

BYLAWS

OF

**MASTHOPE MOUNTAIN COMMUNITY
PROPERTY OWNERS COUNCIL**

**Lackawaxen, Pennsylvania
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BYLAWS
OF
MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL

ARTICLE I.

Name, Membership, Applicability, and Definitions

A. Name. The name of the Association shall be Masthope Mountain Community Property Owners Council (the "**Association**"), a Pennsylvania nonprofit corporation.

B. Membership. The Association shall have one (1) class of membership, under the general plan of servitudes established in the Covenants, Conditions, and Restrictions for Masthope Rapids and Falling Waters at Masthope (the "**Declaration**"). The terms of the Declaration are specifically incorporated in these Bylaws by this reference, as they appear in all deeds for properties located in Masthope Rapids and Falling Waters at Masthope, Pike County, Pennsylvania (the "**Community**"). Membership is automatic upon owning a Lot in the Community. A Member in good standing is a Member who is in compliance with the Declaration, Articles of Incorporation, Bylaws and rules and regulations of the Association, and who has paid all dues, assessments and other charges levied by the Association.

C. Applicability. These Bylaws shall be binding on all persons who are Members, that is, all persons who are owners of Lots or units in the Community. Membership is automatic upon owning a Lot or unit in the Community. An owner of more than one Lot or unit shall hold only one (1) Membership for all purposes other than votes to be cast.

D. Definitions. The words used in these Bylaws shall have the same meaning as intended in the Declaration, unless the context shall prohibit.

Annual Budget- The Association's fiscal year budget as adopted by the Board of the Association, including the Operating Budget, Capital Replacement Budget and any applicable Capital Project Budget.

Capital Project- Any new capital assets to be acquired or built by the Association as one integrated project, and the associated capital budget of items of capital expense for the new assets.

Capital Replacement- An item of capital expense for repair or replacement of an existing capital asset of the Association classified as to type and amount in a manner approved by the Board and consistent with generally accepted accounting principles.

Expense- any operating expense or capital expense of the Association classified as to type and amount in a manner approved by the Board and consistent with generally accepted accounting principles.

Income- Any revenue item of the Association classified as to type and amount in a manner approved by the Board and consistent with generally accepted accounting principles.

Operating Budget- All annual operating expense items making up the annual operating budget classified as to type and amount in a manner approved by the Board and in a manner which is consistent with generally accepted accounting principles.

Annual Meeting- The annual meeting of the Members of the Association, as required by the Pennsylvania Nonprofit Corporation Law.

Assessment- The annual common expense assessments of Members levied by the Association.

Special Assessments- a charge levied by the Board upon Members to cover an unbudgeted unfunded or special project which charge is separate from the annual common expense assessment.

Association- The Masthope Mountain Community Property Owners Council, its successors and assigns.

Board- The Board of Directors of the Association.

Community- The planned community known as Masthope Mountain, including all of the Lots, units and Common Facilities located in Masthope Rapids and Falling Waters at Masthope, in Pike County, Pennsylvania, collectively, as shown on the recorded subdivision plans for the community.

Common Facilities- All real estate within the Community owned by the Association, controlled by the Association or leased to the Association, and excluding any residential Lots or units held for sale to the general public.

Declaration- The Declaration of Covenants, Conditions and restrictions for Masthope Rapids and for Falling Waters at Masthope, as amended from time to time including collectively (1) a Declaration dated April 30, 1974 and recorded in Pike County deed Book 452 at page 266, etc.; (2) an Amended Declaration dated July 31, 1974 and recorded in Pike County Deed Book 452 at page 279 etc.; (3) an Amended Declaration dated November 18, 1974 and recorded in Pike County Deed Book 480 at 214; and (4) a Declaration dated My 23, 1978, and recorded in Pike County Deed Book 627 at Page 49, etc.

Directed Proxy – a form given to Members in good standing when they cannot attend a Meeting in person. The form shall reflect the vote of the absent Member on a specific issue(s) for use a specific membership meeting.

