

**BY-LAWS**  
**of**  
**THE NEWTOWN GRANT MASTER HOMEOWNERS' ASSOCIATION**

**ARTICLE I - NATURE OF BY-LAWS**

These By-Laws are intended to govern the administration of The Newtown Grant Homeowners' Association, hereinafter referred to as the "Homeowners' Association" or "Association," a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania, together with the management and administration of certain improvements, recreation and community facilities located within that Community known as Newtown Grant located in Newtown Township, Bucks County, Pennsylvania. Unless the context clearly indicates otherwise, all definitions set forth in the Declaration of Covenants, Conditions and Restrictions for Newtown Grant (the "Declaration" or "Master Declaration") are incorporated herein by reference.

**ARTICLE II - MEMBERSHIP**

Section 1. Definition and Rights. All Owners of Homes and Lots in the Property shall be Members of the Homeowners' Association. Said membership shall entitle the Member to various rights under the Master Declaration and hereunder; however, only the Owners of Homes shall have the right to vote for a Delegate to represent such Owner and other Home Owners in the Cluster in which his Home is located at all meetings of the Delegates and to participate in and utilize all of the recreational facilities in the Association Recreation Area available to the Homeowners' Association and its Members who own Homes, subject to the Master Declaration, the Articles of Incorporation, these By-Laws and the rules and regulations of the Homeowners' Association (the "Rules and Regulations"), as same may be amended from time to time.

Section 2. Allocation of Votes. There shall be one vote of equal weight for each Home in the Community.

Section 3. Interest in the Common Property. Each Owner, shall have a membership interest in the Homeowners' Association and an ownership interest in and to the Common Property equal to and in proportion with the number of votes which he holds pursuant to Section 2 hereof. Such interest shall be appurtenant to and indivisible from

ownership of his Home. . Each Owner who is entitled to membership in the Association pursuant to these By-Laws shall be privileged to use and enjoy the Common Property subject to the provisions of the Declaration, the right of the Association to promulgate Rules and Regulations governing such use and enjoyment and, subject further, to the provisions of Section 4 of this Article.

Section 4. Suspension of Rights. The membership rights of any Member (including, but not limited to, the right to vote), may be suspended by action of the Board during the period when such Owner's assessments remain unpaid; but upon payment of such assessments, his rights and privileges shall be automatically restored. If the Board has adopted and published Rules and Regulations governing the use of the Property or any portions thereof and the personal conduct of persons thereon, the Board may, in its discretion, suspend the rights and privileges of any such person for violation of any such Rules and Regulations or for violation of any provisions hereof or of the Declaration for a reasonable period of up to sixty (60) days for any single violation, but if the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until the Owner is afforded an opportunity for a hearing consistent with the principles of due process of law.

Section 5. Proxies. Proxy ballots shall be permitted with respect to all elections of Delegates and all amendments to the Articles of Incorporation, the Declaration, these By-Laws, or any other matter upon which a Member is entitled to vote. All proxies shall be in writing, signed by the individual Member (or the person otherwise entitled to cast the vote pursuant to these By-Laws) and delivered to the Secretary of the Association, or such other person as the President may designate prior to the commencement of the meeting at which ballots are to be cast. Proxies may be revoked at any time prior to the opening of the polls and no proxy shall be voted on after eleven (11) months from the date of its execution. All proxies shall be substantially in the form prescribed by the Board, and if not in such form, shall be deemed invalid, which determination shall be made in the sole and absolute discretion of the Board.

### **ARTICLE III - APPOINTMENT AND MEETINGS OF DELEGATES**

Section 1. Appointment of Delegates. Owners (Homeowners and Lot Owners)

shall be represented by Delegates and cast all votes in the Homeowner's Association through Delegates. Delegates shall be elected in accordance with Article IV, Section 2. (a) of these By-Laws.

