

Hideout Bylaws

The Hideout POA Bylaws

Approved December 29, 1979 with revisions through April 2010

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ARTICLE 1

Name and Address

Section 1. Name

The name of the corporation is "The Association of Property Owners of The Hideout, Inc." a Pennsylvania Non-Profit Corporation.

Section 2. Location of Offices

The location of the registered office of the Corporation is as stated in the Articles of Incorporation. The principal place of business is located at 640 The Hideout, Lake Ariel, Wayne County, Pennsylvania, 18436.

ARTICLE II

Definitions

The following terms as used in these Bylaws are defined as follows:

- a) "Association" means The Association of Property Owners of The Hideout, Inc., a Pennsylvania not-for-profit corporation.
- b) The "Board of Directors" or "Board" is the group of persons vested with the management of the business and affairs of the Association as is more fully set forth in these Bylaws, as amended December 29, 1979.
- c) "Bylaws" means the written

code or codes of rules for the regulation or management of the business and affairs of the Association as adopted from time to time, as amended December 29, 1979.

d) "Common Areas" means all property included, from time to time, within the definition of "Common Areas" set forth in the Declaration.

e) "Declaration" means the Declaration of Protective Covenants of the Developer dated as of May 11, 1970, as the same may be supplemented or amended from time to time.

f) "Policy" refers to the written regulations or course of conduct adopted and followed by the Board of Directors in the governing and operation of The Hideout.

g) "Developer" means Boise Cascade Recreation Communities and its successors and assigns.

h) "Development" means all of the real property known as The Hideout, a subdivision, situated in the Townships of Lake and Salem, Wayne County, Pennsylvania, as the same is referred to in the Declaration of Protective Covenants, which is duly recorded in the Recorder of Deeds Office in and for Wayne County, Pennsylvania.

i) "Lot" means any lot in the Development included from time to time within the definition of "Residential Lot" set forth in the Declaration.

j) "Owner" means:

i) Any natural person, firm, corporation, trust or other entity who holds fee title to a lot or an undivided interest in fee title to a lot.

ii) Any person who has contracted to purchase fee title to a lot or an undivided interest in fee title to a lot under written agreement, in which case the seller under said agreement shall cease to be the "Owner" while said agreement is in effect; or

iii) Any lessee of a lot under a recorded lease from the owner of fee title to said lot for a term of not less than fifty (50) years, in which case the lessor under said lease shall cease to be the "Owner" while said lease is in effect.

k) "Member" means those persons having membership rights in the Association in accordance with the provisions of these Bylaws.

l) "Tenant" means a person or persons entering into a lease of a private home of a member. One couple and dependents, OR not more than three unrelated adults, are considered "renters" for amenity use purposes. All others are considered "guests of renters."

m) "Single Family Dwelling" means a residential dwelling for one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three (3) persons not so related, together with his or her domestic servants, maintaining a common household in such dwelling.

n) "Guest" means all spouses, dependent children and legal dependents of Class B & C Associate Members; invitees of: (a) Members, (b) Class A Associate Members and (c) Tenants. The use of any particular genders herein shall be deemed to include all genders. As amended October 6, 1991.

o) "Member in Good Standing" means a member who has not defaulted on any financial obligations to the Association for all lots owned and has not breached any other obligations under the community legal documents. (Amended March 31, 2004)

ARTICLE III
Purposes
Section 1

This Corporation shall have the purposes or powers as may be stated in its Articles of Incorporation, and such powers as are now, or may be granted hereafter by the Non-Profit Corporation Law of 1972 of the Commonwealth of Pennsylvania, or any successor legislation. The primary purposes of this Corporation are:

- a) To assist in the establishment and promotion of a planned unit residential development designed for healthful and harmonious living.
- b) To promote, assist, and encourage the collective interest of all members in the Development.
- c) To promote and assist in the establishment, care and maintenance of improvements to the common property and any facilities of any kind dedicated to the use and enjoyment of the Development which now exists or which may hereafter be installed or constructed.
- d) To regulate the use, maintenance, repair, restoration, replacement and modification of common property in the Development.
- e) To assist and cooperate with the members of all lots, improved and unimproved, for the purpose of promoting and maintaining the natural beauty of the physical environment in the Development so that the value of property will not be impaired or adversely affected by nuisances or other property conditions detrimental to the health and welfare of the members, and to take such action as may be desirable and necessary to prevent or abate such conditions as may be consistent with the Bylaws, the Declaration of Protective Covenants, and the applicable law.
- f) To aid and cooperate with members of the Association in the Development, in the enforcement of such conditions, covenants, and restrictions on and appurtenant to their property as are now in existence, as well as any other conditions, and restrictions as shall hereafter may be approved and adopted.
- g) To exercise any and all rights, privileges and authority that may be delegated to it from time to time by the members of the Association.
- h) In general to do everything necessary and proper for the accomplishment of the purposes hereinabove set forth.

ARTICLE IV
Association Membership
Section 1. Classes of Members

This Association will have two classes of members, which are designated as follows:

- a) Members
- b) Associate Members

Section 2. Members

- a) A person shall become a member with such rights and privileges as are set forth or referred to in the Charter, Bylaws and Declaration of Protective Covenant if:
 - i) He/she holds title in fee to a lot in his/her own name; OR

- ii) In the case of multiple owners of a lot, he/she is designated in writing to be the voting member by the other co-owner(s).
- b) There shall be one voting member for each lot regardless of the number of persons who may have an ownership interest in such lot. If more than one person shall have an ownership interest in any lot, then all such co-owners must designate in writing to the Association the member who is authorized on their behalf to cast the vote for that lot for all co-owners, and receive official publications and notices including all assessments and charges. In the event that all of the co-owners fail to designate in writing the member who is authorized on their behalf to cast the vote for all co-owners then and in such an event the Association shall be free to recognize the person whose name appears on the Association's membership list as the person authorized to cast the vote for all co-owners.

Section 3. Associate Members

The following shall be entitled to "Associate Membership" in the Association, by classes:

Class A. The spouse, dependent children and legal dependents of a member who are part of the same household as the voting member; OR

Class B. All non-voting co-owners of lots; OR

Class C. Persons who by virtue of contractual agreements with the Developer are entitled to membership in the Association; OR

Class D. Club Member - Non-dependent children and guests of members shall be considered Associate Members of the Association for the sole purpose of using and enjoying our licensed premises, The Clubhouse. (Amended June 1, 2003)

Associate members shall have no vote or right to notice of any regular or special meeting of members.