Fiduciary- A person who acts in trust solely for the benefit of another and not for any other purpose, such as trustee, executor, attorney-in-fact, or corporate director.

Lot- Any numbered residential lot or unit in the Community owned by a Member or held for sale to the general public. Two or more adjoining lots which have been legally merged with municipal approval into one lot shall be treated as one lot for the purpose of voting.

Adjacent Lot- An unimproved Lot adjoining an Improved Lot both of which are owned by the same person(s).

Improved Lot- A Lot on which one single-family dwelling has been constructed.

Unimproved Lot- A Lot on which no single-family dwelling has been constructed.

Majority- Those votes, owners, Members or other group as the context may indicate totaling more than fifty percent (50%) of the total group.

Member- A Property Owner of a Lot or unit in the Community and a Member of the Association. Because the Lot or unit in the Community is bound by the Declaration, the Property Owner is mandated to be a Member of the Association. A Member may not resign or transfer the membership as long as the Member owns a Lot in the Community.

Immediate Family- The spouse, child, parent, grandparent, grandchild of a Member, and spouse of any of the named relatives.

Member in Good Standing- A Property Owner who is in full compliance with the Declaration, Articles of Incorporation, Bylaws and rules and regulations of the Association, and who has, among other things, paid all dues, assessments and other charges levied by the Association.

Voting Member- A Property Owner who is a Member in good standing on all properties. For Lots or units with multiple owners, the Member in good standing shall be designated by owners in writing to the Association as the person entitled to cast the vote(s) for all the owners at a meeting of the Membership. If no written designation is made, a Member who acts on behalf of the other owners at any meeting, either in person or by Directed Proxy shall be presumed for all Association purposes to have the authority to act.

Property Owner- A record owner of a Lot or unit in the Community, as established by being a grantee on the current deed to a Lot or a unit.

Rules- The body of rules and regulations for the Association and the Community adopted by the Board.

ARTICLE II.

Association: Meetings, Quorum, Voting and Directed Proxy

A. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at any other suitable place convenient to the Members as may be designated by the Board of Directors either in the Community or convenient to the Community.

B. Annual Meetings. The Annual Meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. The Annual Meeting of the Members shall be held at a date and time as set by the Board of Directors. Notice of the Annual Meeting shall be published at least thirty (30) days in advance in the Association's official publication. The business of the Annual Meeting shall consist of:

- (1). The approval of the statutory report of the Board of Directors for the preceding calendar year, a copy of which shall be mailed to the Members at least thirty(30) days before the meeting.
- (2). The election of Directors.
- (3). The election of an independent auditor from the nominee of the Board of Directors.
- (4). Any other business as may properly come before the meeting, provided that the purpose of that business shall have been given to the Members in the notice of the meeting by the Board of Directors.

C. Special Meetings. 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 at least ten (10) percent of the total voting power of the Association. The notice of any special meeting shall state the date, time, place and purpose of the meeting. No business shall be transacted at a special meeting other than that stated in the notice.

D. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the owner of record of a Community Lot (or Lots) a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held; if an owner wishes notice to be given at an address other than his or her Community Lot, the owner shall have designated by notice in writing to the Secretary the other address. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than thirty (30) days before a meeting. Members shall have the power to add a resolution to the agenda for the Annual Meeting of the membership by presenting a petition to the Board of Directors at least sixty (60) days in advance of the meeting containing the signatures of at least twenty five (25) Members in good standing.

E. Waiver of Notice. Waiver of notice of meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after that meeting. Attendance at a meeting by a Member, whether in person or by Directed Proxy, shall be deemed a waiver by the Member of notice of the time, date, and place of the meeting, unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice or objections to convening of the meeting, of which proper notice was not given, unless an objection is specifically raised before any business is put to a vote.

F. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members in good standing who are present at that meeting, either in person or by Directed Proxy, may adjourn the meeting to a specific time not less than thirty (30) days after the scheduled meeting. At any adjourned meeting, any business which might have been transacted at the meeting originally called may be transacted at the adjourned meeting if a quorum is then present. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

G. Voting. The voting rights of the Members shall be non-cumulative, with a Member in good standing having one (1) vote for each owned Lot, but only up to a maximum of three (3) votes. A Lot with multiple owners shall have only one vote.

