BIRCHWOOD LAKES COMMUNITY ASSOCIATION, INC.
BY-LAWS

REVISED OCTOBER 7, 1995
AMENDED JUNE 14, 1997
AMENDED MAY 16, 1998
AMENDED MAY 1, 2002
AMENDED OCTOBER 18, 2003
AMENDED AUGUST 27, 2005
AMENDED MARCH 10, 2007
AMENDED JANUARY 26, 2008
AMENDED JANUARY 24, 2009
AMENDED SEPTEMBER 4, 2009
AMENDED JANUARY 28, 2011
AMENDED SEPTEMBER 30, 2011

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ARTICLE I

Section 1: NAME AND ADDRESS

A) The name of the corporation is BIRCHWOOD LAKES COMMUNITY ASOCIATION, INC.

B) The registered office of the corporation is at 212 Aspen Road, Dingmans Ferry, Pennsylvania 18328 [*Amended January 24, 2009*]

ARTICLE II

The following terms, as used in these BY-LAWS, are defined as follows:

Section 1: DEFINITIONS

A) **AMEND** shall mean to alter (a legislative measure, for example) formally by adding, deleting or rephrasing.

B) **AMENDMENT** shall mean 1-Formal revision of addition to, or change as in a bill or a constitution. 2-A statement of such a change.

C) **ASSOCIATION** shall mean and refer to BIRCHWOOD LAKES COMMUNITY ASSOCIATION, INC., a Pennsylvania Not-For-Profit Corporation and its successors and assigns.

D) **BALLOT** shall mean a written or printed slip or ticket used in casting a secret vote.

E) **THE BOARD OF DIRECTORS OR BOARD** shall mean the group of persons elected to manage the business and affairs of the Association pursuant to the authority granted in these BY-LAWS.

F) **BY-LAWS** shall mean the written code or codes of rules for the regulation or management of the business and affairs of the Association stated herein, and as amended, from time to time.

G) **COMMON AREAS** shall mean any or real property and easements and any interest therein together with the facilities and improvements located thereon, now and hereafter owned by the Association for the common use and enjoyment of the members of the Association.

H) **DEVELOPMENT** shall mean all the real property known generally as BIRCHWOOD LAKES located in the township of Delaware, the County of Pike, the Commonwealth of Pennsylvania, as shown on the Plat Books in the office for the Recording of Deeds in and for Pike County, Pennsylvania.

I) **DUES AND ASSESSMENTS** shall mean any dues, assessments, fines, citations, late charges, interest, attorney's collection fees, legal costs of litigation and all other charges levied pursuant to the authority granted in these BY-LAWS.

J) **GUEST** shall mean an invitee of an owner, tenant or member.

K) **LOT** shall mean any lot or plot of land located within the Development with such boundaries as are shown upon the recorded subdivision maps of the Development, with the exception of common areas.

L) **MEMBER** shall mean and refer to those persons or entities hereinafter described in ARTICLE IV, Section 2.

M) **MEMBER IN GOOD STANDING** shall mean and refer to a member who has paid in full or paid up to date on current payment plan, all outstanding dues, assessments, fines, citations, late charges, interest, attorney's collection fees, legal costs of litigation, restitution for damages and all other charges levied pursuant to the authority grants in these BY-LAWS.

N) **" 1988 NPCL"** shall mean Nonprofit Corporation Law of 1988

O) Pa.C.S.A TITLE 15 shall mean Pennsylvania Consolidated Statutes Annotated Title 15

P) **QUORUM** shall mean and refer to the number of members in good standing who are required to be present in person in order for an official meeting to take place.

Q) **REVISE 1.** To prepare a newly edited version of (a text). 2. To reconsider and change or modify.

R) **SECRETARY** shall mean the Secretary of the Association unless otherwise stated.

S) **SINGLE FAMILY** shall mean two [2] or more persons, related by blood or marriage, or not more than five [5] unrelated persons occupying a dwelling unit together and maintaining a single commonwealth household.

T) **TENANT** shall mean any person or persons who have entered into a lease or have taken occupancy of a private home of a member.

U) **VOTE** shall mean a formal expression of will or opinion in regard to some question submitted for decision, as in electing officers, passing resolutions, etc..

ARTICLE III –PURPOSE

The purpose of the corporation is to engage in and do any lawful act concerning any or all lawful business for which corporations may be incorporated under the Not-For-Profit Corporation Law of the Commonwealth of Pennsylvania. To operate and maintain roadways, recreational facilities and to create new facilities at the Birchwood Lakes Development, and generally to provide its members with the conveniences necessary to engage in and enjoy recreational activity; and to buy, sell, lease, mortgage and exchange any and all real and personal property which may be necessary, advantageous, proper or convenient to the accomplishment of these purposes or objectives; and regulate the use, maintenance, repair, restoration, replacement and modification of the common areas in the Development; and to assist in obtaining compliance with the covenants, conditions, restrictions and rules and regulations on and appurtenant to the lots in the Development; and to do everything necessary and proper to accomplish the purpose hereinabove set forth. [*Amended May 16, 1998*]

ARTICLE IV-MEMBERSHIP

Section 1: CLASS OF MEMBERSHIP

There shall be one class of members of the Association.

Section 2: MEMBERSHIP STATUS

Members shall be any natural person, firm, corporation, trust or legal entity who has acquired by Deed, one or more of the lots in the Development, provided however, that no lot, or lots used jointly, may be occupied or used by more than one single family as defined herein.

Section 3: MEMBERSHIP RIGHTS

Members in good standing, their families and guests, shall be entitled to use of the common areas and facilities of the Development subject to the rules and regulations of the Association. Every member in good standing has the right to make recommendations and proposals, or to criticize any phase of the Association's activities of any committee.

Section 4: TENANT PRIVILEGES

A) A member who leases his/her residential unit for occupancy shall be deemed to have assigned limited non-voting membership privelages to the tenant; provided, however, that the tenant shall not be permitted to use the common areas and facilities of the Development unless the member has paid all outstanding dues and assessments. By the mere acceptance of a lease and/or the act of occupancy of a member's home in the Development, a Tenant shall be deemed bound and shall abide by all rules, regulations, policies and BY-LAWS of the Association.

B) Each lot owner must ensure that individuals renting, leasing or otherwise using or occupying his/her lot abide by all the provisions of the governing documents. The lot owner shall be held responsible for compliance with the governing documents by his/her tenants, as well as for paying any fines which may be assessed against the tenants (or

their guests) or by virtue of their use of the property. In addition, the members renting or leasing their homes to individuals or corporations other than immediate family members (parents, children or siblings) shall be charged an additional fifty percent (50%) of the homeowners Annual Dues assessed.

C. Members who rent or lease their home shall be required to submit a $500.00 Security Deposit to the Association for each home tenant occupied. The Security Deposit shall be placed in a non-interest bearing account and be used to cover any fines or other charges, which may be levied against the tenants. In the event that funds are removed from this Security Deposit to cover fines or other charges, the lot owner is required to bring the account balance back to $500.00 within thirty days. Upon the tenants vacating the property, the Security Deposit or remaining balance shall be refunded to the lot owner within thirty days. Security Deposits shall be refunded within 30 days, only if all fees and charges have been paid in full and the property grounds vacated have been inspected to ensure it is left neat and tidy, with no discarded trash, furniture, debris, etc.

[*Amended October 18, 2003, effective May 1, 2004]*

Section 5: OBLIGATIONS OF MEMBERS

The duties imposed upon members of the Association shall be as follows:

A. To pay all dues, assessments, fines, citations, late charges, interest, attorney's collections fees, legal costs of litigation, and all other charges levied pursuant to the authority granted in these BY-LAWS.

B. To be responsible for all damages, fines and citations attributable to the member, his/her family, guests, tenants and invitees.

C. To comply at all times with the rules, regulations, policies and BY-LAWS of the Association, and to be responsible for the compliance by the family members, guests, tenants and invitees.

D. To comply with the covenants, conditions, and restrictions which are contained in the deeds to lots in the Development.

E. To notify the Association in advance if the members home will be occupied by tenants.

Section 6: DISCIPLINE AND SUSPENSION OF MEMBERS

A) Upon the violation of a fish, game, forest or traffic law of the Commonwealth of Pennsylvania taking place upon the property of the Association or within the Development or upon the breach of any rules, regulations or BY-LAWS duly adopted by the Association pursuant to these BY-LAWS, a member may be suspended or otherwise disciplined by the Board of Directors. Notice of possible disciplinary action setting forth the charges against such member shall be transmitted to the member in writing, not less than fourteen [14] days prior to the date fixed for a hearing on the charges. At such hearing, such member shall be entitled to be heard in defense and mitigation before any action is taken by the Board of Directors.

B) Violations or breaches of the Association's Rules, Regulations, or BY-LAWS may cause the member to be subject to the withdrawal of his/her right to use the Association facilities for a period of sixty [60] days. The Board has the specific authority to levy fines against any person who violates the rules and regulations or motor vehicle code. Repeated violations may cause the member to be subject to the withdrawal of his/her right to use the Association facilities up to one [1] year. [*Amended May 16, 1998*]

C) Nonpayment of dues and assessments after the same shall be delinquent and shall result in a member not being in good standing. A member's right to use the Association's common areas or facilities may be suspended for non payment of dues and assessments, if such member does not pay all delinquent amounts within sixty days upon receipt of a Notice of Intent to suspend membership privileges from the Board of Directors for nonpayment of dues and assessments. Said suspension shall terminate upon payment of all arrearages to the date of payment.

D) Suspension shall not relieve such member of any obligation arising before or after such suspension, including the continued obligation to pay Association dues and assessments.