The privileges and duties of Class A, Class B and Class C Associate Member shall be established from time to time by the Board by resolution. The privileges and duties of Associate Members need not be the same of those of Members.

Section 4. Notice of Meeting of the Association

Written notice of the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than thirty (30) days nor more than forty (40) days before the date of the meeting, either personally or by mail, to each member entitled to vote at such meeting. If mailed, such notice 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, or such notice may be published in any newspaper or publication printed under the auspices of the Association and distributed generally among members of the Association. At a special meeting, no business shall be conducted except that stated in the notice of said meeting.

Section 5. Privileges of Membership

The privileges of membership shall include:

- a) The right of access to the lot or lots owned by the respective members over and across the roads owned or maintained by the Association

- b) The use of such facilities as the Association may establish for the health and safety of its members.
- c) The use of such facilities as the Association may establish for the convenience and recreation of its members.
- d) The right to petition and to vote with respect to all matters that may be referred to the vote of the members by law or by their Bylaws.
- e) The right to attend all open Board meetings, hearings and meetings of the membership.

Section 6. Associate Members Privileges

An Associate Member who complies with these Bylaws acquires the membership privileges referred to in Section 5 (a), (b) & (c). He shall not be entitled to notice of membership meetings, although he may attend such meetings. The Rules and Regulations of the Association shall specify from time to time the privileges of the Associate Members.

Section 7. Obligations of all Classes of Membership

The obligation of membership shall be:

- a) To comply at all times with The Rules and Regulations, policies, and Bylaws of the Association and to be responsible for like compliance by family members, guests, tenants and invitees.
- b) To pay all assessments, fines and other charges levied pursuant to the authority granted in these Bylaws including interest.
- c) To be responsible for all damages attributable to the member, his or her family, his or her guests, tenants and invitees.
- d) Associate Members obligations include all obligations of membership provided, however, that Class A Associate Members who are not co-owners have no obligation to pay dues.
- e) Permits - No permits shall be issued to any member that has failed to fully pay all outstanding dues, special assessments and/or fines assessed against them by the Hideout POA on any property owned by such member within the Hideout. Notwithstanding the foregoing, the Public Works Director shall be authorized to issue permits in such instances where the failure to do so shall constitute an imminent danger to the membership or to repair damage to the property for which the permit is being sought. (Amended March 31, 2004)

Section 8. Tenant Privileges

The Owner in good standing who leases his residential unit for occupancy shall be deemed to have assigned limited membership privileges to the tenant provided, however, that a copy of the lease or Association rental form shall be filed in the Office of the Secretary of the Association. By the mere acceptance of the lease and act of occupancy, the Tenant shall be deemed bound and shall abide by all guest, rental and other rules, regulations, Bylaws and policies of the Association relating hereto. Once membership rights are assigned by the owner, the owner shall not have privileges of use of the amenities or facilities. The privileges are reinstated upon expiration of the Lease. Neither the Lease nor the Association rental form shall

relieve or release the Owner from their obligations and responsibilities incident to their membership. If an owner rents to another member in good standing, then the owner need not assign their membership rights and privileges.

a) A tenant who complies with these Bylaws acquires the membership privileges referred to in Section 5 (a), (b) & (c) above.

Section 9. Suspension and Disciplinary Measures

The Board may suspend the voting privileges of any Member or Associate Member and their use of the Common Areas as follows:

a) The rights conferred by Section 5(b), (c), (d) and (e) may be suspended or revoked by the Board of Directors if the member is in default of his annual assessment, fines or charges, including interest, levied pursuant to these Bylaws or the Declaration of Protective Covenants.

b) The voting privileges and the use of Common Areas by Members or Associate Members may be suspended by the Board for:

i) The period of any continuing violation by such member or associate member of the provisions of the Declaration after the existence thereof shall have been declared by the Board; and

ii) A period to be determined by the Board, not to exceed twelve (12) months, for repeated violations of the Bylaws or the Rules and Regulations of the Association.

The rights granted in Section 5 (a) of these Bylaws shall be absolute and may not be withdrawn by the Association. (Amended March 31, 2004)

Section 10. Disciplinary Procedures

A Disciplinary Committee made up of not more than nine (9) members including at least one (1) Board member may be established by the Board of Directors to conduct hearings and make recommendations, advise on disciplinary matters and to administer sanctions or discipline. A majority of the Committee members shall constitute a quorum. The Committee shall operate and act as provided hereunder only by a majority vote of the members present at any hearing at which a quorum has been established.

The procedure to be followed by the said Committee is as follows:

a) If a complaint against any party shall be signed by a member, or the Chief of Security of The Hideout as a result of investigations made by the said Chief of Security, and filed with the Secretary or Assistant Secretary of the Association, the latter shall refer the matter to the Chairman of the Disciplinary Committee within five (5) days thereafter.

b) If the nature of the complaint or charges are, in the Committee's sole discretion, such that it may be informally administered through warnings or admonitions, then the Committee shall so informally administer such discipline without a hearing.

c) If the complaint involves:

i) Misconduct of a nature that requires a hearing of all involved parties.

ii) Such conduct that is contrary to the interest, health, safety, welfare or character of the Association or the Development, or

iii) Repeated violations or infractions of the Association's Bylaws, Rules and

Regulations, or the Declaration of Protective Covenants; then the Committee shall

set a date for a hearing on the complaint or charges, with notice of same to the accused. The accused shall have an opportunity to be heard, the right to be represented by counsel (if any) and to present evidence on the accused behalf at the hearing.

d) The accused shall have the opportunity to attend the hearing and enter such defense as he may deem relevant. In the event the accused does not attend the hearing, the same shall proceed in his absence unless previously excused by the Committee in advance for good cause shown.

e) After consideration of all the evidence presented, the Committee shall render its judgment and may impose any or all of the following sanctions as it, in its sole discretion, deems just and warranted:

i. Admit of an apology and/or reparation.

ii. Imposition of a fine in an amount to be determined depending on the severity and gravity of the charge and or whether the accused has been involved in repeated violations as here in referred to. (Amended March 31, 2004)

iii. Suspension of privileges for a period of time as the Committee may deem just, but not to exceed twelve (12) months, where the misconduct is of a repeated nature and is such as to be considered disorderly, injurious or hostile and against the better interest or objectives of the Association and its members. (Amended March 31, 2004)

f) There shall be a ten (10) day grace period, from the date of the Committee's Notice of Judgment, for the accused to pay the fine imposed (if any), or to make reparation or furnish an apology before such person may be declared "not in good standing" by the Committee.

