

BY-LAWS OF
THE OAKS OF NORTH LONDONDERRY TOWNSHIP
HOMEOWNERS ASSOCIATION

ARTICLE I
DEFINITIONS

SECTION 1.01. The following words when used in these By-Laws or any Amendment (unless the context shall prohibit) shall have the following meanings.

(a) "**Area of Common Responsibility**" shall mean and refer to the Common Area, together with those areas, if any, which by contract with any residential association, and adjacent properties, or with any school district or other local governmental authority become the responsibility of the Association. In addition, the office of any property manager employed by or contracting with the Association and located on the Properties shall be part of the Area of Common Responsibility.

(b) "**Association**" shall mean and refer to The Oaks of North Londonderry Township Homeowners Association.

(c) "**Board of Directors**" shall mean the Board of Directors of the Association.

(d) "**Properties**" shall mean and refer to all such existing properties, and additions thereto, as are subject to the Declaration.

(e) "**Common Area**" shall mean and refer to those areas of land which may be intended to be devoted to the common use and enjoyment of the owners of the Properties, and may include, the land and improvements for streets, easements, parks, playground, pedestrianways, and any buildings, structures or appurtenances incident thereof.

(f) "**Lot**" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of Common Properties and heretofore defined.

(g) "**Residential Unit**" shall mean a portion of the Properties intended for any type of independent ownership for use and occupancy as a residence by a single family and shall,

unless otherwise specified, include within its meaning townhouses, or zero lot line homes, and single family houses on separately platted lots, as may be developed, used and defined as herein provided or as provided in Subsequent Amendments covering all or a part of the Properties.

For the purposes of these By-Laws, a Residential Unit shall come into existence when substantially complete or upon the issuance of a certificate of occupancy by the appropriate agency of the Township or other local governmental entity. The term "Residential Unit" shall not include any commercial space which might be subject to all or part of these By-Laws.

(h) "Single Family Detached Dwelling" shall mean a building used by one family, having only one dwelling unit and two side yards.

(i) "Single Family Attached Dwelling (Townhouse)". A building used by one family and having one dwelling unit and one or two party walls in common with other living unit(s).

(j) "Owner" shall mean and refer to one or more persons or entities who hold the record title to any Residential Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Residential Unit is sold under a recorded contract of sale, the purchaser (rather than the fee Owner) will be considered the Owner.

(k) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article III, Section 1 hereof.

(l) "Declarant" and/or "Developer" shall mean and refer to Dennis L. Hess and Carole A. Hess, husband and wife, or any heirs, successors and/or assigns.

(m) "Parcel" shall mean and refer to separately designated, developed residential areas comprised of various types of housing initially or by amendment made subject to these By-Laws; including condominiums, fee simple townhouses, single family detached houses. In the absence of specific designation of separate Parcel status, all Properties made subject to these By-Laws shall be considered a part of the same Parcel; provided, however, the Declarant may designate in any subsequent amendment adding property to the terms and conditions of this

Declaration that such Properties shall constitute a separate Parcel or Parcels, and by a two-thirds (2/3) vote, the Board of Directors may designate Parcel status to any area so requesting.

(n) "Parcel Assessments" shall mean assessments for common expenses provided for herein or by any Subsequent Amendment which shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the Residential Units against which the specific Parcel Assessment is levied and of maintaining the Properties within a given Parcel, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized below.

The Parcel Assessment shall be levied equitably against the Owners of Residential Units/land in a Parcel benefited by the assessment for such purposes that are authorized by the Declaration, these By-Laws or by the Board of Directors from time to time, provided that in the event of assessments for maintenance of certain lots and residential homes, insurance on dwellings, or replacement reserves which pertain to particular dwellings (pursuant to an amendment to this Declaration), such assessments (that are for the use and benefit of particular lots/units) shall be levied upon a pro rata basis among benefited Owners.

(o) "Township" shall mean the Township of North Londonderry, Lebanon County, Pennsylvania.

(p) "Declaration" shall mean the Declaration of Restrictions and Covenants for The Oaks of North Londonderry Township Homeowners Association recorded in the Recorder of Deeds Office for Dauphin County, Pennsylvania, in Record Book ____, Page ____.

ARTICLE II **LOCATION**

SECTION 2.01. The principal office of the Association shall be located at R.D. 2, Box 245, Hummelstown, Pennsylvania, 17036.

ARTICLE III
MEMBERSHIP

SECTION 3.01. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot (or Residential Unit) which is subject to covenants of record to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

SECTION 3.02. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner of and becomes a lien upon the property against which such assessments are made as provided by Article III of the Declaration to which the Properties are subject and recorded in the Office of the Recorder of Deeds of Dauphin County, Pennsylvania.