H. Directed Proxy. At all meetings of Members, each Member in good standing may vote in person or Directed Proxy. .

I. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by Directed Proxy of ten percent (10%) of the Members in good standing shall constitute a quorum at all meetings of the Association. The Members in good standing present at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

J. Conduct of Meetings. The Chairperson of the Board of Directors shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all other transactions.

ARTICLE III.

Board of Directors: Number, Power, Meetings

Composition and Selection.

A. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. The Directors shall be Members or spouses of Members; provided, however, no person may serve on the Board at the same time with the person's spouse. All nominees and all Board members must be at least 21 years of age and Members in good standing of the Association.

B. Number of Directors. The number of Directors in the Association shall be eleven (11).

C. Nomination of Directors. Nominations for election to the Board of Directors shall be presented by a Nominating Committee. Nominations shall not be permitted from the floor except immediately after removal of a Director, as noted in Section E. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes through the Community Newsletter and other Association publications as determined by the Board of Directors in a uniform manner established by Board regulations.

D. Election and Term of Office. Notwithstanding any other provision contained in these Bylaws:

(1). At each Annual Meeting of the membership, Directors shall be elected at large. All Members in good standing of the Association shall be entitled to vote on the election of Directors.

(2). The terms of the Directors shall be staggered three years. A Director shall hold office until the expiration of the term for which the Director was selected and until a successor has been selected and qualified, or until the Director's earlier death, resignation, or removal.

(3). Any Board Member who fails to attend three Board meetings within a rolling six month period either in person or by teleconferencing, shall be deemed to have resigned. A Board Member may only attend two meetings per calendar year via teleconferencing unless prior approval is given by the Board due to unforeseen or emergency situations

E. Removal of Directors. The entire Board or an individual Director may be removed from office by a two-thirds (2/3) majority vote of all Members present and voting either in person or by Directed Proxy at a meeting for which notice of the intention to and reason for the recall has been given, and provided a quorum is present. In the event of removal of a Director, a successor shall be elected immediately at that meeting by a majority of the Members of the Association present and voting either in person or by Directed Proxy. The newly elected Director shall serve for the unexpired term of the predecessor.

F. Vacancy Due To Death or Resignation. If a vacancy occurs on the Board of Directors due to the death or resignation of a member, the replacement shall be elected by the sitting Board of Directors by a majority vote of those present provided a quorum is present. The newly elected Director shall serve until the next annual meeting at which time the membership shall elect, as part of the annual Board Election process, a new Board member to serve out the unexpired term of the predecessor. Any vacancy of a term expiring at the next Annual meeting, occurring after may 10th shall only be filled at the Annual Meeting.

G. Voting Procedure for Directors. The candidate receiving the greatest number of votes shall be elected to the longest available term, as shall each candidate receiving the next greatest number of votes until all Directors' positions are filled. A candidate must receive a plurality of the votes to be elected.

Meetings.

H. Reorganization Meetings. The first meeting of the Board of Directors shall be held on the same day as the Annual Meeting of the Membership following that meeting at a time and place as shall be fixed by the Board. The agenda for the reorganization meeting shall include the election of officers, the appointment of chairs of standing committees and the selection of Board meeting dates for at least the following six months.

I. Regular Meetings. Regular monthly meetings of the Board of Directors shall be held at the POC Office. Notice of the time and date of the meeting shall be communicated to Directors not less than thirty (30) days prior to the meeting.

J. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed (1) by the President of the Association or the Chairperson of the Board or (2) by a majority of Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) by written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's home or office who would reasonably be expected to communicate the notice promptly to the Director; (d) by commercial overnight delivery service, charges prepaid; (e) by facsimile or by (f) electronic mail. All notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least ten (10) days before the time set for the meeting. Notices given by personal delivery, electronic mail or telephoned at least seven (7) days before the time set for the meeting.

K. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice or consent to action. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

L. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A Director may participate in only two meetings per calendar year via teleconference or similar audio network and be counted as present. Upon approval of a majority of Board members in attendance and only under extraordinary circumstances, a Director may participate in more than two meetings per year via teleconference or similar audio network.

M. Compensation. No Director shall receive any salary from the Association for acting as a Director. A Director may receive expense payments and other compensation from the Association but only if authorized in strict compliance with subsection T (1) below.

N. Conduct of Meetings. The Chairperson of the Board shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording all resolutions adopted by the Board of Directors and a record of all other transactions and proceedings occurring at all meetings.

O. Open Meetings. All regular and special meetings of the Board shall be open to all Members in good standing, but Members other than Directors may not participate in any discussion or deliberation unless expressly authorized by a majority of a quorum of the Board. The Board shall also schedule a reasonable period of time on regular meeting days for Members in good standing to make comments to the Board.

P. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and other orders of business of a similar nature. The general nature of any and all business to be considered in executive session shall first be announced in open session.

Q. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Directors and filed with the Secretary of the Association.

Powers and Duties.

R. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, (including but not limited to all powers defined in Pennsylvania court decisions, the Pennsylvania Uniform Planned Community Act and the Pennsylvania Nonprofit Corporation Law), may do all acts and things as are not by the Declaration, Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Members. The Board of Directors shall delegate to the Board President the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent or Manager, if any, which might arise between meetings of the Board of Directors. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be later adopted, and subject to the express limitations set forth below in paragraphs S and T below, the Board of Directors shall have the power to and be responsible for the following, in way of explanation but not limitation:

- (1). adopting an annual budget, in which the Board shall establish the annual common expense assessments of owners, meaning the contribution of each owner for the Community's common expenses and for additional amounts to be set aside for Capital

Replacement and Capital Projects. The budget shall be mailed to the membership no later than thirty (30) days prior to the date set for the annual budget meeting.

(2). making the annual common expense assessments to defray the common expenses, establishing the means and methods of collecting the assessments, and establishing the period of the payments of the assessment. Unless otherwise determined by the Board of Directors, the annual assessment of the Members shall be payable in one (1) installment.

(3). collecting the assessments, depositing the proceeds of same in any depository the Board shall approve, investing the proceeds and using the proceeds to operate and administer the Association;

(4). opening of bank and investment accounts on behalf of the Association and designating the signatories required;

(5). providing for the operation, care, upkeep, maintenance, and replacement of all of the Common Facilities in the Community, either directly or by means of a professional staff.

(6). making and amending rules and regulations;

(7). enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations and bringing any proceedings which may be instituted on behalf of or against the owners concerning the Association;

(8). obtaining and carrying insurance against casualties and liabilities, and paying the premium costs for same;

(9). paying the cost of all services rendered to the Association or its Members and not directly chargeable to owners; and

(10). keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The books shall be available for examination by the owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the owners. All books and records shall be kept in accordance with generally accepted accounting principles.

S. Limitation on Board Powers- Actions Requiring Prior Membership Vote. The Board shall have authority to exercise certain powers only after obtaining approval of the majority of those Association Members voting at a membership meeting either in person or by Directed Proxy. The restricted powers are as follows:

(1) to adopt an annual budget where the property owners' dues exceeds over five percent (5%) of the previous year's operating budget.

(2) to include in the Association Budget any new Capital Project with a total cost exceeding \$100,000.

(3) to make aggregate withdrawals in excess of \$50,000 from the capital reserve fund for purposes not previously approved in the Associations capital Budget.