E) The Association's security officers hereby have the right to stop and question any individual on community property for the purpose of taking information from the said individual to assist the security officer in conducting an investigation, rendering assistance or completing a citation. [*Amended May 16, 1998*]

Section 7: TERMINATION OF MEMBERSHIP

Membership shall automatically terminate upon transfer of property by a legal recorded deed to another party or person. Each member shall promptly notify the Association of any change in his/her ownership of property within the community. [*Amended October 18, 2003*]

ARTICLE V
MEETINGS OF THE MEMBERSHIP

Section 1: ANNUAL MEETING

A) The Annual Meeting of the membership for the election of directors and other Association business shall be held on the fourth (4th) Saturday of August of each year; the agenda and time of the meeting to be decided by the Board of Directors and shall be mailed to all members in good standing and only those specific items which appear on the agenda can be voted on at the Annual Meeting. The presence, in person, or by Ballot of two hundred (200) of the members in good standing shall constitute a quorum for the purpose of the said meeting. If no voting is to take place at the Annual Meeting, a quorum is not required. [*Amended January 24, 2009*]

B) At the Annual Meeting, Chairpersons or co-chairs of all Standing and Appointed Committees shall deliver a summary report of their committee's work over the previous year. [*Amended January 26, 2008]*

Section 2: SPECIAL MEETINGS

Special meetings of the members may be called at any time by the President, the Board of Directors, or by written request of [10%] percent of all members in good standing provided said written request contains a petition signed by [10%] of the designated voting members in good standing, and states the purpose of said meeting. It shall be the duty of the Secretary to verify the signatures to the petition and to fix the time of the meeting which shall be held not more than thirty [30] days after receipt of the request. If the Secretary shall neglect or refuse to fix the time of the meeting, the person or persons calling the meeting may do so. Business transacted at all Special Meetings shall be confined to the subject stated in the call and matters germane thereto.

Section 3: ASSOCIATION HEARINGS

The Board of Directors shall establish an Association Hearing [s], and a Quorum is not required, prior to any membership vote on any proposal [s]. A hearing shall be required before any voting shall take place or the vote shall be invalid.

Section 4: PLACE OF MEETINGS

The Annual Meeting and any Special Meetings of the membership shall be held at Birchwood Lakes Community Association Inc. property. In the event of the Community Facilities not being available for a meeting, the facilities within Delaware Twp. may be utilized.

Section 5: JUDGES OF ELECTION FOR MEETINGS

In advance of any meeting of members, the Board of Directors or other body shall appoint Judges of Election, if necessary, who need not be members, to act at such meeting or any adjournment thereof. If Judges of Election are not so appointed, the presiding officer of any such meeting may, and on the request of any member shall, make such appointment at the meeting. The number of Judges of Election at any Annual or Special Meetings shall determine the number of members of record and the voting power of each, the members present at the meeting, the existance of a quorum, the authenticity, validity, and the effect of proxies, if voting proxy is permitted under the BY-LAWS, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to conduct the election or vote with fairness to all members.

Section 6: NOTICE OF MEETINGS

Written notice of date, time , place and general nature of the business to be transacted at all meetings of the members shall be delivered either personally or by mail to each member in good standing at least twenty one [21] days before such meeting, unless otherwide specified. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the member at his/her address as it appears on the records of the Association, with postage prepaid.

Section 7: QUORUM

A meeting of the members shall not be organized for the transaction of business unless a quorum is present unless otherwise stated in these BY-LAWS. The presence, in person, of two hundred [200] of members in good standing shall constitute a quorum at all meetings of the membership, except as otherwise provided by law or in the BY-LAWS. The members present at a duly organized meeting may continue to do business until adjournment, not withstanding the withdrawal of enough members to leave less than a quorum. In the event that a quorum is not present, the meeting shall be adjourned. A second meeting shall be scheduled for the purpose of acting upon any resolution of other matter set forth in the notice of the meeting. A written notice

shall be given at least ten [10] days prior to the date set for the second meeting to each member of record entitled to vote at the second meeting. This notice shall state that if a quorum is not present the second meeting shall be adjourned and those members in attendance shall nevertheless constitute a quorum for the purpose of acting upon any resolution of other matter set forth in the notice of the meeting.

Section 8: BALLOT

At any meeting of the members, a member entitled to vote may do so by ballot, executed in writing by the member or by his/her duly authorized attorney–in-fact and filed with the Secretary of the Association.

ARTICLE VI
VOTING, ELECTION AND ELIGIBILITY

Section 1: VOTING RIGHTS

A member in good standing shall be entitled to cast one [1] vote, no matter how many lots said member may own. A member shall be entitled to cast a vote only if all outstanding dues, assessments, fines, citations, late charges, interest, attorney's collection fees, legal costs of litigation and all other charges levied pursuant to the authority granted in these BY-LAWS have been paid in full, twenty [20] days prior to the date voting is to take place in order to be entitled to vote. Cumulative voting shall not be permitted. No member shall sell his/her vote for money or anything of value. Upon request of a member, the books and records of membership shall be produced at any regular or special meeting of the Association. If the right of the person to vote is challenged, the presiding Director of the meeting shall require such books or records to be produced as evidence of the right of such person to vote.

Section 2: ELECTION OF DIRECTORS

A) CANDIDATES FOR ELECTION

Any member in good standing may submit his/her name as a candidate for election to the office by filing a statement of candidacy with a petition signed by at least twenty-five [25] members of the Association and filed with the Secretary of the Association. The candidate must have been a Member in Good Standing for a period of one (1) year prior to filing in order to be eligible. Any Member in Good Standing may sign any and all candidate's petitions. The Secretary of the Association shall verify that the signatures on the petition of candidacy are Members in Good Standing of the Association. The Secretary of the Association shall verify that the candidate is a Member in Good Standing for the stipulated period and also verify by telephone, or in person, that the member has submitted his/her name for election. If the candidate cannot be reached by phone or in person, or eligibility status confirmed, his/her name will not be submitted to the membership as a candidate. In order to qualify to run for the Board, the candidate shall attend the Meet the Candidates Forum or the candidates shall provide a statement of candidacy. The Meet the Candidates Forum shall be held at least forty- five [45] days before the Annual Meeting. Voting material shall be mailed thirty [30] days prior to the Annual Meeting. (*Amended September 30, 2011)*

B) All newly elected Directors shall be notified by spoken and written form no later than three [3] days before the Annual membership meeting.

C) Voting for the election of Directors shall be by ballot and hereinafter provided. Any ballot cast in person or by mail that does not indicate a vote shall be invalid. Only actual votes cast will be counted. In the event that there are less than or equal to the number of candidates as there are open seats for the board and any voting will not change the outcome of the candidates for the board, the Board of Directors may opt to not have an election. Therefore, no ballots for election of directors shall be required. Notice of Board's decision, names of candidates and candidacy statements shall be mailed with notice of the Annual Meeting notice as required in Article V, Section 1 of these By-Laws. Each candidate shall automatically take their seat on the Board of Directors after the Annual Meeting. [*Amended January 24, 2009*]

D) The Board of Directors shall promulgate rules and regulations governing the conditions and administration of the election and the graphic design of the ballot.

E) All elections to the Board shall be made on a written ballot which shall:
1 - Describe the vacancy to be filled; *and*
2 - Set forth the names of those persons who have become candidates for the office of Directors. Their names shall be randomly drawn for placement on the ballot by the Board of Directors and witnessed by the candidates at their option. Such ballots shall be prepared and the member's rights to vote shall be verified by the Secretary. A random verification shall be done by the Judges of Election and mailed by the Judges of Election to each member entitled to vote simultaneously with the mailing of the notice of the Annual Meeting of the Association.

F) The completed ballots shall be returned as follows:
1 - Each ballot shall be placed in a sealed envelope marked "BALLOT" but not marked in any other way.
2 - Each such "BALLOT" envelope shall be placed in the mailing envelope which shall bear on its face the printed name and Signature of the member, his/her lot, block and section number and such information as the Board may determine will serve to establish his/her right to cast the vote present in the "BALLOT" ENVELOPE. The signature on the mailing envelope shall be compared to the signature on the signature verification card. The signature verification card shall be a 3 x 5 card retained on record at the Office of the Association bearing the signature[s] of all legal owners of said deeded property. Also include on the signature verification card shall be the member's section, lot and block number. If deeded property is owned by a corporation or a partnership, the vote shall be cast by an authorized person of the corporation or partnership. Their right to cast such vote shall be evidenced by a duly certified document stating such. In both instances, the designated person's signature must still appear on the signature verification card.
[*Amended March 10, 2007*]
3 - The ballots shall be returned to the Secretary of the Association at the Birchwood Lakes business office no later than seven [7] days prior to the Annual Meeting.
4 - Upon receipt of each return, the "BALLOT" shall be placed in a locked box with two [2] different locks and keys held by two [2] separate Board members and then placed in the safe until the day designated by the Board for counting of such ballots.

5 - On the day the votes are to be counted, with the Secretary of the Association and one other Board member present, the mailing envelopes containing the "BALLOT" envelopes shall be turned over , unopened, to the Judges of Election. [*Amended March 10, 2007*]

6 - The Judges of Election shall adopt a procedure, which will establish that the signature of the member on the mailing envelope is genuine. The mailing envelope shall include the signature of the member, lot, block and section number to verify the good standing status and the right of the member to cast his/her vote. The mailing envelope will be returned to the office along with the ballot in the ballot envelope with the printed name, signature, lot, block and section number of the member on the mailing envelope. [*Amended March 10, 2007]*

7 - The Judges of Election shall determine that each member who casts a vote is a member in good standing.