ARTICLE IV
VOTING RIGHTS

SECTION 4.01. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those owners as defined in Section 2.01(a), Article III, of the Declaration, with the exception of the Developer. Class A members shall be entitled to one vote for each Lot (or Residential Unit) in which they hold the interests required for membership by said Section 2.01(a). When more than one person holds such interest or interests in any Lot (or Residential Unit) all such persons shall be members, and the vote for such Lot (or Residential Unit) shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot (or Residential Unit).

Class B. Class B members shall be the Developer, and any successor of the Developer who takes title for the purpose of development and sale and who is designated as such in a recorded instrument. The Class B member shall be entitled to one vote for each Lot (or

Residential Unit) owned. The Class B membership shall cease upon the sale of all the Lots (or Residential Units) by Developer.

Notwithstanding anything to the contrary, should Developer or any of its successors or assigns use any Residential Unit for personal use or as a rental property, such Residential Unit shall be considered a Class A member instead of a Class B member.

Except where a vote by each class is specifically required in the Articles of Incorporation, Declaration or By-laws, all actions shall be taken by a vote of Class A votes and Class B votes together without regard to any class distinction.

For purposes of determining the votes allowed under this Section, when Residential Units are counted, the Lot or Lots upon which such Residential Units are situated shall not be counted.

Developer, its successors and assigns shall have the right to assign any or all of its Class B voting rights to any other party without the prior consent of any other member of the Association, including any Class A member.

ARTICLE V

ASSOCIATION PURPOSES AND POWERS

SECTION 5.01. The Association has been organized for the following purposes: To promote the health, safety, and welfare of the residents within The Oaks of North Londonderry Township Homeowners Association and such additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation, and for this purpose to:

1. providing for the maintenance of Lot 50A, specifically including the stormwater management facilities as delineated on Lot 50A on the final subdivision plan for The Oaks - Phase 3. The facilities contained within the said Lot 50 A include drainage pipes, endwalls, headwalls, spillways and other stormwater management structures, which shall be the duty of the Association;

2. providing for the maintenance of any drainage pipes, endwalls, headwalls, or other stormwater management structures from the right-of-way of any streets to be offered

for dedication to North Londonderry Township, which shall be the duty of the Association, but not the maintenance of drainage pipes, endwalls, headwalls or other stormwater management structures located within the right-of-way of any streets to be offered for dedication to North Londonderry Township;

3. paying the monthly electric charges, and maintaining and replacing the electric street lights and poles within The Oaks - Phase 3;

4. providing for the maintenance of any entrance signs and landscaping contained within easements for any entrance signs identifying The Oaks - Phase 3;

5. complying with the special conditions for the permits obtained by Declarant, or as noted on the final subdivision plan for The Oaks - Phase 3, where the special conditions relate to maintenance of the stormwater management facilities, the electric lights or the signs referred to above;

6. obtaining any necessary liability insurance coverage for maintenance of Lot 50A, the stormwater management facilities, the electric lights and poles, and/or the entrance signs;

7. any additional facilities which are the responsibility of the Association as noted on plans for Future Phase 4 of The Oaks, including such items as additional stormwater management facilities and street lights; and

8. such other purposes as the board of Directors may determine from time to time.

SECTION 5.02. Additions to the Properties described in Section 1.01 may be made only in accordance with the provisions of the recorded Covenants and Restrictions applicable to said properties. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties, and membership of this Association to such properties. Where the applicable covenants require that certain additions be approved by this Association, such approval must have the assent of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly call for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

SECTION 5.03. Subject to the provisions of the recorded covenants and restrictions applicable to the Properties described in Section 5.01, and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members of at least thirty (30) days in advance and shall set forth the purpose of the meeting.

SECTION 5.04. The Association shall have power to borrow only to the extent authorized under the recorded covenants and restrictions applicable to said properties. The total debts of the Association outstanding at any time shall not exceed the total of three (3) years' assessments current at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

SECTION 5.05. The quorum required for any action governed by Sections 5.02, 5.03, and 5.04 shall be as follows:

At the first meeting duly called as provided therein, the presence of members, or of proxies, entitled to cast fifty (50) percent of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in said Sections, and the required quorum at any subsequent meeting shall be one half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following such preceding meeting.

ARTICLE VI
BOARD OF DIRECTORS

SECTION 6.01. During the initial organization stages of the Association, the affairs of the Association shall be managed by a Board of no less than two (2) and no more than six (6) Directors as the Board of Directors from time to time shall determine. Board members need not be members of the Association.