(4) To hire, rehire, or contract with agents, employees, or service providers for terms greater than three years

T. Limitations on Board Powers - Actions Requiring Prior Membership Notice. The Board of Directors shall not take any of the following actions except upon notice to the membership at least thirty (30) days in advance of the action, and providing the membership with an opportunity for comment on or before the date of the action:

(1). paying compensation to members of the Board or to the officers of the Association for extraordinary services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association;

(2). enter into a contract with a third person in which the third person will furnish goods or services for the Common Facilities of the Association for a term longer than one (1) year, with the following exceptions:

(a). a contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

(b). a contract with a public utility company, if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; and

(c). prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy permits short range cancellation by the insured.

(d). a contract with a managing agent which complies with the requirements of these Bylaws.

U. Management Agent.

(1). The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform the duties and services as the Board of Directors shall authorize.

(2). No management contract may have a term in excess of three (3) years and it must permit termination by either party without cause and without termination fee on ninety (90) days or less written notice.

V. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(1). accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(2). accounting and financial controls should conform to established Financial Accounting Standards Board (FASB) guidelines and generally accepted accounting principles. A segregation of accounting duties should be maintained, and disbursements by check shall require two (2) signatures except as noted in Article IV, Section G. Cash disbursements shall be limited to amounts of Five Hundred (\$500.00) Dollars and under. Credit or debit cards may be issued to management with predetermined limits;

(3). cash accounts of the Association should not be commingled with any other accounts; except, however, that all excess funds may be jointly invested to maximize return to the Association so long as all books and accounts specifically delineate the specific amounts of each account so invested;

(4). no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(5). any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(6). annual financial statements shall be prepared for the Association containing:

(a). an Income Statement reflecting all income and expense activity for the preceding fiscal year;

(b). an Account Activity Statement reflecting all receipts and disbursement activity for the preceding fiscal year;

(c). an Account Status Report reflecting the status of all accounts;

(d). a Balance Sheet as of the last day of the Association's fiscal year and an Operating Statement for that fiscal year, which shall be distributed within ninety (90) days after the close of a fiscal year;

(e). a Delinquency Report listing all owners who have been delinquent during the preceding twelve (12) month period in paying the assessments and who remain delinquent at the time of the report and describing the status of any action to collect the installments which remain delinquent (an assessment shall be considered to be delinquent on the fifteenth (15th) day of the month);

(f). a statement of changes in financial position for the fiscal year; and

(g). any other information required to be reported under the Pennsylvania or federal law. The annual report referred to above shall be an audited report prepared by an independent certified public accountant.

W. Rights of the Association. With respect to the Common Facilities or other Association responsibilities, and in accordance with the Declaration, Articles of Incorporation and Bylaws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into

common management, operational, or other agreements with trusts, condominiums, cooperatives, community associations and other planned communities both within and without the Community. These agreements shall require consent by a simple majority of the membership present and voting either in person or by Directed Proxy at a meeting for which notice has been given and a quorum is present.

X. Hearing Procedure. Except for any financial defaults by Members of the Association, the Board shall not impose a fine, or infringe upon any other rights of a Member or other occupant for violations of the Declaration, Bylaws or rules and regulations unless and until the following notice and hearing procedure is followed:

(1). Demand. Written notice of violation, and, if appropriate, a demand to cease and desist from any continuing violation shall be served upon the alleged violator specifying:

(a). the alleged violation;

(b). the action required to abate any continuing violation; and

(c). a time period, not less than ten (10) days, during which any violation may be abated or appealed without further sanction.

(2). Notice. At any time within twelve (12) months of any original demand, if appealed, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Appeals Committee in executive session. The notice shall contain:

(a). the nature of the alleged violation;

(b). the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;

(c). an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and

(d). the proposed sanction(s) to be imposed.

(3). Hearing. Notice of Committee hearing shall be forwarded by regular mail to the Member at his or her record address, and delivered to the residence on the Lot of the Member. Proof of notice shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery is entered by the officer, Director, or agent who delivered the notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The recommended action of the Covenants Committee shall be transmitted to the Board of Directors for formal action. The recommendation of the Covenants Committee may be reviewed on appeal at a regular or special Board Meeting and accepted, rejected or modified by the Board of Directors. Notice of the Board's formal action shall be sent to the violator.