Section 3: ELECTION PROCEDURE

A) The election procedure shall be done in such a manner that the vote of any member shall not be disclosed to anyone, including the Judges of Election. Upon receipt of the sealed ballots in the mailing envelope, with at least two [2] Board members present, the secretary of the office shall attach to the mailing envelope the member's signature verification card. With two [2] Board members present, the mailing envelope shall then be placed in a locked box with two [2] different locks and keys held by two separate Board members. The locked box shall then be placed in the locked safe until the date designated by the Board for counting of said "BALLOTS". [*Amended March 10, 2007*]

B) On the day designated by the Board, at the business office or the clubhouse of the Association, for the purpose of counting the ballots, with two [2] Board members present, one of whom shall be the Secretary of the Association, the mailing envelopes shall be opened without opening the "BALLOT" envelopes. The signature on the mailing envelope shall be compared to the signature on the signature verification card to verify the validity of the vote. After verification of the signature, the ballot envelope unopened, shall be placed in a separate pile. After verification of all signatures, the ballot envelopes shall be opened and placed in a separate pile. Only after this has been completed shall the counting of the ballots begin. This procedure is to insure the secrecy of the member's vote [s]. [*Amended March 10, 2007*]

C) The Judges of Election shall certify the results of the count and the terms of office of the Directors so elected at the Annual Meeting. All ballot envelopes, mailing envelopes, ballots statements of candidacy and petitions of candidacy shall be retained by the secretary of the office for a period of three [3] years. [*Amended March 10, 2007*]

D) In order to ensure a fair election, the Board of Directors by majority vote shall have the option, to go to an independent organization to conduct the vote count.

Section 4: VOTING BY BALLOT

All members entitled to vote shall do so by a ballot in writing by the member or by his/her duly authorized power of attorney and filed with the Secretary of the Association.

Section 5: JUDGES OF ELECTION

A) The Board of Directors shall designate five [5] members in good standing to serve as Judges of Election. They shall conduct the election in accordance with the procedures set forth in these BY-LAWS.

B) The Judges of Election will select a spokesperson to oversee the committee

C) All voting shall be by mail or submitted to the office in person prior to the time and date set by the Secretary of the Association.

D) No member of the Board shall act as a Judge of Election.

E) No member who is a candidate for election to the Board of Directors or a family member of a candidate shall act as a Judge of Election

F) Any power of attorney which has not been filed with the Secretary shall make the vote invalid.

G) An unsigned mailing envelope shall make the Ballot/Vote invalid. [A*mended March 10, 2007*]

H) Ballots which are not clearly marked shall be invalid. More than one mark per candidate shall be counted as one vote.

I) Any questions as to the validity or legitimacy of a vote or votes cast shall be determined by a majority vote of the Judges of Election. In the event a member requests to recount the vote and the Judges of Election are unavailable, the Board of Directors shall form a new Judges of Election Committee. The request to examine the votes must be entered within sixty [60] days after election.

J) Any member of another committee may be a member of the Judges of Election Committee at the discretion of the Board of Directors.

K) The Judges of Election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical.

L) The decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

Section 6: OBSERVER OF VOTING

The Board of Directors may at the request in writing of a member in good standing appoint not more than two [2] observers of any vote count and their duties shall be limited to such.

ARTICLE VII
DUES AND ASSESSMENTS

Section 1: POWER TO LEVY DUES, ASSESSMENTS AND OTHER CHARGES

On behalf of the Association, the Board of Directors shall adopt and promulgate membership dues and assessments, fines, late charges against the lots and owners thereof which shall be used to defray the cost of operating, maintaining, repairing, constructing, and replacing the amenities and common areas, including roads, and all other costs and expenses incurred by the

Association, including salaries, and to achieve and further the Association's purposes. The Board of Directors may increase the annual dues and assessments subject to the vote and approval of a majority of the members in good standing.

Section 2: ENFORCEMENT OF PAYMENT

The dues and assessments levied by the Association, as provided herein, shall be paid by the members on or before the date or dates fixed by resolution of the Board of Directors. Written notice of the dues and assessments and the date of payment shall be sent to the members at the address last given to the Association by each member. If any charge levied against any lot is not paid when due, it shall become a lien upon said lot until paid in full. The Board, on behalf of the Association, may bring such actions as it shall determine appropriate at law or in equity, by way of imposition and foreclosure of a lien upon a members' lot or otherwise, to collect the delinquent dues and assessments including costs of collection, Court and Sheriff's costs, administrative costs, reasonable attorney's fees, and interest at a rate fixed by resolution of the Board which does not exceed for purposes of comparison the rate current in the Commonwealth of Pennsylvania provided in the Goods and Services Installment Sales Act, as amended. The sale or transfer of any lot, either voluntary or involuntarily, including by Sheriff's Sales or Tax Sales, shall not extinguish any lien for charges provided herein, except discharges of any lien pursuant to the Bankruptcy laws of the United States.

Section 3: VOLUNTARY AND INVOLUNTARY CONVEYANCES

The grantor and grantee of such property in a voluntary conveyance, and the previous owner and the grantee in an involuntary conveyance, including Sheriff's Sales or Tax Sales, shall be jointly and severally liable for all unpaid dues and assessments pertaining to said property up to the date of conveyance, and the grantee shall be solely liable for all dues and assessments after the date of conveyance.

Section 4: BUDGET PLAN

A member who has become unable to pay the Annual dues in full shall have the right to request that he/she be permitted to pay the annual dues amount in installments. All said requests shall be made to the Board of Directors in writing, showing just cause as to the need for such payment plan. The deadline for making such a request shall be the 15th of April of that fiscal year. Once the request has been granted, installment payments will be equal amounts due on the first of every month and will continue until the Annual Dues are paid in full. All Annual Dues must be paid in full by the 31st of March of that fiscal year. A member who requests such a payment plan after the 15th of April deadline will be assessed an additional penalty. The purpose of the Budget Plan is to provide a means for a member to remain in good standing and shall be governed by the Board of Directors. The plan shall not be used by the membership at large.

A) Any member who requests a payment plan after the deadline of the 15th of April shall be charged a penalty as follows:

April 16- June 1	-	$25.00
After June 1	-	$50.00

B) There will be an Annual Charge of $25.00 to cover the administrative cost of the additional record keeping, payable with the submission of the payment plan request.
[Amended January 26, 2008]

C) The budget plan shall be administered with no interest charged provided that the payments are made by the 5th of each month.

D) In any given month that a member is delinquent on their budget plan or their Annual Dues, ALL said members shall be charged interest at the same rate and shall be set by the majority of the Board of Directors which does not exceed the maximum allowable interest rate in the Commonwealth of Pennsylvania Goods and Service Installment Sales Act.

E) All membership rights and privileges shall remain in affect as long as the conditions of this agreement are met.

Section 5: LOT IMPROVEMENT PROGRAM

The Association's Lot Improvement Program (previously approved by the membership) is hereby considered to be part of these By-Laws. [*Amended September 4, 2009*]

ARTICLE VIII – ASSOCIATION RECORDS

Section 1: REQUIRED RECORDS

The Association shall keep an original or duplicate record of the proceeding of the members and Directors, and of any other body exercising powers or performing duties which under these BY-LAWS, may be exercised or performed by such other body, the original or a copy of its BY-LAWS, including all amendments there to date certified by the Secretary of the Association, and an original or a duplicate membership register, giving the names of the members, and showing their respective address and other details of the membership of each. The Association shall also keep appropriate, complete and accurate books or records of account. The records provided for in this section shall be kept at either the registered office of the Association in the Commonwealth or at its principle place of business wherever situated.

Section 2: RIGHT OF INSPECTION

Every member in good standing shall have, upon written demand under oath stating the purpose thereof, the right to examine, in person or by agent or attorney, during the usual hours of business, for any proper purpose, the membership register, books and records of account, and records of the proceedings of the members, Directors and such other body, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of such person as a member. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the member. The demand under oath shall be directed to the Association at its registered office in this Commonwealth or at its principle place of business wherever situated. Any member requesting copies of the required records must pay the cost of such copies. Corporation records shall not be released for commercial use and no member shall sell any information.

Section 3: PROCEEDINGS FOR THE ENFORCEMENT OF INSPECTION

If the Association, or an Officer or agent thereof, refuses to permit an inspection sought by a member, or attorney, or other agent acting for the member pursuant to Section 2 of this Article, or does not reply to the demand within five [5] days after the demand has been made, the member may apply to the court for an order to compel such inspection sought. The court may summarily order the Association to permit the member to inspect the membership register and the other books and records of the Association and to make copies or extracts therefrom; or the court may order the Association to furnish to the member a list of its members as of a specific date on condition that the member must first pay to the Association the reasonable cost of obtaining and furnishing such list, and on such other conditions as the court deems appropriate. Where the member seeks to inspect the books and/or records of the Association, other than its membership register or list of members, he/she shall first establish:

A) That he/she has complied with the provisions of this Article respecting the form and manner of making demand for inspection of such documents; and

B) That the inspection he/she seeks is for the proper purpose.
Where the member seeks to inspect the membership register or list of members of the Association and he/she has complied with the provisions of this Article respecting the form and manner of making demand for the inspection of such documents, the burden of proof shall be upon the Association to establish that the inspection he/she seeks is for an improper purpose. The court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other or further relief as the court may deem just and proper. The court may order books, documents and records, pertinent extracts therefrom or duly authenticated copies thereof, to be brought within this Commonwealth and kept in this Commonwealth upon such terms and conditions as the order may prescribe.

Section 4: SAFE-KEEPING OF ASSOCIATION RECORDS

A) A duplicate copy of the BY-LAWS, all amendments, the membership register, corporate papers and any other documents deemed necessary by the Board shall be kept in a safe deposit box at a designated bank. Within thirty [30] days after the Annual Meeting, the aforesaid documents shall be examined and updated, and the results of said examination shall appear in the following month's minutes.

B) There shall be three [3] person's designated to enter the safe deposit box. Such persons shall be the Secretary and two [2] other persons designated by the Board of Directors. One of these persons so designated shall be a member of the Board who is a year round resident and/or one [1] member in good standing. The safe deposit box shall always be opened in the presence of at least two [2] of the aforesaid three [3] persons.

ARTICLE IX – FINANCIAL MANAGEMENT

Section 1: FISCAL YEAR

The Association's fiscal year shall begin on May 1st and end on April 30th of each year.