The Initial term of the Directors shall be fixed at the time of their election as they among themselves shall determine. Provided, however, that the terms of the Directors shall be structured so that the terms of one-third of the members of the Board shall expire each year (or in the case of a Board consisting of only two (2) Directors, terms of one-half of the Board Members shall expire each year).

SECTION 6.02. Vacancies in the Board of Directors shall be filled by the remaining directors, and such appointed director to hold office until his successor is elected by the Members, who make such election at the next annual meeting of the Members or any special meeting duly called for that purpose.

SECTION 6.03. Any director may be removed from the Board with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

SECTION 6.04. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VII
ELECTION OF DIRECTORS:
NOMINATING COMMITTEE: ELECTION COMMITTEE

SECTION 7.01. Election to the Board of Directors shall be written ballot as hereinafter provided. At such election, the members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the recorded covenants applicable to the Properties. The names receiving the largest number of votes shall be elected.

SECTION 7.02. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the Standing Committees of the Association.

SECTION 7.03. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting.

SECTION 7.04. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members, as the committee in its discretion shall determine. The report of the Nominating Committee shall be included with the notice of the meeting at which the Directors are to be elected.

SECTION 7.05. The Secretary shall prepare and send notice of each meeting at which elections for directors are to be held at least 14 days in advance of the meeting. The notice shall describe the vacancies to be filled and set forth the names nominated by the Nominating Committee for such vacancies.

SECTION 7.06. Persons other than those nominated by the Nominating Committee may be nominated if members representing ten percent (10%) of the number of votes eligible to vote in the election give written notice of the intent to nominate to the Secretary at least seven (7)

days prior to the date upon which the election is to take place. The notice shall be accompanied by a written consent to be nominated and executed by the nominee.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 8.01. The Board of Directors shall have power:

(a) To call special meetings of the members whenever it deems necessary and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership, as provided in Section 4.01.

(b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these By-laws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever.

(c) To establish, levy and assess, and collect the assessments or charges referred to in Section 3.02.

(d) To adopt and publish rules and regulations governing the use of the common properties and facilities and the personal conduct of the members and their guests thereon.

(e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the meeting or to members in the covenants.

(f) In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent Director to be vacant.

(g) Suspend the voting rights of a Member during any period in which such Member shall be in default in payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for any infraction of published rules and regulations.

SECTION 8.02. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the membership or at any special meeting when such is requested in writing by one-fourth (1/4) of the voting membership, as provided in Section 12.02.

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(c) As more fully provided in Article III of the Declaration of Covenants applicable to the Properties:

(1) To fix the amount of the assessment against each Lot for each assessment period at least thirty days in advance of such date or period and, at the same time;

(2) To prepare a roster of the Properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member, and at the same time;

(3) To send written notice of each assessment to every owner subject thereto.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE IX
DIRECTORS' MEETINGS

SECTION 9.01. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

SECTION 9.02. The first meeting of the Members of the Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur at least ninety but not more than one hundred twenty days before the close of the Association's fiscal year on a date and at a time set by the Board of Directors.

SECTION 9.03. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Members representing at least twenty-five (25%) percent of the total votes of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

SECTION 9.04. Written notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten nor more than fifty days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or Persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage prepaid.

SECTION 9.05. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Corporate records and made part of the minutes of the meeting.

SECTION 9.06. The majority of the Board of Directors shall constitute a quorum thereof.

SECTION 9.07. Each Director shall be entitled to one vote on any matter submitted to a vote of the Board. The acts approved by the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present shall be acts of the Board, unless a greater proportion of affirmative votes is required by applicable law, by the Articles of Incorporation, by these By-Laws or by the Declaration of Covenants and Restrictions.

SECTION 9.08. Any action which may be taken at a meeting of the directors may be taken without a meeting, if a consent or consents in writing setting forth the action to be so taken shall be signed by all of the directors in office and filed with the secretary of the Association.

ARTICLE X **OFFICERS**

SECTION 10.01. The officers shall be a president, a vice-president, a secretary, and a treasurer. The president and the vice-president shall be members of the Board of Directors.

SECTION 10.02. ~~The officers shall be chosen by majority vote of the Directors.~~

SECTION 10.03. All officers shall hold office during the pleasure of the Board of Directors.

SECTION 10.04. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notes, checks, leases, mortgages, deeds and all other written instruments.

SECTION 10.05. The vice-president shall perform all the duties of the president in his absence.