(4). Appeal. Following a hearing before the Appeals Committee, the violator shall have the right to appeal the decision of the Board of Directors. To perfect this right, a written notice of appeal from the violator must be received by the Manager, President, or Secretary of the

Association within thirty (30) days after the mailing of the notice of the Covenants Committee's action.

ARTICLE IV.

Officers and Chairperson

A. Officers. The Officers shall be a President, Vice President, Secretary and Treasurer of the Association. The Board of Directors may elect any other officers, as it shall deem desirable, which officers shall have the authority and perform the duties prescribed from time to time by the Board of Directors. No two offices may be held by the same person. All Officers shall be elected from among the members of the Board of Directors.

B. Chairperson. The Board shall elect a Chairperson to preside at Board Meetings and at General Membership Meetings. In the absence of a Chair at a General Membership Meeting, the President may designate any Member in good standing to preside at the Meeting.

C. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the reorganization meeting of the Board of Directors held subsequent to the Annual Meeting of the Members. Subject to these Bylaws, vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

D. Removal. Any Officer or Chair may be removed by two-thirds (2/3) of the entire Board of Directors whenever in its judgment the best interests of the Association will be served.

E. Powers and Duties. The officers of the Association may take any action necessary to functionally implement the policies and commitments made by the Board of Directors in accordance with the provisions of these bylaws and all other governing documents, and may exercise the powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. In addition:

(1) The President shall be the chief executive officer of the Association. The President assumes the role of Chair in the absence of the Chairperson. The President is the only Board Member who may officially communicate with any Manager and any professionals hired to serve the Association (except as indicated in item 4 below) unless the President designates that responsibility to another Board Member or to the Community Manager.

(2) The Vice President shall assume the Chair in the absence of the President.

(3) The Secretary shall be the custodian of the valuable documents of the organization and shall have primary responsibility for the recording of the official minutes of all board meetings and meetings of the association.

(4) The Treasurer shall be the custodian of the bank accounts of the organization and have primary responsibility for the preparation and regular monitoring of the budget and may delegate all or part of the preparation and notification duties to a finance committee,

managing agent, or both. The Treasurer may meet with the Book Keeper and Accountant in the course of his/her duties.

(5) The Chairperson is not a member of the executive Committee. The Chair is responsible for coordinating all activities of the Board and is responsible for overseeing any electronic or telephone voting that may take place when the Board is not in formal session.

F. Resignation. Any officer may resign at any time by giving written notice to the Chairperson of the Board of Directors. Any resignation shall take effect on the date of the receipt of the notice or at any later time specified in the notice, and, unless otherwise specified in the notice, acceptance of the resignation by the Board of Directors shall not be necessary to make it effective.

G. Agreements, Contracts, Deeds, Leases, Checks, etc. Except as otherwise provide in these Bylaws, all agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by the President and any other Board Member designated by resolution of the Board of Directors. The Community Manager signs checks up to \$1000. Items in excess of \$1000 require a second signature by an Officer.

ARTICLE V.

Standing Committees

A. Executive Committee. The Executive Committee shall consist of the President, Vice President, Secretary, and Treasurer and shall meet once a month prior to regularly scheduled Board Meeting. The Executive Committee shall not make policy of any kind without the approval of the entire Board

B. Appeals Committee. The Board of Directors shall appoint an Appeals Committee consisting of five (5) Members in good standing, three (3) regular, and two (2) alternates. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the Board may adopt, the Appeals Committee shall be the hearing tribunal of the Association.

C. Budget Committee. The Board of Directors shall appoint a Budget Committee consisting of at least three (3) and no more than seven (7) Members in good standing. The Treasurer, or the Treasurer's appointee shall be the ex-officio chair of the Budget Committee. The Committee shall be appointed at least one hundred eighty (180) days prior to the beginning of the new fiscal year of the Association. The Budget Committee shall seek reasonable membership input about the proposed budget and assist in preparing a proposed budget for adoption by the Board of Directors. The membership should receive written notice of the proposed budget and proposed assessments at least ninety (90) days prior to adoption by the Board of Directors. The procedure for approving the budget is outlined in Article III, Section S, of these By-laws.