Section 2 : DEFINITIONS

A. OPERATING EXPENSES shall mean all recurring expenses of the Association.

B. **CAPITAL EXPENSES** shall mean all items of expenditure for the purchase or improvement of real estate, construction, reconstruction or improvement of Association buildings and structures, and the purchase of machinery and equipment exceeding an acquisition cost of two-thousand [$2,000] dollars.

C. **CAPITAL PROJECT** shall mean a proposal to purchase or construct a facility of the Association.

Section 3: BUDGET

A. Each operating expense item shall be included in an annual operating expense budget and shall be classified as to type and amount in a manner approved by the Board and consistent with generally accepted accounting principles. All unexpended funds remaining in the operating expenses budget for any one [1] fiscal year at the conclusion of said year shall be carried forward in the general fund or used to reduce the indebtedness of the Association, at the discretion of the Board.

B. Each item of capital expense shall be classified as to the type and amount in a manner approved by the Board and consistent with generally accepted accounting principles. Once a capital expense has been approved by the members in good standing, it may only be exceeded by ten [10%] percent, at any time by the Board per Fiscal Year, unless otherwise approved by the membership. Unexpended sums budgeted for capital expense or otherwise authorized for a capital project which has been completed will be applied first to the reduction of debt. Any balance shall be transferred to the Capital Reserve fund it originated from.

C. The Board of Directors of the Birchwood Lakes Community Association and the Budget Committee shall prepare an Annual Budget for the ensuing year setting forth all anticipated expenditures and revenues, including the amount of increase or decrease per member. The budget shall include any and all dues, assessments, fees and charges of any nature whatsoever to be levied by the Association against all owners of lots in the Development for the fiscal year in question.

D. The budget, a copy of the prior year's expenditures, and a notice of the budget hearing including date, place, and time, shall be mailed to the members in good standing by the third [3rd] Saturday in December of each year. The date for such budget hearing shall be no later than the second [2nd] Saturday of January. A quorum shall not be necessary for the budget hearing. The purpose of this hearing is to receive suggestions and comments on the proposed budget from the members in good standing. [*Amended March 10, 2007*]

E. The budget, as revised pursuant to the budget hearing, shall be voted on by ballot by the members in good standing by the fourth [4th] Friday of January. [*Amended by March 10, 2007*]

F. If the proposed budget is rejected, the Board of Directors may adopt the previous year's budget or present a revised budget to the membership.

Section 4: RESERVE STUDY *[Amended May 1, 2002]*

A. The Board of Directors shall conduct a study for the replacement of the Association's property, which shall include the vehicles, equipment, buildings and roads. The Reserve Study shall be completed in accordance with generally accepted accounting principles.

B. The Board of Directors may, at their discretion, hire a professional for the completion of the Reserve Study.

C. The Board of Directors shall update the Reserve Study on an annual basis to determine the suitability of the years of replacement items and may revise same as needed by the Association.

D. At no time shall the Road Construction reserve line item fall below $125,000.

[*Amended October 18, 2003*]

Section 5: RESERVE FUND [*Amended May 1, 2002*]

A. The funding of the Reserve Fund shall be established as a part of the annual budget of the Association. The annual budget shall show the percentage rate of the Annual Dues allowed for funding of the Reserve Fund. Each member's annual invoice shall show the amount allotted specifically for the reserve fund.

B. The amounts in the Reserve Fund shall only be used to cover the costs of the restoration, repair and replacement of the Association personal and real property including, without limitation, all real property and improvements thereon, furniture, fixtures, roads, vehicles and equipment.

C. The Association's Reserve Fund shall be kept in insured, interest bearing accounts, with a related checking account, separate from the Association's Operating Funds.

D. Any withdrawals from the Reserve Fund shall be approved by a majority vote of the members in good standing of the Association. Prior to the vote, the Board of Directors shall provide the members with such information which, in the opinion of the Board, adequately scribes the nature, purpose and cost of the project/replacement proposed to be funded by the withdrawal from the Reserve Fund.

E. After the members in good standing have approved a withdrawal from the Reserve Fund, the Board of Directors may nonetheless modify the project/replacement without the approval of the membership if:

i) The modification of the project/replacement is authorized by at least two-thirds of the Directors voting at a meeting at which a quorum is present.

ii) The changes to the proposed project/replacement are, in the opinion of at least two-thirds of the Directors present at a meeting at which a quorum is present, minor in nature and do not change the nature of the project;

iii) The changes to the project/replacement are the result of information which became known to the Board of Directors after the approval by the membership of the withdrawal from the Reserve Fund. Such information may include, but is in no way limited to: changes in pricing; new mechanisms or technology, or products which were previously unknown or unavailable; contractual problems or considerations;

problems with contractors or subcontractors or unforeseen problems with the project/replacement voted upon by the membership.

iv) The changes to the project/replacement may not result in the need for a withdrawal from the Reserve Fund which is greater than the amount of the withdrawal approved by the membership; and

v) The board shall send to the members, via regular mail, postage prepaid, a Letter of Proposed Changes to Project/Replacement. The letter shall describe the proposed changes to the project/replacement and the reason(s) why the Board is requesting the modifications. The members shall be given twenty (20) days to object to the proposed modifications to the project/replacement. If fewer than ten (10) percent of the members in good standing object to the proposed changes to the project/replacement, the Board may proceed with the project/replacement as modified. If ten (10) percent or more of the members in good standing object to the proposed changes, the Board may not institute the proposed changes to the project/replacement without a vote of the membership at a meeting at which a quorum of the members is present, in person or by ballot.

F. Each approved withdrawal from the Reserve Fund shall be consistent with generally accepted accounting principles. Once a withdrawal from the Reserve Fund is approved by the members in good standing, the amount of the actual withdrawal for the project/replacement may exceed the approved amount by no more than ten (10) percent without the approval of the membership. Unexpended sums authorized for the completed and approved project/replacement shall remain with the Reserve Fund.

G. Withdrawals from the Reserve Fund shall be consistent with the Reserve Study, with the exceptions of emergency situations, and/or unforeseen circumstances. Any withdrawals which are inconsistent with the Reserve Study shall be approved by the Board of Directors and shall include the plan for replacement of the funds withdrawn for the emergency or unforeseen circumstances, and the Board of Directors shall revise the Reserve Study accordingly.

Section 6: INCOME

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

Section 7: PAYMENTS OF BILLS AND DEMANDS

A. All bills and demands against the Association, except as otherwise provided herein shall be fully itemized and provided to the Manager or responsible person[s] in charge to the Board of Directors for approval. The claimant shall swear to the affidavit attached to said form and shall present to the President or Manager who shall after examination thereof and by way of endorsement if found correct, present said form to the Board of Directors at the next scheduled meeting for approval of payment. After a bill is approved for payment, the check shall require the two signatures. The Community Manager and one Officer shall be permitted to sign checks up to $2500. If the Community Manager is not present or is

otherwise unable to sign, then a second Officer's signature will be required. The signatures of two Officers shall be required for all checks over $2500. [*Amended January 26, 2008*]

The statement of affidavit shall be as follows:
I hereby certify that this bill[s] or statement is for articles received, services rendered or amounts expended for the BLCA. That it is correct as to quantity, quality, price and amount. That the incurring of this indebtedness was necessary for the proper transaction of the business of the Association and solely for the benefit of the Association and that no part of the amount claimed has been certified previously.

B. All non-budgeted expenditures in excess of two hundred fifty dollars [$250.00] bi-weekly shall be approved by a majority of the Board of Directors at any meeting of the Directors.

Section 8: AUDITING

At the close of each fiscal year, the books and records of the Association shall be audited by a certified public accounting firm in accordance with generally acceptable accounting principles. The Association will have a copy of this report available for review at the Annual Meeting of the membership. Copies of the report shall also be on file in the Association's office. Upon request, any member is entitled to a copy.

Section 9: ANNUAL REPORT

At the Annual Meeting, the Board of Directors shall present to the members a report verified by the President and Treasurer, or by a majority of the Directors and a certified public accounting firm, showing in appropriate detail the following:

A. The assets and liabilities, including the trust funds, of the Association as of the end of the fiscal year immediately preceding the date of the report.

B. The principle changes in assets and liabilities including trust funds during the year immediately preceding the date of the report.

C. The revenue or receipts of the Association for the year immediately preceding the date of the report including separate data with respect to each trust fund held by or for the Association.

D. The expenses or disbursements of the Association, for the year immediately preceding the date of the report including separate data with respect to each trust fund held by or for the Association.

E. The number of members of the Association as of the date of the report, together with a statement of increase or decrease in such number during the year immediately preceding the date of the report, and a statement of the place where the names and addresses of the current members may be found. This report shall be filed with the minutes of the meeting of the members.

ARTICLE X – BOARD OF DIRECTORS

Section 1: NUMBER AND QUALIFICATIONS

A. The business affairs of this Association shall be managed by a Board of Directors composed of nine [9] persons each of whom must be a member in good standing of the Association, but a Director need not be a resident of this Commonwealth. Two [2] people from the same family may not serve on the Board of Directors at the same time.

B. A prospective Candidate must be a Member in Good Standing for a period of one (1) year prior to submitting a statement of candidacy and nominating petition as stipulated in Article VI, Section 2.A, in order to be eligible for placement on the ballot. (*Amended September 30, 2011*)

C. A Director cannot have ever been convicted of a felony and must sign an affidavit to that effect. [*Amended August 27,2005*]

D. A Director cannot have previously served on the board and been removed for any reason (other than health problems) or resigned before the end of a term without cause. If he/she has they shall not be qualified to run for a period of three (3) years. [*Amended October 18, 2003*]

E. A Director is required to sign the Code of Ethics Policy. [*New January 28, 2011]*

Section 2: COMPENSATION

The Board of Directors shall serve without compensation for their services. However, a Director may be reimbursed for special costs incurred in the performance of his/her required duties if such costs are approved by two-thirds [2/3] of the Directors. A Director may not be a paid employee of the Association.