g) When "suspension of privileges" is invoked by the Committee, the Board of Directors shall first approve such a suspension before it becomes effective. The Board may approve or disapprove the suspension of privileges or impose an alternative sanction or remand the matter back to the Committee with such directives as the Board may deem fit and proper.

h) The accused shall have the right, within ten (10) days of the receipt of notice of the decision of the Committee to appeal in writing to the Board for review of the matter on the following grounds only:

i) On the appeal, the Board shall limit its inquiry to a review of the regularity of the proceedings, whether the proceedings were conducted in good faith, and whether or not the accused was accorded a full and fair hearing.

ii) The Board will not entertain any appeal that does not specifically comply with its appellate procedures on forms provided for this purpose, or that involves or seeks reconsideration of the charges, the evidence or the Committee's decision or its findings on the merits. However, reconsideration may be allowed where the Board determines that new material evidence, which appellant proves to the Board's sole satisfaction, was not previously available for the hearing and has since been made available to the accused.

iii) In its sole and absolute discretion the Board may, for good cause shown for the above-stated reasons on such appeal, modify the judgment or sanctions previously rendered.

- i) The taking or acceptance of an appeal shall not operate to stay or suspend the effect of any sanctions or judgment imposed.
- j) Unless the Association is otherwise notified, all notices of the charges or complaint referred to in Section 10(c) and of the Committee's judgment referred to in Section 10(e) shall be transmitted personally or by certified U.S. mail, return receipt. All other correspondence shall be sent by ordinary U.S. mail.
- k) If the mail is returned unclaimed or with a notation by the postal authorities that the addressee used to accept the mail, then the Committee shall send notice to the same address by ordinary mail with the return address of the Committee appearing thereon. Notice by ordinary mail is then deemed complete if the mail is not returned to the Committee within fifteen (15) days after mailing.

ARTICLE V

Membership Fees & Assessments

Section 1. General Rule

The Association through its Board of Directors as hereafter set forth, may levy assessments, fines and other charges on members.

Section 2. Amount and Method of Collection

The amount of the levy and method of same shall be fixed by the Board subject, however, to and taking into consideration adoption of the budgets as hereinafter set forth. There shall be sent to each member at the address last given by such member to the Association, notice of any assessment which shall be paid on or before the date fixed by resolution of the Board. The Board may set a discount period for payment and an interest charge for late payment. The Board may proceed at law in the collection of any assessments, fines or other charges that are delinquent after ninety (90) days from their due date.

Section 3. Enforcement of Payment

The Board may bring such actions as it shall determine appropriate at law or in equity necessary to enforce the collection of delinquent assessments, fines, or other charges including, but not limited to, provisions for the suspension of membership and privileges and the imposition of a lien or liens upon a members property. In all such cases, however, reasonable notice shall be given to such members with respect to any such non-payment and there shall be given to such members an opportunity for reinstatement of membership privileges upon satisfactory proof that such delinquency has been corrected.

Section 4. Voluntary Conveyance

All voluntary transfer and conveyances of a property between parties shall be recorded with the Association Office and no transfers will be accepted unless all delinquent accounts, assessments and other charges are paid at or before the time of the transfer, subject to prior agreements by contract with others by the Association. The grantor and grantee of such property shall be jointly and severally liable for all unpaid assessments and other charges pertaining to said property up to the date of conveyance.

Section 5. Guest Fees

The Board may levy such guest fee as it may determine necessary from time to time.

Section 6. Personal Liability of Stockholders in Corporation

All lots purchased by a corporate entity must have a principal of the corporation holding more than 50% of the issued stock sign a personal guarantee of all POA debts. In the instance when no one party holds more than 50% of the issued stock then an aggregate of principals that own more than 50% of the issued stock must execute a personal guarantee of all POA debts. On January 30th of each year, every corporate owner of lots within the Hideout must file, under Oath with the POA, a current list of all stockholders, their number of issued shares and the total number of all issued shares of the corporation. (Amended March 31, 2004)

ARTICLE VI

Evidence of Membership and Transfer

Section 1. Membership Certificates

“Certificates of Membership” in the Association may be issued to Members and Associate Members. Such certificates shall be in such form as the Board shall, from time to time, designate and shall be issued over the signature of the President or other officers of the Association. Such certificate shall indicate whether or not the holder is a Member or an Associate Member and shall also indicate the lot, the ownership of which gives rise to membership. Such certificate shall also clearly state on its face that the Association is a not-for-profit corporation. Adequate records shall be maintained at the registered office of the Association showing the names of the Members and Associate Members of the Association, the type of membership and the date of membership.

Section 2. Transfer

When a member ceases to be an Owner, such person’s membership and those associate memberships existing through relationships to such person, shall cease, but such person shall remain liable for all Association assessments and other charges incurred prior to the giving of written notice to the Association that such person is no longer an owner.

ARTICLE VII

Meeting of Members

Section 1. Place of Meetings

Any meeting of the members of the Association shall be held in the State of Pennsylvania at such place therein as may be stated in the notice of such meeting.

Section 2. The Annual Meeting

The annual meeting of the Association shall be held on any Sunday in October of each year commencing with the year 1970.

Section 3. Special Meeting of the Association

Special meetings of the Association may be called by the President and the Board of Directors by resolution of the Board. A special meeting may also be called upon the written petition of 15% of the voting members of the Association in good standing. Such petition shall be presented to the Secretary and shall set forth the purpose of the special meeting. Upon receipt of the petition it shall be the duty of the Secretary to verify the signatures to the petition and if satisfied of the authenticity, he shall forthwith fix a weekend date of Saturday or Sunday. Date for such meeting and notify the membership of the time, place and purpose of the meeting within twenty (20) days of the receipt of the petition. The meeting shall be held no sooner than thirty (30) days and not more than sixty (60) days after receipt of the request. If the Secretary shall neglect or refuse to fix the time and place of the meeting, the persons calling the meeting may fix the time and place in compliance with this section.
(Amended March 31, 2004)

Section 4. Adjournments

Adjournments of any regular or special meeting may be taken, but any meeting at which Directors are to be elected shall be adjourned only from day to day, or for such longer period not exceeding fifteen (15) days each, as the members present entitled to cast at least a majority of the votes which all members present and voting are entitled to cast shall direct, until such directors have been elected.