D. Ski Committee. The Board of Directors shall appoint a Ski Committee consisting of at least three (3) and no more than seven (7) Members in good standing. The Ski Committee shall monitor the operations of the ski mountain in cooperation with management and make recommendations regarding it to the Board of Directors.

E. Nominating Committee. The Chairperson shall appoint a Nominating Committee consisting of not less than three (3) and not more than seven (7) Members in good standing. This committee shall:

(1). canvas the membership for persons it should encourage to run for office and to fill committee positions.

(2). provide information to any Member in good standing running for the Board of Directors.

(3). oversee the process of identifying candidates and bringing the candidates to the attention of the membership

F. Audit Committee. The Board of Directors shall appoint a standing Audit Committee consisting of a minimum of three (3) and a maximum of seven Members in good standing. The Audit Committee shall cause an annual audit to be completed of all financial documents of the Association according to the established policies and procedures established by the AICPA. The Audit Committee shall give a written report to the membership at the Annual Meeting of the Association, and shall give quarterly reports to the Board of Directors. No member of the Budget Committee can also serve as a member of the Audit Committee.

G. Other Special Committees. The Board may at its discretion appoint from time to time special committees to perform any tasks and to serve for specified periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. The special committees shall perform the duties and have the powers as may be provided in the resolution. Each special committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE VI.

Indemnification

A. Third Party Action Indemnification. The Association shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a representative of the Association, or is or was serving at the request of the Association directly or as a representative of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

B. Derivative Action Indemnification. The Association shall have power to indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Association or is or was serving at the request of the Association directly or as a representative of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), actually and reasonably incurred by him or her in connection with the defense or settlement of the action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association. No indemnification shall be made in respect of any claim, issue or matter, however, as to which a person shall have been

adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association unless and only to the extent that the court in which the action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses which the court shall deem proper.

C. Mandatory Indemnification. To the extent that a representative of this Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or Section 2 or in defense of any other claim, issue or matter in the action, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the action.

D. Standard of Care and Justifiable Reliance.

(1). Director as Fiduciary. A Director of the Association shall stand in a fiduciary relation to the Association and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the Association, and with the care, including reasonable inquiry, skill and diligence as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a). One or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented.

(b). Counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of that person.

(c). A committee of the Board upon which he or she does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

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

(2). Consideration of Factors. 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 all other pertinent factors. The consideration of those factors shall not constitute a violation of fiduciary duty.

(3). Presumption. 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.

E. Personal Liability of Directors.

(1). General Rule. The Directors of the Association shall not be personally liable for monetary damages as Directors for any action taken, or any failure to take any action, unless:

(a). The Director has breached or failed to perform the duties of his or her office stated above; and

(b). The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(2). Exception. The provisions of this Section of this Article shall not apply to:

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

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

F. Procedure for Effecting Indemnification. Unless ordered by a court, any indemnification under this Article shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth above. That determination shall be made:

(1). By the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to the action, suit or proceeding;

(2). If a quorum is not obtainable, or, even if obtainable, when a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion; or

(3). By the Members of this Association.

G. Non-exclusivity and Supplementary Coverage.

(1). General Rule. The indemnification and advancement of expenses provided above, or by any other provisions of law providing for indemnification or advancement of expenses applicable to any nonprofit corporation, shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of Members or Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding that office. The Association may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this section or otherwise.

(2). When Indemnification is not to be made. Indemnification shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

(3). Grounds. Indemnification under any bylaw, agreement, vote of Members or Directors or otherwise, may be granted for any action taken or any failure to take any action and may be made whether or not the Association would have the power to indemnify the person under any other provision or law except as provided in this section and whether or not the

indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Association.

H. 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 the action, suit or proceeding upon the receipt of a written obligation satisfactory to the Board by or on behalf of that person to repay these amounts if it shall ultimately be determined that he or she is not entitled to be indemnified by the Association.