Section 3: POWERS AND DUTIES

The Board of Directors shall have the power and duties necessary for the administration and management of the affairs of the Association and may do all such acts and things as are by law or by these BY-LAWS directed to be exercised and done by the members in good standing. In order to exercise their powers and duties, including voting and actively participating in the actions and decision makings of the Board, all sitting Directors must be in good standing. (*Amended September 30, 2011*)

In addition thereto, the Board shall have the following powers and duties:

A. The power to adopt a Corporate Seal.

B. The power to designate banking institutions within or without Pike County as depositories for the Association's funds; and to designate the Officer or Officers authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.

C. The power to borrow money for the Association in an amount not to exceed Fifty Thousand ($50,000) Dollars per fiscal year, without membership approval, in a "**DECLARED**

EMERGENCY". A Declared Emergency shall mean any event, occurrence, or set of circumstance which, in the sole discretion of the majority of the Board of Directors currently in office, poses a threat to the health and welfare of the general membership, or, poses a threat of irreparable damage and/or further damage to Association property and which requires affirmative steps to be taken immediately to protect the health and welfare of the general membership or to protect against such damage or further damage to Association property. [*Amended March 10, 2007*]

D. The power to set dues, assessments, fines, late charges, and other appropriate charges, pursuant to ARTICLE VII of these BY-LAWS.

E. The power to enforce the collection of dues, assessments, fines and all other charges due to the Association by any lawful means.

F. The power to adopt reasonable rules and regulations as it may deem advisable for the use, operation, maintenance, conservation and beautification of the common areas, and for the health, comfort, safety and general welfare of the members.

G. The power to suspend the voting rights and the rights to use the recreational facilities of a member, his/her family, and guests during any period in which such member shall be in default in the payment of any dues, assessments and any other charges levied by the Association pursuant to the authority granted in these BY-LAWS.

H. The power to employ and dismiss a manager (see Article XIV - Community Manager, Section 2: Appointment), an independent contractor, and any such other employees as they deem necessary to maintain and operate the Association, and to prescribe their duties.

In the event a change is proposed to the basic operational and administrative structure of the Community from a Community Manager/Internal staff responsibility to an External, Independent Contractor or Entity (or vice versa) such motion shall require a two-thirds majority vote of the full eligible Board of Directors and shall further require the approval of the general membership. The Board shall provide the memberships with written notice of the Board's intent to make such a change, reasons for the proposed change, the financial impact on the Community, and the duties to be performed by the outside contractor or entity. For purposes of this section, a simple majority of membership votes cast in the affirmative on the question shall constitute the approval of the membership. (*Amended September 30, 2011*)

I. The duty to provide for the care and maintenance of the roads, and the upkeep and surveillance of the Development and the Association's common areas and all facilities.

J. The power to procure and maintain adequate liability and hazard insurance on property owned by the Association.

K. The Board of Directors shall annually submit a copy of the forthcoming budget to the property owners.

L. The power and duty to employ a legal firm.

M. The power to require that the Association advertise for competitive bids for contracts entered into between the Association and third parties for construction and repair work, major equipment and vehicle purchases, and other services rendered to the Association. If the

Board of Directors decides to solicit bids for a contract, the Board shall make a reasonable effort to obtain at least three [3] bids, and the procedure to be followed for such bids shall be as follows:

1. Two [2] notices must be given for all bids in at least three [3] newspapers.
2. The due date and time for receipt of the sealed bids shall be fixed by the Board of Directors.
3. All sealed bids shall remain unopened and kept in a locked place until the next Board meeting. The Board of Directors are not obligated to take the lowest bid. Such copies of bids shall be retained on file in the office for seven [7] years. Any member who requests to examine the bids may do so.

Section 4: TERM OF OFFICE

The term of each of the Board members shall be for three [3] years and shall not be for more than two [2] consecutive terms. Nothing herein shall prevent a Board member from seeking re-election one [1] year after his/her last term of office. All officers of the Association and members of the Board of Directors shall continue to hold office until their successors are elected.

[Amended May 16, 1998]

A. Any person who has been appointed to the Board to fill an unexpired term shall remain on the Board until the end of that full term. In accordance with ARTICLE X, Section 7 of the BY-LAWS, the aforementioned term shall not be considered a term served unless it is for two years or more. [*Amended January 24, 2009*]

B. Any unexpired terms to be filled due to a resignation or death shall be done at the Annual Meeting by the candidates who received the most votes in descending order other than those candidates who were elected to fill previously declared vacancies.

C. Candidates who receive the most votes will be elected to the longest terms in accordance with the number of votes each candidate receives in descending order.

   1. At all elections of the Board of Directors, the candidate receiving a majority of the votes cast shall be deemed elected. In the event of a tie, there shall be a runoff election for the seat[s] involved within forty-five [45] days after the Annual Meeting.

   2. The candidate[s] who are defeated in such a runoff election shall qualify under ARTICLE X, Section 4, Subtitle B of the BY-LAWS.

D. When a Board vacancy is not filled by Community election, or if no member in good standing submits a resume to be considered by the Board to fill a vacancy, the Board may decide, by majority vote, to extend the expiring term of any particular Board member until the next election. [*Amended January 24, 2009*]

E. All officers of the Association and members of the Board of Directors shall hold office until the Annual Organizational Meeting as described under ARTICLE X, Section 9 of these BY-LAWS. [*Amended January 24, 2009*]

Section 5: REMOVAL OF DIRECTORS BY THE MEMBERSHIP

The entire Board of Directors or any individual Director may be removed provided the following action is taken:

A. A petition must be signed by ten [10%] percent of designated voting members in good standing demanding the removal of a designated Director or Directors. Said petition shall be filed with the Secretary of the Association.

B. The Secretary shall determine within fifteen [15] days whether the petition, is sufficient and shall, within three [3] days serve the Directors [s] with a copy of the petition by certified mail.

C. If within twenty-one [21] days after such service the Director[s] in question do not resign, the Secretary shall fix a weekend date at least thirty [30] days but no more than sixty [60] days after the serving of the petition for the holding for the Special Membership Meeting at which a recall election shall be held. Notice of the filing of a petition, a copy thereof and notice of the date of election shall be sent by the Secretary to all Association members in good standing by first class mail at least thirty [30] days prior to the meeting.

D. The Director[s] whose removal is sought shall have the right to make a statement in his/her own behalf which shall be attached to the notice of the meeting.

E. If the aforementioned action does not result in the removal of a Director[s], no further petitions may be filed against the same Director[s] for the same cause.

F. If the Secretary or the Board of Directors refuses to act in accordance with Article 10, Section 5 of the BY-LAWS nothing herein shall prevent the person[s] from calling such meeting provided that the person[s] follow Article V. In case the Board or any one or more directors are so removed, new Directors may be elected at the same meeting provided that two hundred fifty [250] people of all members in good standing are present. All voting on this matter will only be done in person, no voting on this matter will be done by mail.

Section 6 : REMOVAL OF DIRECTORS BY THE BOARD

The Board of Directors by two-thirds majority vote of the remaining eligible Directors may, at their discretion, remove a Director from the Board for the following reasons:
(*Amended September 30, 2011*)

A. If, within sixty [60] days of his/her Election by the membership or selection by the Board of Directors, the new Director does not accept such office in writing or fails to attend a meeting of the Board of Directors and fulfill such other requirements of qualification as the BY-LAWS may specify herein.

B. If the Director has not attended three [3] meetings in the twelve (12) month period between annual meetings. The following meeting shall be considered a meeting missed:
(*Amended September 30, 2011*)

1. REGULAR BOARD MEETING	SECTION 8 – ARTICLE X
2. SPECIAL BOARD MEETING	SECTION 10 – ARTICLE X
3. CONFERENCE TELEPHONE/ EQUIPMENT MEETING	SECTION 13 – ARTICLE X
4. ANNUAL MEMBERSHIP MEETING	SECTION 1 – ARTICLE V
5. SPECIAL MEMERSHIP MEETING	SECTION 2 – ARTICLE V

C. If a Director has not attended two [2] hearings in the twelve (12) month period between annual meetings it shall be considered one [1] missed meeting. (*Amended September 30, 2011)*

D. The following shall not be considered a meeting missed:

1. ACTION WITHOUT A MEETING	SECTION 11 – ARTICLE X
2. ORGANIZATIONAL MEETING	SECTION 9 – ARTICLE X

E. If a Director has not attended three [3] consecutive committee meetings where such notice has been given in writing or spoken form at the previous Regular Board meeting.

F. In order to be considered present at any meeting of the Board of Directors, a Director shall be required to stay at said meeting until Item #9 COMMUNICATIONS is discussed and as outlined under Article X, Section 8, Subsection D.

G. If a Director is convicted of a felony while a Board Member, or is proven to have ever been convicted of a felony prior to being nominated or elected to the Board, or refuses to complete an affidavit verifying that he or she has not been convicted or pled guilty to a felony, he or she shall be removed as a Board Member or taken off the ballot to run for a seat on the Board of Directors. [*Amended August 27, 2005*]

H. A Director shall remain a Member in Good Standing for the entire duration of the Director's tenure on the Board. A Director who fails to remain a Member in Good Standing shall be given the opportunity to correct this condition and submit a written explanation as to the cause and a proposed correction of the condition. The period allowed for the corrective action shall not exceed the period between monthly meetings. Until corrected, the Director shall not participate in any duties or responsibilities of Directors as specified in Article X. Failure of a Director to remain a Member in Good Standing or to take the corrective action within the time specified in this section without extenuating circumstance shall obligate the Board to institute proceedings for removal of said director as outlined in this section. (*New September 30, 2011*)

I. Ethics Breach Procedure *(New September 30, 2011)*

When a breach of the Code of Ethics is alleged against a Director, the claim must be brought to the Board in writing. A claim may be brought by another Director or by a Member of the Association. If the Director against whom the claim is made does not concur that a breach in fact exists, the following Board procedures will be followed: (*New September 30, 2011*)

1. In accordance with Section 10, Special Meetings, the Board shall call a hearing on the breach of ethics claim, giving both the Director and the person bringing the claim an opportunity to be heard.