Section 5. Quorum

A meeting of the members duly called shall not be organized for the transaction of business unless a quorum is present. The presence in person or by proxy of 10% of the members entitled to vote on the matter to be acted upon shall constitute a quorum. The members present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided in this article, adjourn the meeting to such time and place as they may determine.

a) In the case of any meeting called for the election of directors, those who attended the second of such adjourned meetings, although less than a quorum is present, shall nevertheless constitute a quorum for the purpose of election of directors.

i) In case of any meeting called for any other purpose, those who attended the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of acting, upon any resolution or other matter set forth in the notice of the meeting if written notice of such second adjourned meeting, stating that those members who attend shall constitute a quorum for the purpose of acting upon such resolution or other matter, is given to each member of record entitled to vote at such adjourned meeting at least ten (10) days prior to the day named for the second adjourned meeting.

Section 6. Proxies

At any meeting of members, a member entitled to vote may do so by proxy executed in writing by the member or by his duly authorized attorney-in-fact and filed with

the Secretary of the Association. A proxy shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary but the revocation of a proxy shall not be effective until notice thereof has been given to the Secretary of the Corporation. A proxy shall not be revoked by the death or incapacity of the maker unless before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary of the Corporation. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed three (3) years from the date of its execution.

Section 7. Order of Business

All meetings of the membership shall be conducted according to Roberts Rules of Order unless a different procedure is called for in these Bylaws.

ARTICLE VIII

Association Records, Inspection

Section 1. Required Records

The Association shall keep an original or duplicate record of written minutes of the members and the directors and of any other body exercising powers or performing duties which under this Article may be exercised or performed by such other body, the original or a copy of its Bylaws, including all amendments thereto to date, certified by the Secretary of the Association, and an original or a duplicate membership register, giving the names of members, and showing their respective addresses and the class 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 sub-section shall be kept at either the registered office of the Association in this Commonwealth or at its principle place of business wherever situated.

Section 2. Right of Inspection

Every member shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose as prescribed by the Pennsylvania Statutes.

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 demands within five (5) business days after the demand has been made, the members may apply to the proper court for an order to compel such inspection. The court shall determine whether or not the person seeking inspection is entitled to the inspection sought. The court may summarily order the Association, officer, or agent thereof, 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 a member a list of its members as of a specific date on conditions that the member 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 records of the Association, other than its membership register or list of members, he shall first establish:

- a) That he has complied with the provisions of this Section respecting the form and manner of making demand for inspection of such document; and
- b) That the inspection he seeks is for a proper purpose. Where the member seeks to inspect the membership register or list of members of the Association and he has complied with the provisions of this Section respecting the form and manner of making demand for inspection of such documents, the burden of proof shall be upon the Association to establish that the inspection he 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 the Commonwealth upon such terms and conditions as the order may prescribe.

ARTICLE IX

Financial Management

Section 1. Accounting Period

The Association's fiscal management shall operate within the year. The calendar year herein established, however, shall be subject to change by a majority vote of the Board of Directors.

Section 2. Books and Accounts

Books and accounts of the Association shall be kept under the direction of the Treasurer subject to the member's right of inspection pursuant to Article VIII herein.

Section 3. Preliminary Budget

Each calendar year the Association's Community Manager shall prepare preliminary budgets, as designated below, for the next succeeding calendar year, to be presented to a Budget Committee for its review, modifications and recommendations on or by September 15th of each year;

- a) Annual Operating Expense Budget
- b) Annual Capital Expense Budget
- c) Annual Revenue Budget
- d) Annual Reserve Fund Budget

The Budget Committee shall consist of not less than five (5) and not more than nine (9) members appointed by the board plus any current Board Candidates who shall be appointed to serve on said Budget Committee by the Association's Board of Directors. The Budget Committee shall review each of the preliminary budgets as submitted and make such additions, deletions, modifications or corrections to them as it deems necessary and in the best interest of the Association, so that each of the

preliminary budgets shall be available for submission to the Board, as proposed by the Budget Committee with its recommendations, if any, on or by October 15 of each calendar year. The proposed budgets, after submission to the Board for review, modification and approval, and prior to being adopted and accepted as final budgets by the Board, shall be published for a period of not less than thirty (30) days prior to the first day of the next succeeding calendar year to allow the members of the Association an opportunity to review same and to comment thereon, either at hearings held thereon or through such other means as the Board may determine. (As amended October 1989) (Amended March 31, 2004)

Section 4. Publications of Proposed Budgets

Prior to the budgets being approved and acted upon by the Board, they shall be published by posting copies of the proposed budgets in five (5) previously announced conspicuous locations in the Development. In addition, the proposed budget shall be published in the Association newspaper or a copy thereof sent to each member of the Association entitled to vote.

Section 5. Adoption of Budgets

After the proposed budgets have been published for not less than thirty (30) days and prior to the first day of the calendar year to which the proposed budgets apply, the Board by majority vote, shall adopt the final budgets which shall be itemized with particularity and which may contain such changes, additions, deletions, or corrections as the Board deems appropriate and in the best interest of the Association. These adopted budgets shall then be effective for the calendar year to which they apply. After the proposed budgets have been adopted by the Board, the Board shall, taking into consideration other sources of income that the Association may have, levy the annual assessment for each lot for the following year in accordance with the terms and conditions of the Bylaws and Declaration.

Section 6. Variation From Budget

A. Budget Review. Upon adoption of the budget the Board shall be bound by the same. The Board may not, over the calendar year period vary from the budget by more than 15% without following the budget procedures specified in Sections 4 and 5. Variation is defined as a 15% or greater difference from plan for the capital expense budget and for the net combined operating expense budget and the revenue budget. It shall be the responsibility of the Treasurer in conjunction with the Community Manager of the Association's accounting personnel to make monthly reviews of actual budget performance and to prepare on a monthly basis an annual budget projection which will project total revenue and expenses for the calendar year based on the best existing assumptions existing at the time of the forecast. It shall be the responsibility of the Treasurer to meet with the Budget Committee on a quarterly basis to review actual and projected budget performance. As soon as practical, the Community Manager shall advise the Board and the Budget Committee if either the actual or the projected annual budget will vary greater than 15% over the calendar year. The Board of Directors shall make such changes as the Board

deems necessary to assure expenses do not exceed income for any given year.
(Amended April 3, 2010)