I. Rights to Indemnification. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of that person.

J. Power to Purchase Insurance. The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a representative of the Association, or is or was serving at the request of the Association directly or as a representative of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred that capacity, or arising out of that status, whether or not the Association would have the power to indemnify him or her against that liability.

ARTICLE VII.

Miscellaneous

A. Fiscal Year. The fiscal year of the Association shall end April 30 unless otherwise provided for by resolution of the Board of Directors.

B. Parliamentary Rules. Roberts Rules of Order shall govern the conduct of Association proceedings when not in conflict with Pennsylvania law, the Articles of Incorporation, the Declaration or these Bylaws. The Pennsylvania Modern Rules of Order shall govern the conduct of Board proceedings except as may be modified by the Board of Directors

C. Conflicts. If there are conflicts or inconsistencies between the provisions of Pennsylvania law, the Declaration, the Articles of Incorporation, and these Bylaws, the provisions of Pennsylvania Law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

D. Collection of Charges. Any assessments or other charges which are not paid by Members when due shall be delinquent and incur a late charge(s) in amounts as the Board may determine from time to time. In the event assessments or other charges remain unpaid, the Association may thereafter begin suit or execute on its statutory liens to collect those amounts. The Association may also bring legal actions for enforcement of other obligations of Members under the community legal documents. Each owner, by acceptance of a deed, or as a party to any other type of conveyance, vests in the Association or its agents the right to bring all actions against the owner personally for the collection of dues and assessments as a debt and for enforcement of the owner's other legal obligations. All dues, assessments and other charges, together with interest at a rate set by the Board, late charges, costs and Association attorneys' fees for these actions and any other charges under law shall be a charge on the land of each owner against which each charge is made, and shall be collectable by the Association in any legal action. All payments shall be applied first to charges which are not dues or assessments, second to any unpaid installments of annual dues and assessments which are not the subject matter of suit in the order of their coming due, and third to any

unpaid installments of annual dues or assessments which are the subject matter of suit in the order of their coming due.

E. Books and Records.

(1). Inspection by Members and Mortgagees. The Declaration and Bylaws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at any other place within Community as the Board shall prescribe. Requests for inspection shall be made in compliance with state law.

(2). Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (a). notice to be given to the custodian of the records;
- (b). hours and days of the week when any inspection may be made; and
- (c). payment of the cost of reproducing copies of documents requested.

(3). Inspection by Directors. Every Director shall, for appropriate fiduciary purposes only and so long as the Director has no material conflict of interest, have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical property owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association for fiduciary purposes. Directors owe fiduciary obligations to the Association as to all records of the Association, as well as to matters of its business generally, both during the term served in the office of Director and after leaving the office of Director.

F. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

- (1). if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no address has been designated, at the address of the Lot or Lots of the owner; or
- (2). if to the Association, the Board of Directors, or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at any other address as shall be designated by the Board of Directors.

ARTICLE VIII.

Amendment

A. Amendment Procedure. The Bylaws may be amended by an affirmative vote of two-thirds ($\frac{2}{3}$) of the Members present and voting, either in person or by Directed Proxy, for which notice has been given, provided a quorum is present. A minimum of ninety (90) days notice shall be given for a meeting where

there is an amendment to be proposed and voted upon. A copy of the wording of the proposed amendment must be included with the meeting notice along with the following statement: [“Please be advised that revisions or modifications to this Bylaw amendment may be approved or enacted by those in attendance. By-law amendments may be proposed by the Board of Directors or by a minimum of fifty (50) Members in good standing.”]

□□□□

We, the undersigned officers of the Association, do hereby certify that the Members at a meeting of the Association at which a quorum was present by a vote in compliance with state law and with the governing documents of the Association voted to adopt the Bylaws of the Association stated in this document.

IN WITNESS WHEREOF, we have executed this document this ____ day of _____, 2007.

Attest:

Masthope Mountain Community
Property Owners Council

Secretary

By: _____
President

[Corporate Seal]