   (a). All parties shall be given notice 10 days prior to the hearing date.

   (b). The hearing shall be a closed door session of the BLCA Board of Directors.

2. At the conclusion of the hearing, the remaining Board Members will determine by a two-thirds majority vote of the remaining eligible Directors whether to:

a. Issue a public finding at the next Open Board Meeting to be recorded in the Minutes, that the breach of ethics charge is not supported by the evidence and is, therefore, dismissed;
b. Issue a public finding at the next Open Board Meeting to be recorded in the Minutes, that the breach of ethics charge is supported by the evidence and that the member should disqualify him or herself from voting or otherwise participating in the Board deliberations for the period stipulated in the By-Laws; and/or
c. Issue a public finding at the next Open Board Meeting to be recorded the Minutes, that the breach of ethics charge is supported by the evidence and the Board member should be formally censured or subjected to such other action or penalty as may be allowed by the Association By-Laws.

3. Upon finding against a Director for a Breach of Ethics, as proscribed (elsewhere) in the By-Laws, the Director shall be suspended for one open meeting and shall refrain from participating in any Committee Activities for one month. Upon a second finding of a Breach of Ethics, the Director shall submit a formal letter of resignation. Should the Director refuse to submit his or her resignation, the director shall be considered unresponsive and the Board shall exercise their power of removal of a Director as proscribed in this Article

J. The Board of Directors by majority vote may petition the court to remove a Director[s] from office for fraudulent or dishonest acts, or gross abuse of authority or discretion with reference to the Corporation or for any other proper cause.

Section 7: VACANCIES

In the event of a mid-term vacancy on the Board of Directors, the Board shall fill the vacancy with the previously unelected candidates in descending order of the votes received from the previous election. In the event that there are no available candidates, the Board shall by postcard or letter, announce the vacancy and accept resumes from members in good standing. Each person so appointed shall serve until the end of the vacant term. The person[s] appointed in this manner may run for election at the end of the term and this time will not be considered a term served unless it is for two years or more. [*Amended January 24, 2009*]

Section 8: REGULAR MEETINGS

A. Regular Meetings of the Board of Directors shall be determined at the Organizational Meeting. There shall be a minimum of twelve [12] Regular meetings consisting of one [1] each calendar month to be held on the second Tuesday, Friday or Saturday of each month and no notice shall be necessary thereafter. Nothing herein shall prevent the Directors from scheduling additional meetings, provided that three [3] days notice by phone, fax, e-mail or in person shall be given to each Director. [*Amended March 10, 2007*]

B. Twelve regular meetings shall be open Board Meetings and all members of the Association shall be notified. Any additional scheduled Regular Meeting shall be posted not less than three [3] business days prior to said meetings. Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

C. For the purpose of all Regularly scheduled meetings of the Board of Directors, each member shall be given written notice of all business to be transacted at said meeting at least three [3] business days prior to such meeting.

D. Any Board member shall have the right to place on the Agenda of any Regularly scheduled meeting any Association business as provided for under Article 10, Section 8. Such notification shall be done in written form and shall be filed with the President and the Secretary of the Association no later than five [5] days prior to said meeting.
[*Amended January 26, 2008*]

E. This format shall be used at all regular meetings of the Board of Directors and as applicable at special meetings of the Board of Directors. The order of business shall be taken up for consideration and disposed of as follows:
1. Quorum Roll call
2. Approval of the Minutes from prior meetings
3. Treasurer's report
4. Manager's report
5. Committee's reports
6. Payment of bills
7. Other unfinished business
8. New business

9. Communications, written and oral
    A. Petitions
    B. Hearings
    C. Properties
    D. Community Affairs Committee members/Complaints and Resolutions
10. Miscellaneous
11. Executive Session
12. Adjournments

F. The Board may adjourn in executive session to discuss and vote on personal matters, litigation in which the Association is or may become involved, and Association matters of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 9: ORGANIZATIONAL MEETING

A. The first meeting of a newly elected Board of Director[s] shall be held immediately following the Annual Membership Meeting, providing a quorum is present at this meeting. The newly formed Board of Directors shall elect a President and such Corporate officers as are provided for in these BY-LAWS.

B. Due to the necessity of having Officers of the Association, and after all newly elected Directors[s] have been pursuant to these BY-LAWS and after it has been determined that a quorum is not present, the Board of Directors who are present may adjourn such meeting and may immediately call a second meeting to elect officers although less than a quorum is present.

Section 10: SPECIAL MEETINGS

Special meetings of the Board of Directors may be called at any time by the President or any three [3] Directors. Notice of the time, place and business to be transacted at a Special meeting shall be given in person, by phone, fax or e-mail to all Directors and only the business so stated shall be considered. [*Amended March 10, 2007*]

A. Notice of said meeting will be given five [5] business days by phone, fax or in person before such meeting. [*Amended March 10, 2007*]

B. In order to transact any business a quorum shall be present, in person. Actions taken at special meetings of the Board of Directors shall require a vote of two-thirds of the Directors currently in office. [*Amended March 10, 2007*].

C. Notice of said meeting may be given in spoken form, but shall not be considered notice given.

D. In order to transact any business a quorum shall be present, in person. Any act of business shall be the acts of two-thirds [2/3] of the full Board of Directors of which there are nine members. These acts shall be the acts of the Board of Directors.

Section 11: ACTION WITHOUT A MEETING

The Board of Directors shall have the right to take any emergency or temporary action in the absence of a meeting by obtaining the spoken approval of a majority of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors. In order to constitute such a meeting the following shall be required:

A. Any Director[s] who calls such a meeting shall provide the Secretary with the following:

   1. The manner in which all Directors were notified.
   2. The establishment of a quorum
   3. Written statement of Action[s] and any results of such action[s]

B. The Director[s] shall provide the Secretary of the Association with a signed statement of any action[s] that have been taken.

C. All emergency or temporary action[s] taken shall be reviewed at the next scheduled Regular meeting to establish if such action[s] are to be made permanent.

Section 12: QUORUM

Unless otherwise stated in Article X, or elsewhere as specified in these By-Laws, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. (*Amended September. 30, 2011*)

Section 13: MEETING BY CONFERENCE TELEPHONE AND SIMILAR EQUIPMENT

A. One or more Directors or the entire Board of Directors may participate in a 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 and speak to each other. Participation in such a meeting pursuant to this section shall constitute presence in person at such meeting.

B. The Board of Directors shall annually at their first Regular Meeting and after the Organizational Meeting shall determine whether or not the BLCA communications equipment shall be sufficient to meet the standards and requirements of this section. Northing herein shall prevent the establishment of the proper communication devices.

Section 14: INTERESTED DIRECTORS

A. GENERAL RULE:

No contract or transaction between the Association and one or more of its members, Directors and/or Officers, or between the Association and any corporation, partnership, association or other organization in which one or more of the Association's members, Directors or Officers have a financial interest, shall be void or voidable solely because the interested member, Director or Officer of the Association is present at or participates in the meeting of the Board of Directors of the Association which authorized the contract or transaction, or solely because the interested person's votes are counted for such purpose, if:

1. The material facts as to the relationship or interest and as to the contract or transaction are disclosed, or are known to the Board, and the Board in good faith authorized the contract or transaction by the affirmative votes of two-thirds [2/3] of the disinterested Directors, even though they are less than a quorum; or

2. The material facts as to the relationship or interest and as to the contract or transaction are disclosed, and are known to the members entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of such members; and

3. The contract or transaction is fair to the Association as of the time it is authorized, approved or ratified by the Board of Directors or the members.

B. QUORUM

Interested Directors may be counted in determining the present of a quorum at a meeting of the Board which authorizes a contract or transaction specified in Subsection A of this section.

Section 15: FIDELITY BONDS

The Board of Directors may require that all Officers and employees of the Association handling or responsible for the Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid for by the Association.

ARTICLE XI -
OFFICERS AND THEIR DUTIES

Section 1: TERM AND QUALIFICATION

A. The Officers of this Association shall be elected annually by the Board and each shall hold office at the pleasure of the Board.

B. It shall be necessary for the Officers to be Directors, and, other than in an emergency situation, only one [1] office may be held at anytime, by the same person.

C. It is the spirit of this section that the Officers of the Association shall each be considered for the following standing committees in order to share in the burden of work more efficiently as chairperson's:

1. VICE-PRESIDENT - COMMUNITY AFFAIRS
2. SECRETARY - VOTING & ELECTIONS, BY-LAWS
3. TREASURER - FINANCE, BUDGET, CONTRACTS

All other Committee Chairpersons shall be appointed as specified under ARTICLE XII.

Section 2: PRESIDENT

The President shall be the chief executive Officer of the Association. Except as the Board may otherwise provide by resolution, he/she shall have general supervision over the affairs of the Association. He/she shall sign all legal documents and instruments issued by the Association. He/she shall preside at all meetings of the Board and members. He/she shall be an ex-officio member of all committees. He/she shall perform generally the duties incident to the office of the President in a Nonprofit Association.

Section 3: VICE-PRESIDENT

In the absence of the President, the Vice-President shall preside over all Board or members meetings. Upon the death, disability, resignation or removal of the President, the Vice-President shall be vested with all of the power and shall perform all of the duties of the President and shall have other such duties as may, from time to time be determined by the Board of Directors.

In the absence of both the President and Vice-President, the Secretary shall execute these powers. In the absence of the President, Vice-President and Secretary, the Treasurer shall execute these powers.

Section 4: SECRETARY

The Secretary shall attend all meetings of the Board of Directors and all meetings of the members and act as clerk thereof. The Secretary shall record all votes and minutes of all proceedings of such meetings in a book to be kept for that purpose. The Secretary shall send all notices required in the BY-LAWS, and shall be the custodian of the Corporate Seal and records, and shall perform such other duties as may be prescribed by the Board of Directors. In the absence or disability of the Secretary, an assistant Secretary or Secretary Pro Tempore who shall be appointed by the Board of Directors, shall perform his/her duties.