B. Prior Years Surplus/Deficit – The surplus or deficit (excluding depreciation) resulting each year from the budgeted operations, including Board directed funds, shall be identified. The Accounting firm producing the annual audited statements shall provide a separate schedule listing by department, all budgeted income and expenses versus actual income and expenses producing an annual surplus or deficit. This schedule shall be separate and included as part of the final audited financial report provided for membership distribution. Any surplus identified will be first used to fund an Operating Contingency Fund, the balance of such fund not to exceed \$200 thousand, which is to be used only for the purpose of reducing an identified deficit. Any surplus in excess of the amount needed to fund the Operating Contingency Fund, or any deficit in excess of the then existing balance in the Operating Contingency Fund, will become a line entry under the “Revenue Section” of the following years Proposed Budget. (Amended April 3, 2010)

Section 7. Auditing

At the close of each calendar year, the books and records of the Association shall be audited by a certified public accounting firm whose report shall be prepared and certified in accordance with generally accepted accounting principles. Based on such reports, the Association will print and mail a copy of same to each member entitled to vote herein or a copy of such report shall be published in the Association newspaper. In addition, the books and records herein may be inspected as prescribed in Article VIII.

Section 8. Maximum Annual Charge

Notwithstanding anything in these By Laws to the contrary, the maximum annual charge for each lot for each year shall be determined as follows:

- a) The maximum annual charge for the fiscal year 1991 shall be \$468.00.
- b) Each fiscal year commencing from any fiscal year after 1991, the maximum annual charge may be increased or decreased each year without a vote of the members by:
 - i) A majority vote of the Board, not in excess of ten percent (10%) above or below the maximum annual charge for the previous year.
 - c) The maximum annual charge may be increased or decreased above or below the maximum annual charge for the previous year of the amounts set forth in subparagraph.
 - i) above, upon written consent of a majority of the members by referendum or at a regular or special meeting of members as provided herein by majority vote of the members voting in person or by proxy and otherwise in the manner and in accordance with the quorum and other provisions of these Bylaws. (As amended by October 6, 1991)

Section 9. Capital Reserve Fund Assessment

- a) The annual charge levied by the Board for the Capital Reserve Fund shall not be used to meet anticipated operating expenses for the ensuing year, but will be transferred by the Board to the Capital Reserve Fund for major repair and capital replacement of the Common Area.
- b) Capital Reserve Fund amounts shall be in accordance with the annual updated schedule of reserves certified as part of the annual budget of the Association provided in this ARTICLE IX. The said Capital Reserve Fund amounts shall cover, without limitation, all real property and improvements thereon, furniture, fixtures, roads, vehicles and equipment owned by the Association. Said schedule shall include, without limitation, all fixed asset items of or over Five Hundred (\$500.00) Dollars in value or items of or over an aggregate value of Two Thousand Five Hundred (\$2500.00) Dollars.
- c) The Treasurer of the Association shall place all such Capital Reserve Fund amounts to capital and transfer all monies presently held in reserve to one or more interest bearing accounts, which accounts shall be accounted for separately.
- d) Withdrawals from the Capital Reserve Fund shall be authorized by an affirmative vote of the majority of the Board as part of the annual budget process or in a "declared emergency," which shall be defined in a policy statement of the Board before funds may be expended.
- e) Withdrawals from the Capital Reserve Fund shall be only for restoration, repair and replacement of existing capital improvements, not for new facilities or additions or improvements to existing facilities or property.
- f) Upon authorization of the Board, the Capital Reserve Fund may be used as collateral for loans or projects for the purposes set forth in Section 9.e) above, so long as the unencumbered portion remaining in the Capital Reserve Fund is sufficient to meet One Hundred Twenty (120%) Percent of the reserve requirements during the period of the loans or projects.
- g) So long as the portion remaining in the Capital Reserve Fund is sufficient to meet One Hundred Twenty (120%) Percent of the reserve requirements during the period of the loan, the Board may borrow against the Capital Reserve Fund for current operations, provided such loans are repaid to the Capital Reserve Fund within two (2) years with interest at the then current rate of interest in the interest bearing account set forth in Section 9.c) hereinabove.
- h) Authorized signatories for the Capital Reserve Fund shall be those designated by Resolution of the Board of Directors. (As amended March 18,1984) (Amended March 31, 2004)

Section 10. New Capital Reserve Fund

The Association shall maintain a "New Capital Reserve Fund." All revenues budgeted for "new capital reserves" annually by the Board of Directors shall be collected in this fund. All new capital expenditures shall be charged against this fund. The budget for new capital expenditures in any year must not exceed 80% of the total of the prior year's year-end balance and the new capital reserve fund balance. New capital reserve funds must be used to fund new capital assets or for additions to or improvements of existing capital assets of the Association. The

Association shall not incur new capital expenditures totaling more than 80% of new capital reserves without the majority approval of the Membership. (Amended March 31, 2004)

Section 11. Limited New Capital Expenditures

The Association shall not incur any new Capital expenditures totaling more than 80% of all capital reserves without the approval by majority vote (either at a membership meeting or by referendum without a meeting) of the members voting. All elements of an expenditure, in excess of this 80% figure, will count toward that dollar limitation, and may not be fragmented into separate projects for the purpose of avoiding the spending cap. These elements will include, but not be limited to, items such as planning costs, site surveys, architectural fees, taxes, material costs, delivery costs, labor costs, etc. After membership approval of new capital expenditure project, if additional, reasonable capital expenses are still needed to complete the project, the Board may approve those funds without another membership vote. After a project has been approved by the membership, the Board will decide on the most prudent method of financing the project (i.e., dues increase, loan, special assessment, etc.). After the membership approves a project, the board may exercise its exclusive right to begin, postpone or cancel the project without seeking further membership approval. (As amended Dec. 1999)
(Amended March 31, 2004)

ARTICLE X

Board of Directors

Section 1. Number and Qualifications

The affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons, all of whom must be members in good standing of the Association.

Section 2. Powers and Duties

The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the members. In addition thereto, the Board shall have the following powers:

- a) The power to adopt a corporate seal as the Seal of the Association.
- b) The power to designate a banking institution as depository for the Association's funds; and the officer or officers authorized to make withdrawals there from and to execute obligations on behalf of the Association.
- c) The power to borrow money for the Association.
- d) The power to assign, mortgage, pledge or encumber any Association property for such borrowings.
- e) The power to employ a sufficient number of persons to adequately maintain Association property. The salaries of such persons shall be within budgetary limits set in Article IX.

