation of Officers. No officer who is also a member of the Executive Board shall receive any compensation from the corporation for acting as such officer, but may be reimbursed for any out-of-pocket expenses incurred in performing such officer's duties; provided, however, the Secretary and Treasurer may be compensated for their services if the Executive Board determines such compensation to be appropriate.

ARTICLE V

Common Expenses; Budgets

5.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon the recordation of the Declaration.

5.2. Preparation and Approval of Budget.

5.2.1. On or before the first day of November of each year (or sixty days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or a resolution of the corporation and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Executive Board

considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements.

5.2.2. On or before the next succeeding fifth day of November (or fifty-five days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall make the budget available for inspection at the Association office and shall send to each Unit Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Unit Owner's assessments for General Common Expenses and Limited Common Expenses for the corporation and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.

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

5.3. Assessment and Payment of Common Expenses.

5.3.1. General Common Expenses. The Executive Board shall calculate the monthly assessments for General Common Expenses, as defined in the Declaration, against each Unit by multiplying (a) the total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting any income expected to be received from sources other than Common Expense assessments by (b) the Percentage Interest (expressed in decimal form) allocated to such Unit, and dividing the resultant product by (c) the number of calendar months in such fiscal year. Such assessments shall be deemed to have been adopted and assessed annually on a calendar year basis and shall be due and payable no later than January 15 of each year, and shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration. Within ninety days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to General Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Unit Owners in accordance with their Percentage Interests and shall be payable in one or more monthly assessments, as the Executive Board may determine.

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

which shall be assessed against the Unit Owners according to their respective Percentage Interests and shall be payable in one or more monthly assessments as the Executive Board may determine.

5.4. Further Assessments. The Executive Board shall serve notice on all Unit Owners of any further assessments pursuant to Sections 5.3.1, 5.3.2 or otherwise as permitted or required by the Act, the Declaration and these Bylaws by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next annual assessment which is due more than ten days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the amount of such assessments. Such assessments shall be a lien as of the effective date as set forth in the preceding Sections 5.3.1 and 5.3.2.

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

5.6. Delivery of Approved Budget and Notice of Capital Expenditure; Effect of Failure to Prepare or Adopt Budget. The Executive Board shall deliver to all Unit Owners copies of each budget approved by the Executive Board and notice of any capital expenditure approved by the Executive Board promptly after each such approval. The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay such Unit Owner's allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

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

5.8. Rejection of Budget; Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the corporation, by majority vote of all votes in the corporation, may reject any budget or capital expenditure approved by the Executive Board, within thirty days after approval by the Executive Board. The power of the Executive Board to expend funds, incur expenses or borrow money on behalf of the corporation is subject to the requirement that the consent of Unit Owners entitled to cast at least two-thirds of the votes in the corporation obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to (i) expend funds or incur expenses that it is reasonably anticipated will cause the

aggregate amount of all expenses in the budget (including reserves) to be exceeded by more than 5% of such aggregate amount after taking into account any projected increases in income, and (ii) to borrow money so that loans of the corporation then outstanding would exceed 5% of such aggregate amount.

5.9. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses and Controlled Facility Expenses (hereafter "Common Expenses") assessed by the Executive Board pursuant to the provisions of this Article V. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice for the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five days following a written request therefor to the Executive Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments with respect to the time period covered by such statement, in excess of the amount therein set forth; and, provided further that, subject to Section 3315(b)(2) of the Act, each record holder of a mortgage on a Unit who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such holder comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

5.10. Collection of Assessments. The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment not paid within five days after its due date shall accrue a late charge in the amount of five percent of the overdue assessment in addition to interest at the rate of fifteen percent per annum or such other rate as may be determined by the Executive Board.

5.11. Statement of Common Expenses. The Executive Board shall promptly provide any Unit Owner, contact purchaser or proposed mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Executive Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation, to the extent permitted by the Act.

ARTICLE VI

Compliance and Default

6.1. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of Declaration, these Bylaws, the Rules and Regulations and the Act, as any of the same may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

6.1.1. Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

6.1.2. Costs and Attorney's Fees. In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

6.1.3. No Waiver of Rights. The failure of the corporation, the Executive Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws, the Executive Board Rules and Regulations or the Act shall not constitute a waiver of the right of the corporation, the Executive Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the corporation, the Executive Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations or the Act or at law or in equity.

6.1.4. Abating and Enjoining Violations by Unit Owners. The violation of any of the Executive Board Rules and Regulations adopted by the Executive Board, the breach of any Bylaw contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights: (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or

remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE VII

Amendments

7.1. Amendments to Bylaws. These Bylaws may be modified or amended only by vote of Unit Owners entitled to cast a majority of the votes in the corporation, except as otherwise expressly set forth herein or in the Act; provided, however, that until the date on which all Declarant-appointed Board members voluntarily resign or are required to resign pursuant to Article 12 of the Declaration, Section 2.4 and Section 3.1 of the By-Laws, and this Section 7.1 may not be amended without the consent in writing of the Declarant. Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to planned community projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Property, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

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

7.3. Amendments to the Declaration. Any two officers or Executive Board members of the corporation may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

7.4. HUD/VA Rights. HUD/VA has the right to veto amendments while there is a special Declarant.

ARTICLE VIII

Miscellaneous

8.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt, postage prepaid (or otherwise as the Act may permit), (i) if to a Unit Owner, at the single address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such

Owner, or (ii) if to the corporation, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one Person, each such Person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

8.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

8.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, we, the Executive Board of the Patriots Choice Homeowners' Association, Inc., have hereunto set our hands this 22 day of August, 2005.

Witness:

Thonnie M. Carbaugh

Thonnie M. Carbaugh

Thonnie M. Carbaugh

Joseph A. Myers
Joseph A. Myers

Benjamin A. Myers
Benjamin A. Myers

Rose M. Topper
Rose M. Topper

COMMONWEALTH OF PENNSYLVANIA :
 : SS
COUNTY OF Adams :

On this, the 22 day August, 2005, before me, the undersigned officer, personally appeared Joseph A. Myers, Benjamin A. Myers, and Rose M. Topper, who acknowledged themselves to be the Members of the Executive Board of Patriots Choice Homeowners' Association, Inc., a non-profit corporation, and that they as such Members, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by themselves as the Members of the Executive Board.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Shonna M Carbaugh (SEAL)
Notary Public

My Commission Expires:

NOTARIAL SEAL SHONNA M. CARBAUGH, Notary Public Hanover Boro, York County My Commission Expires July 3, 2006