Section 5: TREASURER

A. The Treasurer shall have custody of all funds of the Association which he/she shall deposit in a bank designated by the Board. He/she shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association.

B. He/she shall disburse such funds only with the approval of a majority of the Board of Directors.

C. All checks shall be signed by the persons designated by the Board of Directors and all checks will require two signatures. The Community Manager and one Officer shall be permitted to sign checks up to $2500. If the Community Manager is not present or is otherwise unable to sign, then a second Officer's signature will be required. The signatures of two Officer's will be required for all checks over $2500. [*Amended January 26, 2008*]

D. The Treasurer shall render to the President and the Directors at the regular meetings of the Board, or whenever they may require it, an account of all the financial transactions and the financial condition of the Association. He/she shall perform the duties generally incident to the office of Treasurer.

E. The Treasurer's monthly report of funds shall be attached to the minutes each month.

Section 6: OTHER OFFICERS

The Board of Directors may when necessary hire an outside Association to act as Treasurer or appoint one [1] or more assistants to serve under the Secretary and/or Treasurer respectively and to whom the Board of Directors may delegate such of the duties of the Secretary and Treasurer as they deem proper. All assistants shall be members in good standing.

Section 7: REMOVAL OF OFFICERS

The Board of Directors by a majority vote may remove an Officer from office at any Regular Meeting.

ARTICLE XII
COMMITTEES & SUBCOMMITTEES

Section 1: COMMITTEES

A. The duties of all established committees shall be defined and specified by the Board of Directors. All committee activities shall be restricted to its defined objective. All committees shall file written reports to the manager, who shall place these reports on the next regular meeting's agenda along with any minority or manager's reports.

B. All committee duties and guidelines shall be established, written and filed with the BLCA office thirty [30] days after said committees establishment date as provided by Article XII, Section 1.

C. All standing and appointed committees shall be established by the President or the Board of Directors. Each standing and appointed committee shall consist of not less than three [3]

members and that a minimum of one [1] Director shall be a member of any standing committee.

1. The following permanent standing committees shall be established and the membership of all standing committees shall be appointed at each annual organizational meeting of the Board of Directors: [*Amended March 10, 2007*]

   1. Finance, Budget, Contracts
   2. By-Laws
   3. Voting & Elections
   4. Capital Projects
   5. Road Maintenance & Construction
   6. BLCA Property Development
   7. Rules & Regulations

2. The following appointed committees shall be established from time to time as the Board of Directors deems necessary in order to share the burden of work more efficiently. The following appointed committees should be considered but not limited to: [*Amended March 10, 2007]*

   1. Community Affairs
   2. Community Safety
   3. BLCA Property Beautification
   4. Recreation
   5. Lake Management

D. Each standing committee shall have a chairperson and co-chairperson. The chairperson of each standing committee shall be a member of the Board of Directors and shall be appointed by the Board of Directors. [A*mended March 10, 2007*]
   1. The co-chairperson of each standing committee may be a non-board member and shall be a member in good standing.
   2. Each standing committee shall elect a co-chairperson from committee members.

E. Each appointed committee shall have a chairperson and co-chairperson. Either the chairperson or co-chairperson shall be a board member and shall be appointed by the Board of Directors. The chairperson or co-chairperson, but not both, may be a non-board member and shall be a member in good standing. [A*mended March 10, 2007*]

F. The committee will elect its own secretary who does not necessarily have to be a Board Member.

G. The minutes of every committee meeting must be filed with the Association Secretary.

H. The chairperson shall give five [5] days notice prior to the first annual (standing) committees meeting; thereafter, each standing committee shall meet on a weekend date so approved by each committee's members. There shall be no less than four [4] meetings each calendar year.

I. There are no restrictions on the number of committees that a member in good standing may serve on.

J. Appointed committees shall serve on weekend dates.

K. All committees shall, when established, provide for the following:
   1. Calling of emergency meetings
   2. Cancellation of meetings
   3. Reasonable notice of meetings to all committee members
   4. The establishment of rules governing its own procedures

L If a chairperson of a committee does not call a meeting within a reasonable time or refuses to call a meeting, the meeting may be called by a majority of the committee members provided a Board member is present. However, no committee shall meet without a chairperson or Board member present as described herein.

M. Committee decisions shall be by majority vote. However, a committee member does have the right to file a minority report with the manager as described in BLCA By-Laws.

N. Committee members shall serve at the pleasure of the Board and may be removed only by a majority vote of the Board at any regular meeting.

O. Any member in good standing or any immediate family members of members in good standing, may be appointed by the Board of Directors to serve on any committee of the Association. [*Amended October 18, 2003*]

P. No employee of the Association may be a member of any committee.

Q. As required from time to time due to vacancies, the Board may perform the duties of any standing committee. However, the Board of Directors shall fill any said committee vacancies within forty-five [45] days.

R. In order to establish a list of members to serve on a committee, it will be necessary to notify the membership. Such notification shall be mailed along with the notice of the Annual Meeting, and responses of interested members shall be received no later than the date of the Annual Meeting. [*Amended October 18, 2003*]

Section 2: SUBCOMMITTEES

Subcommittees shall be an outgrowth of standing committees and abide by the rules and regulations described herein.

ARTICLE XIII – PERSONNEL

Section 1: SUPERVISION

A. The personnel file of the manager shall be kept and maintained by the Secretary of the Board of Directors and shall be reviewed annually by the Board for the purpose of job performance and retention.

B. All other employee files shall be retained by the manager.

C. The Board of Directors as a body when in Executive Session may review all employees personnel files on a need to know basis, provided these records are requested in writing to the

manager in a timely fashion. However, the above mentioned files shall be provided within 24 hrs of a second request written or verbal.

D. All employees of the Association shall receive a copy of their annual job performance evaluation April 1 of each year.

Section 2: EMPLOYEE POLICIES AND PROCEDURES

Birchwood Lakes Community Association, Inc. shall keep an employee manual in force at all times which will describe the policies and procedures of the Association as it relates to all employees. The contents of the manual will be subject to the approval of a majority of the Board of Directors and each new employee shall receive a copy of the policies and procedures and nothing herein shall prevent the Board of Directors from amending such procedures as they deem necessary from time to time.

ARTICLE XIV
COMMUNITY MANAGER

Section 1: COMMUNITY MANAGER *[Amended January 24, 2009]*

A. The affairs of the Association may be administered by the Community Manager hereinafter referred to as the "Manager" as deemed necessary by the Board. [*Amended October 18, 2003*]

B. The Manager shall be responsible to the Board of Directors for the management of the affairs of the Association and the execution of the policies and decisions of the Board of Directors. The Manager at no time may be a Director on the Board of the Association.

Section 2: APPOINTMENT

The Manager is hired for a definite term, as stated in the employment contract between the Manager and the Association, and may be removed consistent with the terms of said employment contract, by a two-third (2/3) vote of the full eligible Board. In the event of a possible decision to remove the Manager, the Manager shall be immediately notified in writing and will be given an opportunity to address the Board in person or in written form before a final vote is taken. [*Amended September 30, 2011*]

Section 3: SPECIFIC DUTIES

The Manager shall:

A. Be the administrative manager of the Association.

B. Be responsible to the Board for carrying out all policies established by it and for the proper administration of all the affairs of the Association within the jurisdiction of the Board.

C. Attend all meetings of the Board and take part in Board discussions when required but shall not have a right to vote on Board matters, may also attend committee meetings by request. [*Amended October 18, 2003*]

D. Appoint and have the right to suspend subordinate employees under the guidelines set forth by the Board of Directors as described in the Employee Handbook. [*Amended Jan. 24, 2009*]

E. Submit the annual budget to the Board together with such comments as the Manager may deem necessary to properly administer said budget upon final Board and Association required approval as described in the Association BY-LAWS.

F. Perform such duties as may be required by the Board from time to time as it pertains to administrative duties.

G. Make recommendations concerning community improvements such as, but not limited to safety, roads, common lands, daily operations.

H. Negotiate and monitor contracts for the community subject to the approval of the Board.

I. Prepare and maintain attendance and job performance evaluation records on all employees of the Association and submit annual reports to the Board for review in executive session.

J. Prepare a Manager's weekly, but not more than monthly, report to include all important developments, proposals and any project updates. The reports shall be submitted to all Board Members seven (7) days before each regularly scheduled Board meeting.

[*Amended October 18, 2003*]

Section 4: ILLNESS OR ABSENCE

The Manager may designate a qualified administrative employee of the Association to perform his/her duties during his/her temporary absence or disability. In the event of failure to designate a person to fulfill such duties and after a continued absence or disability of more than fifteen [15] days, the Board will perform the duties of the Manager during such absence or disability until his/her return or the disability ceases. In the event of a prolonged illness or disability [non-job-related] of fifteen [15] days or more the Manager shall be required to provide a medical note stating that he/she is able to return to full duty.

Section 5: ADMINISTRATION

It is the intention of these BY-LAWS that the Board shall act in all matters as a body and that the Board and its members shall deal with the administrative services solely through the Manager. Nothing herein shall prevent the Board from appointing committees of its own members or of the Association members to conduct investigations into the conduct of any employee of the Association in matters which relate to the welfare of the community and for the purpose of establishing a report on such matters as specified in Article 13.

ARTICLE XV – NUMBER AND GENDER

Number and gender as used in these BY-LAWS shall extend to and include both singular and plural, and both gender as the context and construction requires.

ARTICLE XVI – SAVING CLAUSE

In the event that any section or part thereof of these BY-LAWS shall be found by a court of competent jurisdiction to be invalid or unconstitutional, all other remaining sections shall remain in full force and effect.

These BY-LAWS shall replace any and all previous existing BY-LAWS of the Association of property owners of the BIRCHWOOD LAKES COMMUNITY ASSOCIATION, INC., shall not impair or affect any act done, offense committed, or liability, duty, obligation, penalty, judgment or punishment incurred prior to the time these BY-LAWS or any subsequent BY-LAWS or amendment thereto takes effect, but the same may be enjoyed, asserted, enforced or prosecuted as fully and to the same extent as if these BY-LAWS or amendments thereto had not been enacted.