SECTION 10.06. The secretary shall be ex officio the secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for the purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all members of the

Association together with their addresses as registered by such members.

SECTION 10.07. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the president or the vice-president.

SECTION 10.08. [REDACTED]

[REDACTED] SEE AMENDMENT 4 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

ARTICLE XI COMMITTEES

SECTION 11.01. The Standing Committees of the Association shall be:

- The Nominations Committee
- The Maintenance Committee
- The Architectural Control Committee.

Unless otherwise provided herein, each committee shall consist of a Chairman and two or more members and shall include a member of the Board of Directors for board contact. The Committees shall be appointed by the Board of Directors prior to each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting. the Board of Directors may appoint such other committees as it deems desirable.

SECTION 11.02. The *Nominations Committee* shall have the duties and functions described in Article VII.

SECTION 11.03. The *Maintenance Committee* shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Residential Units and Lots, the Common Areas, and Facilities of the Association, if any, and shall perform such other functions as the Board, in its discretion, determines.

SECTION 11.04. The *Architectural Control Committee* shall have the duties and functions described in Article V of the Declaration.

SECTION 11.05. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE XII **MEETINGS OF MEMBERS**

SECTION 12.01. The regular annual meeting of the members shall be held on the 1st Monday of the month of April in each year, at the hour of 7:00 o'clock, p.m. If the day for the annual meeting of the members shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

SECTION 12.02. Special meetings of the members for any purpose may be called at any time by the president, vice-president, the secretary or treasurer, or by any two or more members of the Board of Directors, or upon written request of the members who have a right to vote one-fourth of all of the votes of the entire membership or who have a right to vote one-fourth of the votes of the Class A membership.

SECTION 12.03. Notice of any meetings shall be given to the members by the secretary. Notice may be given to the member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each member shall register his address with the secretary, and notices of meetings shall be mailed at least six (6) days in advance of the meeting and shall be set forth

in general the nature of the business to be transacted, provided however, that if the business of any meeting shall involve an election governed by Article VII or any action governed by the Articles of Incorporation or by the Covenants applicable to the Properties, notice of such meeting shall be given or sent as therein provided.

SECTION 12.04. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action governed by these By-laws. Any action governed by the Articles of Incorporation or by the Declaration of Covenants and Restrictions applicable to the Properties shall require a quorum as therein provided.

SECTION 12.05. Any action which may be taken at a meeting of the members or of a Class of members may be taken without a meeting, if a consent or consents in writing, setting forth the actions so taken, shall be signed by all the members who would be certified to vote at a meeting for such purpose and shall be filed with the secretary of the Association.

ARTICLE XIII PROXIES

SECTION 13.01. At all corporate meetings of members, each member may vote in person or by proxy.

SECTION 13.02. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of three (3) months, and every proxy shall automatically cease upon sale by the member of his home or other interest in the Properties.

ARTICLE XIV BOOKS AND PAPERS

SECTION 14.01. The books, records and papers of the Association shall at all times, during reasonable hours, be subject to the inspection of any members.

ARTICLE XV
INDEMNIFICATION OF DIRECTORS AND OFFICERS
AND LIMITATION OF DIRECTORS' PERSONAL LIABILITY

SECTION 15.1. *Indemnification of Directors and Officers.*

SECTION 15.1.1 The Association shall indemnify to the fullest extent required by law, and may indemnify or agree to indemnify to the fullest extent permitted by law, any person who was or is a party, or is threatened to be made a party, to an threatened, pending, or contemplated action, suit, or proceeding whether civil, criminal, administrative or investigative (including, but not limited to, court costs, attorneys' fees and any amount paid in any settlement), by reason of that person's being or having been a director, officer, employee, or agent of the association or of any other enterprise at the request of the association. Notwithstanding the foregoing, the association has no obligation to purchase insurance on behalf of any person who is or was a director, officer, employee, or agent of the association against any liability asserted against or incurred by him in any such capacity, or arising out of his status as such. Such insurance may be provided by the association at the sole discretion of the Board of Directors. Such indemnification as set forth in this paragraph shall not impair any other right any such person may have.

SECTION 15.1.2. Said indemnification can be made only if a determination has been made, with the advise of counsel for the association, by members of the Board of Directors not involved in the claim or proceeding, or by a disinterested person or persons named by said members of the Board of Directors not involved in the claim or proceeding, or by the members, or by independent legal counsel in a written opinion:

(1) that the director, officer, employee or agent acted or failed to act, and in either case, in good faith, and in a manner he reasonably believed to be in, or not opposed to, the best interest of the association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; and

(2) that the amount of the proposed indemnification is reasonable; and

(3) that the proposed indemnification is just and proper and can be legally made by the Association under then existing law; and

(4) that the indemnification shall be made by the Association in an amount stated in the determination; provided, however, that the indemnification provided for herein shall not be available if the act or failure to act giving rise to the claim for indemnification has been determined by a court to have constituted willful misconduct or recklessness.