Section 3. Other Duties

In addition to duties imposed by these Bylaws or by resolution of the Association, the Board of Directors shall have, without limitations, the following additional powers:

- a) Care, upkeep and surveillance of the Development and the Common Areas and facilities.
- b) Collection of special assessments and/or other charges from the members.
- c) Designation and dismissal of the personnel necessary for the accomplishment of purposes of the Association.
- d) Promulgation of such rules and regulations necessary for the effective administration of Article IX of these Bylaws.
- e) 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 and associate members.

Section 4. Term of Office

The term of office of Directors shall be fixed at three (3) years with staggered terms. Beginning in October 1978, two (2) directors appointed serve a two (2) year term expiring October, 1980. Three (3) existing directors will complete their term in 1979 and two (2) directors elected in 1978 will serve full three (3) year terms until October 1981; and thereafter the term of such directors shall be three (3) years as set forth in Article X, Section 5, and commence at the close of the annual meeting at which they are elected.

Section 5. Election of Directors

- a) Election of Directors shall be by written ballot as hereinafter provided. In all elections of directors, each member entitled to vote shall be entitled to as many votes as shall equal the number of votes which he is entitled to cast on any matter other than election of directors multiplied by the number of directors to be elected and he may distribute such votes among the number of directors to be voted for, but he may not cast more than one (1) vote for a single director. A member is not required to cast all of the votes allocated to him for his ballot to be valid. The person or persons receiving the largest number of votes shall be elected to the vacant position or positions. (As amended December 1996)
- b) The Nominating Committee shall consist of five (5) members; two (2) members in good standing elected by the membership at the Annual Meeting, two (2) chosen from the membership of the Board of Directors and one (1) member in good standing appointed from the membership by the President of the Association and this member shall not be a current member of the Board of Directors. The Board of Directors and the President shall make their appointments within sixty (60) days of the Annual Meeting. The Nominating Committee shall select its Chairman.
- c) Candidates for election to the Board of Directors shall be nominated:
 - i) By the Nominating Committee and/or (Amended March 31, 2004)
 - ii) By petition signed by fifty (50) voting members and delivered to the Secretary of the Association between the first and fifteenth of July each year.

d) Commencing with year 1981 between the first and fifteenth day of July of each year, the Nominating Committee shall nominate for election at least two (2) more candidates than are necessary to fill the prospective vacancies on the Board of Directors. The Nominating Committee may include the names of candidates nominated by petition to fill this quota if they choose to give them their endorsement.

e) The qualifications of the candidates nominated by the Nominating Committee and those nominated by petition shall be printed and distributed at the same time or prior to distribution of election ballots.

f) By April 15 of each year, any member in good standing seeking a nomination by the Nominating Committee shall file with the Secretary of the Association a personal statement of candidacy for election as a Director for the term beginning after the first annual meeting held after the filing of such statement, together with a brief biographical statement.

By May 15 of each year any member in good standing who desires to seek election to the Board of Directors may submit to the Nominating Committee a campaign letter that they wish to have published in the July and August issue of the P.O.A. newsletter (The Hideabout). (Amended April 3, 2010)

By May 15 of each year, the Nominating Committee shall nominate for election at least two (2) more candidates than are necessary to fill the prospective vacancies on the Board of Directors, and shall notify each applicant of the Committee's decision immediately by regular mail. The Nominating Committee may include the names of candidates nominated by petition to fill this quota if they choose to give them their endorsement.

g) All votes in board elections shall be cast on written ballot, which shall:

i. Describe the vacancy to be filled, and

ii. Set forth the names of those persons who have become candidates for the office of director in the order in which they filed their statements of candidacy with the Secretary of the Association. The ballots shall be prepared and mailed by the Secretary to each member entitled to vote, simultaneously with the mailing of the notice of the Annual Meeting of the Association. The mailing of the ballots and Annual Meeting notice shall occur not less than 31 days prior to the Annual Meeting. Any member in good standing may file with the Secretary of the Association an endorsement of personal candidacy signed by not less than fifty (50) voting members (one per lot) in good standing. All endorsements or petitions must be filed with the Secretary no later than July 15 of the year immediately preceding the next Annual Meeting of the membership. The Secretary of the Association shall certify to the validity of all signatures. Should any candidate's petition be found to have an insufficient number of valid signatures, then that candidate shall not be placed on the ballot. All candidates by petition shall be given the opportunity to sign the affidavit and shall be accorded the same privileges as those candidates nominated by the Nominating Committee. (Amended March 31, 2004)

(h) Each member entitled to vote shall receive one (1) ballot for each lot for which he is a voting member.

i) The completed ballots shall be returned as follows: Each ballot shall be placed in a sealed marked "Ballot," but not marked in any other way. Each such "Ballot"

envelope shall contain only one (1) ballot, and each voting member shall be advised that because of the verification procedure hereinafter set forth, the inclusion of more than one (1) ballot in any one (1) "Ballot" envelope shall disqualify the return. Such "Ballot" envelope shall be placed in another sealed envelope which shall bear on its face the name and signature of the member, his lot number, and such other information as the Board may determine will serve to establish his right to cast the vote or votes presented in the ballot or ballots contained therein. The ballots shall be returned to the Secretary of the Association at such address as the Board may from time to time determine no later than ten (10) days prior to the annual meeting.

j) Upon receipt of each return the Secretary shall immediately place it in a safe or locked place until the day fixed by the Board for the counting of such ballots. On that day, the external envelope containing "Ballot" envelopes shall be turned over, unopened, to the Election Committee consisting of the Secretary and the then existing Board. A representative of each candidate for the office of director may also be present and if present serve on the committee. The Election Committee shall then adopt a procedure which shall establish:

i) That the signature of the member on the outside is genuine; and

ii) That such member is a member in good standing.

Such procedure shall be taken in such manner that the vote of any member shall not be disclosed to anyone, including the Election Committee. The outside envelopes shall thereupon be placed in a safe or other locked place and the Election Committee shall proceed to the opening of the "Ballot" envelopes and the counting of the votes.

If any "Ballot" envelope is found to contain more than one (1) ballot, all ballots contained in such envelope shall be disqualified. The Election Committee shall certify the results of the count at the Annual Meeting and the terms of office of the directors so elected shall commence immediately following such Annual Meeting.

k) All outside envelopes, ballots and statements of candidacy shall be retained by the Secretary for a period of one (1) year.

l) All ballots shall be subject to audit by a certified public accounting firm and the results of all ballot counts shall be published in the Association newspaper.