ARTICLE XVII - AMENDMENTS TO BY-LAWS

Section 1: AUTHORIZATION

These BY-LAWS may be amended only at a special meeting of the members in good standing in accordance with the following procedure.

Section 2: PROCEDURE BY THE MEMBERSHIP

Nothing herein shall prevent the membership from presenting a petition signed by ten [10%] of the members in good standing. The petition shall contain the full text of the proposed amendment and a statement not exceeding 500 words, explaining the need for the amendment. The petition and statement shall be filed with the Secretary to verify the legitimacy of the signatures on the petition. After verification the Secretary shall follow the procedures set forth in Article V. Any amendment[s] to the BY-LAWS must be approved by a majority vote of the members in good standing.

Section 3: PROCEDURE BY THE BOARD OF DIRECTORS

Nothing herein shall prevent the Director[s] from proposing an amendment to the BY-LAWS provided the following procedure is adhered to:

A. The proposed new, amended, or revised amendment shall be sent to the BY-LAWS Committee for review and recommendations. The committee shall provide the Board of Directors with a written proposed amendment and a recommendation, for or against said revision within sixty [60] days.

B. The Board may by a two-thirds [2/3] vote of the Directors, recommend to the Association the new proposed amendment or revision.

C. The membership shall by ballot or at a Special Meeting of the Association, vote on said amendment as provided by these BY-LAWS herein.

ARTICLE XVIII-
INDEMNIFICATION OF DIRECTORS

Section 1: THIRD PARTY ACTIONS INDEMNIFICATION

Pursuant to Pa.C.S.A. TITLE 15, §5741., of the Pennsylvania "1988 NPCL", as amended from time to time, the Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative [other than an action by or in the right of the Association] by reason of the fact that he/she is or was a representative of the Association, or is or was serving at the request of the Association as a representative of another Domestic or Foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against expenses [including attorney's fees] judgments, fines and amounts paid in settlement, actually and reasonably incurred by him/her in connection with the action, or proceeding. If he/she acted in good faith and in a manner he/she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal proceeding, had no reasonable cause to believe his/her conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement or conviction or upon a pleas of nolo contender or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner that he reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal proceeding, had reasonable cause to believe that his/her conduct was unlawful.

Section 2: DERIVATIVE & CORPORATE ACTIONS INDEMNIFICATION

Pursuant to Pa. C.S.A. TITLE 15, § 5742., of the Pennsylvania "1988 NPCL", as amended from time to time, the Association shall have power to indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he/she is or was a representative of the Association, or was serving at the request of the Association as a representative of another Domestic or Foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against expenses [including attorney's fees], actually and reasonably incurred by him/her in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association. Indemnification shall be made under this section in respect of any claim, issue or matter as to which the person has been adjudged to be liable to the Association unless and only to the extent that the Court of Common Pleas of the judicial district embracing the county in which the registered office of the Association is located or the Court in which action was brought determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or other Court shall deem proper.

Section 3: MANDATORY INDEMNIFICATION

Pursuant to Pa.C.S.A. TITLE 15, §5743., of the Pennsylvania "1988 NPCL", as amended to time to time, to the extent that a representative of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or Section 2 or in defense of any claim, issue or matter therein, he/she shall be indemnified against

expenses [including attorney fees] actually and reasonably incurred by him/her in connection therewith.

Section 4: STANDARD OF CARE AND JUSTIFIABLE RELIANCE DIRECTOR AS FIDUCIARY

A. Pursuant to Pa.C.S.A. TITLE 15, § 5712., of the Pennsylvania "1988 NPCL", as amended from time to time, a Director of the Association shall stand in a fiduciary relation to the Association and shall perform his/her duties as a Director, including his/her duties as a member of any committees of the Board upon which he/she may serve, in good faith, in a manner he/she reasonably believes to be in the best interests of the Association, and with such care, including reasonable inquiry, skill and diligence as a person of ordinary prudence would use under similar circumstances in performing his/her duties. A Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

1. One or more Officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented.
2. Counsel, public accountants or any other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person.
3. A committee of the Board upon which he/she does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

B. EFFECT OF ACTUAL KNOWLEDGE
A Director shall not be considered to be acting in good faith if he/she has knowledge concerning the matter in question that would cause his/her reliance to be unwarranted.

C. Except as otherwise provided in the BY-LAWS, an Officer shall perform his/her duties as an Officer in good faith, in a manner he/she reasonably believes to be in the best interests of the Association and with such care, including reasonably inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who so performs his/her duties shall not be liable by reason of having been an Officer of the Association.

Section 5: EXERCISE OF POWERS GENERALLY

A. **GENERAL RULE**
Pursuant to Pa.C.S.A. TITLE 15, §5715., of the Pennsylvania "1988 NPCL", as amended from time to time, in discharge the duties of their respective positions, the Board of Directors, committees of the Board and individual Directors of the Association may, in considering the best interests of the Association, consider to the extent they deem appropriate:

1. The effects of any action upon any or all groups affected by such action, including members, employees, suppliers, customers and creditors of the Association, and upon communities in which offices or other establishments of the corporation are located.
2. The short-term and long-term interests of the Association, including benefits that may accrue to the corporation from its long-term plans and the possibility that these interest may be best served by the continued independence of the corporation.

3. The resources, intent and conduct [past, stated and potential] of any person seeking to acquire control of the corporation.
4. All other pertinent factors.

B. CONSIDERATION OF INTERESTS AND FACTORS

The Board of Directors, committees of the Board and individual Directors shall not be required, in considering the best interests of the Association or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this subsection and in subsection A shall not constitute a violation of Article XVIII, Section 4 [§ 5712]

C. PRESUMPTION

Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the Board of Directors, a committee of the Board or an individual Director shall be presumed to be in the best interests of the Association. In assessing whether the standard set forth in Article XVIII, Section 4 [§ 5712] has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the Board of Directors, any committee of the board or any individual Director relating to or affecting an acquisition or potential or proposed acquisition of control of the corporation than is applied to any other act as a Board of Directors, any committee of the Board or any individual Director. Notwithstanding the preceding provisions of this subsection, any act as the Board of Directors, a committee of the Board or any individual Director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested Directors shall have assented shall be presumed to satisfy the standard set forth in Article XVIII, Section 4 [§5712], unless it is proven by clear and convincing evidence that the disinterested Directors did not assent to such act in good faith after reasonable investigation.

Section 6: PERSONAL LIABILITY OF DIRECTORS

A. GENERAL RULE

Pursuant to Pa.C.S.A. TITLE 15, §5713., if the Pennsylvania "1988 NPCL", as amended from time to time, A director shall not be personally liable, as such, for monetary damages for any action taken unless:

1. The Director has breached or failed to perform the duties of his/her office under this subchapter; and:
2. The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

B. EXCEPTION
The provision of Article XVIII, Section 6, Subsection A shall not apply to:

1. The responsibility or liability of a Director pursuant to any criminal statute;

   or

2. The liability of a Director for the payment of taxes pursuant to Local, State or Federal law.

Section 7: PROCEDURE FOR EFFECTING INDEMNIFICATION

Pursuant to Pa.C.S.A. TITLE 15, §5744., of the Pennsylvania "1988 NPCL", as amended from time to time, Unless ordered by a court, any indemnification under Section 1 [§5741] or Section 2 [§5742] shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he/she has met the applicable standard of conduct set forth in those sections.

The determination shall be made:

A. By the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding;
B. If such a quorum is not obtainable, or, even if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion;
   or
C. By the members of the Association.

Section 8: SUPPLEMENTARY COVERAGE

A. GENERAL RULE
Pursuant to Pa.C.S.A. TITLE 15, §5744., of the Pennsylvania "1988 NPCL", as amended from time to time, The indemnification and advancement of expenses provided by or granted pursuant to the other sections of this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of members or disinterest Directors or otherwise, both as to action in his/her official capacity and as to action in another capacity which holding that office. Pa.C.S.A. TITLE 15, §5728 of the Pennsylvania "1988 NPCL", shall be applicable to any by-law, contract or transaction authorized by the Directors under this section. The Association may create a fund of any nature, which may, but need not, be under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this section.

B. WHEN INDEMNIFICATION IS NOT TO BE MADE
Indemnification pursuant to subsection A shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a Court to have constituted willful misconduct or recklessness.

C. GROUNDS
Indemnification pursuant to subsection A under any BY-LAWS, agreement, vote of members or Directors or otherwise, may be granted for any action taken or any failure to take any action and may be made whether or not the Association would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the

indemnified liability arise or arose from any threatened, pending, or completed action by or in the right of the Association. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

Section 9: ADVANCING OF EXPENSES

Pursuant to Pa.C.S.A. TITLE 15, §5745., of the Pennsylvania "1988 NPCL", as amended from time to time, expenses [including attorneys fees] incurred by an officer, Director, employee or agent in defending any action or proceeding referred to in this Article may be paid by the Association in advance of the final disposition of the action or proceeding upon receipt of an undertaking by or on behalf of the representative to repay the amount if it is ultimately determined that he/she is not entitled to be indemnified by the Association as authorized in this Article or otherwise.

Section 10: POWER TO PURCHASE INSURANCE

Pursuant to Pa.C.S.A. TITLE 15, §5747., of the Pennsylvania "1988 NPCL", as amended from time to time, The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a representative of the Association or is or was serving at the request of the Association as a representative of another Domestic or Foreign corporation for profit or not-for-profit partnership, joint venture, trust or other enterprise against any liability asserted against him/her and incurred by him/her in any such capacity, or arising out of his/her status as such, whether or not the corporation would have the power to indemnify him/her against that liability under the provisions of this Article. Such insurance is declared to be consistent with the public policy of this Commonwealth.