SECTION 15.2. *Limitation of Directors' Personal Liability.* No director shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

SECTION 15.2.1. The director has breached or failed to perform the duties of his office relating to the standard of care and justifiable reliance as set forth in Section 16.3 of this Article; and

SECTION 15.2.2. The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness, PROVIDED, HOWEVER, that the provisions of this section shall not apply to: (1) the responsibility or liability of a director pursuant to any criminal statutes; or (2) the liability of a director for the payment of taxes pursuant to local, state, or federal law.

SECTION 15.3. *Standard of Care of Directors and Justifiable Reliance by Directors.* A director shall stand in a fiduciary relation to the Association and shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he 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 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 other persons as to matters to 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 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. A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted. In discharging the duties of their respective positions, the Board of Directors, committees of the board, and individual directors may, in considering the best interests of the Association, consider the effects of any action upon employees, upon suppliers and customers of the Association and upon communities in which offices or other establishments of the Association are located, and other pertinent factors. The consideration of those factors shall not constitute a violation of the foregoing duties of the directors as set forth herein. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take any action shall be presumed to be in the best interests of the Association.

SECTION 15.4. *Advance Payment of Expenses.* Expenses incurred by an officer, director, employee or agent in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the Association.

SECTION 15.5. *Insurance or Indemnification Fund.* The Association shall have the power to buy and maintain insurance and to establish and fund a self-insurance indemnification reserve fund on behalf of the directors, officers, employees and agents of the Association and a person serving at the request of the Association as a director, officer, employee or agent of another Association, against liability incurred in any such capacity, or arising out of his status as such.

SECTION 15.6. *Validity.* The invalidity of any portion of this Article 16 shall not affect the validity of the remainder hereof.

SECTION 15.7. *Contract Rights; Amendment or Repeal.* All rights to indemnification under this Article 15 shall be deemed a contract between the Association and the persons to be indemnified under this Article Sixteen pursuant to which the Association and each such person

intend to be legally bound. Any repeal, amendment or modification of this Article shall be prospective only and shall not affect any rights or obligations then existing.

SECTION 15.8. *Applicable Statutes.* Without limiting any of the foregoing in this Article 16, any officer, Director, employee or servant of the Association shall be (1) entitled to indemnification from liability to the fullest extent permitted under Subchapter D of the Nonprofit Organization Law of 1988, and (2) where applicable, subject to the lower standard of care for personal liability in accordance with 42 Pa. C.S.A. Section 8332.2 for representatives of a nonprofit organization under Section 501(c)(3) of the Internal Revenue Service of 1954.

ARTICLE XVI **ANNUAL REPORT**

The President and Treasurer shall present annually a report to the Board of Directors, 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 principal 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, both unrestricted and restricted to particular purposes, 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 both general and unrestricted purposes, during the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the Association.

The report shall be filed with the minutes of the meeting of the Board of Directors.

ARTICLE XVII
AMENDMENTS

SECTION 17.01. These By-laws and the Declaration may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of each class of members present in person or by proxy, provided that those provisions of these By-laws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law.

SECTION 17.02. In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Covenants and Restrictions applicable to the Properties and these By-laws, the Covenants and Restrictions shall control.

IN WITNESS WHEREOF, the undersigned, being the Incorporator of the Association, has, pursuant to the Pennsylvania Nonprofit Corporation Law of 1988 as amended adopted these By-Laws this 3rd day of June, 1996.

ATTEST:

**THE OAKS OF NORTH LONDONDERRY
HOMEOWNERS ASSOCIATION**

Carole A Hess
Secretary (SEAL)

By Dennis L. Hess
President

COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF Dauphin : SS

On this, the 3 day of June, 1996, before me a Notary Public the undersigned officer, personally appeared Dennis L. Hess, who acknowledged himself to be the President of **The Oaks of North Londonderry Homeowners Association**, a nonprofit corporation, and that he as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as President.

IN WITNESS WHEREOF, I have hereto set my hand and notarial seal.

Mary J. Foster
Notary Public

My Commission Expires:

Notarial Seal
Mary J. Foster, Notary Public
Hampden Twp., Cumberland County
My Commission Expires Sept. 22, 1997
Member, Pennsylvania Association of Notaries