Section. 6. Vacancies

Vacancies in the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director and serve to complete the term of that director whose vacancy is being filled. The Board of Directors may request recommendations from the Nominating Committee to fill such vacancies.

Section 7. Removal of Directors

a) By the Membership. Upon the written petition of 15% of the voting members of the Association in good standing filed no later than sixty (60) days before any annual or special meeting duly called, any one (1) or more of the directors may be proposed to be removed for cause (including without limitation, for fraudulent or dishonest acts) by the vote of members entitled to cast at least a majority of votes which all members present would be entitled to cast at any annual election of the directors and a successor may then and there be elected to fill the vacancy thus

created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

b) By the Board of Directors.

The Board of Directors may declare vacant the office of a director if he is declared of unsound mind by an order of court or is convicted of a felony, or fails to attend three (3) consecutive regular, special or workshop meetings of the Board as provided herein below.

i) Upon the second consecutive failure of any Board member to attend a regular, special or workshop meeting of the Board, the Board shall send to said Board member a warning letter that ARTICLE X, Section 7.b) ii) and iii) of these By Laws shall be upon the third consecutive failure to attend.

ii) Upon the third consecutive failure of any Board member to attend regular, special or workshop meetings of the Board, the Board shall give written Notice to said Board member of a hearing and shall hold a hearing to determine whether there are reasonable excuses for the three (3) absences.

iii) If the Board of Directors finds no reasonable excuses for the three (3) consecutive absences, then the Board by vote of the majority of the remaining directors may declare vacant the office of the director and shall fill said vacancy in accordance with Article X, Section 6 of these Bylaws.

Section 8. Removal of Directors by Court

The proper court, in jurisdiction may upon petition of any member or director, remove from office any director in case of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Association, or for any other proper cause, and may bar from office any director so removed for a period prescribed by court. The Association shall be made a party to such action.

Section 9. Organization Meeting

The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a quorum of the Board shall be present. The intent is to allow newly elected members to participate in any Board meeting called immediately after election. At this meeting the Board shall elect, by majority vote of all directors then in office, not just those present, the Chairman and such corporate officers as provided in Article XI, Section 1 of the Bylaws. (As amended December 1999)

Section 10. Regular Meetings

Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or by telegraph, at least three (3) days prior to the day named for such meeting. There shall be kept minutes of all meetings conducted by the Board,

together with the record of voting at such meetings. These minutes shall be subject to inspection by any member of the Association in manner prescribed in Article VIII.

Section 11. Special Meetings

Special meetings of the Board of Directors may be called by the President on three (3) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) directors.

Section 12. Waiver of Notice

Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors, shall be a waiver of notice by, of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. Quorum

At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the original meeting may be transacted without further notice.

Section 14. Executive and other Committees of the Board

a) Establishment and Powers – Unless otherwise restricted in the Bylaws:

The Board of Directors may, by resolution adopted by a majority of the directors in office, establish one (1) or more committees to consist of one (1) or more directors of the corporation, any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all of the powers and the authority of the Board of Directors, except that no such committee shall have any power or authority as to the following:

- i) The submission to members of any action requiring approval of members under these Bylaws.
- ii) The filling of vacancies in the Board of Directors.
- iii) The adoption, amendment or repeal of the By Laws.
- iv) The amendment or repeal of any resolution of the Board.
- v) Action on matters committed by the Bylaws or resolution of the Boards of Directors to another committee of the Board.

The Board may designate one (1) or more directors as alternate members of any committee who may replace an absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from

voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

b) Term - Each committee of the Board shall serve at the pleasure of the Board.

c) Effect on Responsibility of Board - The establishment of any committee of the Board of Directors and the delegation thereto of power and authority shall not alone relieve any director of his duty to the Association under Section 14 of this Article.

Section 15. Interested Directors

a) General Rule - No contract or transaction between the Association and one (1) or more of its members, Directors or officers or between the Association and any other corporation, partnership, association, or other organization in which one (1) or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely because the member, director or officer is present at or participates in the meeting of the directors which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

1) The material facts as to his relationship interest and as to the contract or transaction are disclosed or are known to the Board and are in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors even though they are less than a quorum.

2) The material facts as to his 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; or

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

b) Quorum - Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection a) of this Section.

Section 16. Fidelity Bonds

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

Section 17. Directors Fiduciary Relationship to Association

Directors shall be deemed to stand in fiduciary relation to the Association, and shall discharge the duties of their respective positions in good faith and with that diligence, care and skill which ordinarily prudent men would exercise under similar circumstances.

Section 18. Participation in Meeting by Conference Telephone

One (1) or more 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 each other.

Section 19. Compensation

The Directors shall not receive compensation for their official services for the Association; however, reimbursement for reasonable expenses incurred for their official duties may be allowed with the approval of the Controller and the Treasurer. The Directors shall not be employees of the Association. (As amended December 1999)

Section 20 - Openness of Board Meetings

All Board Meetings will be open to all members in good standing, except those meetings, or portions thereof, involving any of the following Association matter of business:

- a) To discuss the reputation, character, physical condition, mental health, or professional competence of any individual.
- b) To consider and discuss the discipline of, removal of, or hear complaints or charges brought against Association employees, staff or members.
- c) To discuss labor, employment, personnel, and litigation and legal matters, and legal advice and attorney-client communications.
- d) To discuss deployment of security personnel or devices.
- e) To negotiate, discuss, or consider any contracts, bids or proposals if a public discussion is determined by the Board, in its discretion, to have a detrimental effect on the negotiation power of the Association. (As amended December 1999)

ARTICLE XI

THE OFFICERS

Section 1. Officers

The officers of the Association shall be Chairman of the Board, President, and one (1) or more Vice Presidents, Secretary, Treasurer and such other officers and assistant officers, as the Board may, from time to time, elect. All Officers, except for the Secretary of the Corporation and the Assistant Secretaries, must be members in good standing of the Association. Except for the positions of Secretary and Assistant Secretaries of the Corporation, no Officer may be an employee of the Association. Association Officers who are also employees may receive compensation for their employment, but not for their duties and services as Officers. No Officer may hold more than one office, except in a situation whereby no other Directors were willing to serve in the vacant office. In any event, the President and the Secretary may not hold any other office. Selection of Association Officers shall be by majority vote of the Directors then in office. (As amended December 1999) (Amended March 31, 2004)

Section 2. Chairman

The Chairman shall preside over all special and regular meetings of the Board as well as meetings of membership. The Chairman shall act in the absence of the President, or in the event of his inability or refusal to act.

Section 3. President

The President shall be the General Managerial officer of the Association, and shall be vested with the powers and duties generally incident to the office of President of a non-profit corporation, or as may be otherwise set forth in these Bylaws. The President must be a Director. (As amended December 1999)

Section 4. Vice President

In the absence of the President or the Chairmen, or in the event of their inability or refusal to act, the Vice President designated by the Board of Directors is empowered to act and shall thereupon be vested with the powers and duties of the President.

Section 5. Secretary

The Secretary of the Association shall keep the minutes of the business and other matters transacted at the meeting of the members and of the Board. He shall mail or cause to be mailed, all notices required in the Bylaws. He shall have the custody of the corporate seal and records and maintain a list of the members and their addresses and perform all other duties incident to the office of Secretary.

Section 6. Treasurer

The Treasurer shall have custody of the funds of the Association, collect monies due, pay the obligations of the Association out of its funds, and perform such other duties as are incident to the office of Treasurer. The Board shall require that the Treasurer be bonded for such amount and under such conditions as the Board shall require.

Section 7. Removal of Officers

Any officer may be removed when, in the judgment of the majority of the Board, the best interest of the Association will be served by such removal. The officer will be notified of his removal by Certified Mail.

Section 8. Officers Fiduciary Relation to Association

Officers shall be deemed to stand in a fiduciary relation to the Association, and shall discharge the duties of their respective position in good faith and with that diligence, care and skill which ordinary prudent men would exercise under similar circumstances.

ARTICLE XII

Rules and Regulations

The Board of Directors shall adopt such rules and regulations as may be necessary or appropriate for the accomplishment of the purposes of the Association. Such rules and regulations shall become effective when approved by a majority vote of the Board of Directors.

ARTICLE XIII

Saving Clause

These Bylaws shall replace any and all previous existing Bylaws of the Association of Property Owners of the Hideout, Inc., and shall not impair or affect any act done, offense committed, or substantial right accruing, accrued, or acquired, or liability, duty, obligation, penalty, judgment or punishment incurred prior to the time these Bylaws or any subsequent Bylaws 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 Bylaws or any amendments thereto had not been enacted.

ARTICLE XIV

Amendments

These Bylaws may only be amended upon the written consent of a majority of the members by referendum, or at a regular or special meeting of the members by majority vote of the members present and voting in person or by proxy and otherwise in the manner and in accordance with the quorum and other provisions of these Bylaws.

ARTICLE XV

Amendment 1

MEMBERSHIP IN COOPERATIVE.

The Association of Property Owners of the Hideout, Inc. (the "Association"), and all other owners of property at The Hideout development as defined in Article II, Subsection (j) of these Bylaws, shall automatically become members of ROAMINGWOOD SEWER & WATER ASSOCIATION, a non-profit co-operative corporation organized by the Association, pursuant to a Plan of Division of The Association, for the purpose of owning and operating the sewer and water systems at The Hideout development as defined in these Bylaws and Declaration of Protective Covenants.

ARTICLE XVI

Indemnification

Section 1.

Personal Liability of Directors - A Director of the Association shall not be personally liable, as such, for monetary damages for any action taken, or failure to take any action, unless:

- i) The Director has breached or failed to perform the duties of his or her office under Title 42 PA Consolidated Statutes 8363 (relating to Standard of Care and Justifiable Reliance), and
- ii) The breach or failure to perform constitutes self-dealing, willful misconduct, or recklessness. The provision of this Section shall not apply to the responsibility or liability of a Director, pursuant to any criminal statute, or the liability of a Director for the payment of taxes pursuant to local, state, or federal law. Any repeal or modification of this Section by the Board of Directors of the Association shall be prospective only, and shall not affect, to the detriment of any Trustee, any limitation on the personal liability of a Trustee of the Association, existing at the time such repeal or modification.

Section 2.

Indemnification of Directors and Officers - The Association shall indemnify any Director or Officer of the Association who was, or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or other proceeding, if such person is:

- i) A Director or Officer of the Association, OR
- ii) Was serving in the capacity of Director or Officer at the request of the Association. Such indemnification shall be against all expenses (including attorney's fees), monetary penalties and damages (including settlements arising from such action), unless:
 - a) The behavior which gave rise to such action is deemed by the Board to constitute self-dealing, willful misconduct, or recklessness, OR
 - h) Applicable laws expressly prohibit such indemnification.

Section 3. Indemnification of Committee Members

The Association shall indemnify any member of a Board-Sanctioned committee who was, or is, a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or other proceeding arising from their membership on the committee. This indemnification shall include all expenses (including attorney's fees), monetary penalties and damages (including settlements arising from such action), unless:

- a) The behavior which gave rise to such action is deemed by the Board to constitute self-dealing, willful misconduct, or recklessness, OR
- b) Applicable laws expressly prohibit such indemnification. (Amended March 31, 2004)

Section 4. Payment of Indemnification

A Director, Officer or Board-Sanctioned Committee Member entitled to indemnification under these Sections of the Bylaws shall submit to the Secretary of the Corporation a written request for such indemnification within thirty (30) days of receiving notice of legal action being brought against him. A Director, Officer or Board-Sanctioned Committee Member whom the Board deems to be entitled to indemnification under these Sections shall be indemnified within thirty (30) days of the Board's receipt of his or her written request. (Amended March 31, 2004)

Section 5. Proceedings Initiated by Indemnified Individuals

Unless specifically authorized by the Resolution of the Board of Directors of the Association and directed to do so, a Director or Officer who initiates legal action shall not be indemnified by the Association.

Section 6. Insurance

The Board of Directors shall have the power to purchase, satisfy and maintain, at the Association's expense, insurance on behalf of the Association, and on behalf of others, to the extent that power to do so has been, or may be granted, by the statute to insure the obligations provided herein or otherwise.

Section 7. Indemnification Not Exclusive

The foregoing indemnification shall not be deemed exclusive of any other right to which one indemnified may be entitled, both as to action in one's official capacity and as to action in another capacity while holding such office, and shall insure to the benefit of the heirs, executors and administrators of any such person.

ARTICLE XVII

MISCELLANEOUS

Section 1. Personal Service Restrictions

The Association cannot hire the spouse, life partner or other members of the household of a Director or of any Candidate for Director as an employee of the Association, other than as a temporary seasonal Association employee. (Amended as of March 31, 2004)