Section 2. Place of Meeting. All meetings of the Delegates (deemed to be meetings of the Members) shall be held at the principal office of the Homeowners' Association or at such other suitable place convenient to the Members as may be designated by the Board.

Section 3. Annual Meetings of Delegates. All annual meetings of the Delegates shall be held on the 1st Monday of October of each year. At the annual meeting, each duly elected Delegate shall be confirmed as a member of the Board of Directors of the Master Association.

Section 4. Special Meetings of Delegates. After the first annual or special meeting, special meetings of Delegates may be called by the President of the Homeowners' Association whenever he or she deems such a meeting advisable or shall be called by the Secretary of the Homeowners' Association when so ordered by the Board or upon the written request of Delegates entitled to cast not less than twenty-five (25%) percent of all the votes entitled to be cast at such meeting. Such request shall state the purpose or purposes of such meeting and the matter proposed to be acted on thereat. The Secretary shall give notice stating the purpose or purposes of the meeting to all Members and the Delegates entitled to vote at such meeting.

Section 5. Notice of Delegates' Meeting. Except as otherwise provided by law, notice of each meeting of Delegates, whether annual or special, shall be given not less than fourteen (14) days, nor more than ninety (90) days, before the day on which the meeting is to be held, to all Members and the Delegate of each Cluster within the Community at his or her last known address, by delivering a written or printed notice thereof personally, or by mailing such notice, postage prepaid. Except where expressly required by law, no publication of any notice of a meeting of Delegates shall be required. Every such notice shall state the time and place of the meeting and shall state briefly the purposes thereof. Notice of any adjourned meeting of Delegates shall not be required to be given, except when expressly required by law.

Section 6. Quorum. At each meeting of the Delegates, representation of twenty-five (25%) percent of the votes entitled to be cast, in person or by proxy, shall constitute a quorum for the transaction of business, except where otherwise provided by law. In the absence of a quorum, the Delegates present in person and entitled to vote, by majority vote of the votes they represent, may adjourn the meeting from time to time, until a quorum shall be present or represented. At any such

adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 7. Organization. At each meeting of Delegates, the President, or in his absence, the Vice-president, or in the absence of both of them, a Chairman chosen by a majority of those votes entitled to be cast, shall act as Chairman, and the Secretary, or in his absence, a person whom the Chairman shall appoint, shall act as Secretary of the meeting.

Section 8. Voting. Except as otherwise required by law or the Declaration,

(a) a quorum being present, a majority of all-those votes entitled to be cast by the Delegates in person or by proxy, shall be sufficient on those matters which are to be voted upon. All meetings of the Delegates, both annual and special, shall be deemed to be meetings of the Members of the Homeowners' Association, and no votes shall be cast by any individual Member on any matter except through his duly elected Delegate or his representative at a Delegate's meeting.

(b) each Delegate or his representative shall divide the votes which he represents in any manner which is authorized or otherwise appropriate and, if there is no express obligation to the contrary, he may cast said votes in his discretion in such manner as he deems appropriate to assist in the conduct of the affairs of the Homeowners' Association. The vote on any election or other question shall be by ballot to enable members to determine that votes are being cast properly by delegates.

## **ARTICLE IV - BOARD OF DIRECTORS**

Section 1. Express and Implied Powers and Duties. The Property, affairs and business of the Homeowners' Association shall be managed by the Board of Directors, which shall have those powers granted to it by the Articles of Incorporation, the Declaration, these By-Laws and by law.

Section 2. Number and Qualifications.

(a) The affairs of the Master Association shall be governed by the Board. The Board shall consist of 14 members, with one member selected by the Board of each Cluster Association. Each Cluster Association Board shall elect a Director from the Cluster Board to serve on the Master Board.

( All directors shall be members of the Master Association.)

Section 3. Election and Term of Office. The term of each director shall be the same as the director's term of office as a Board member of his or her Cluster Association. In the event the Delegate of a Cluster Association resigns or for any other reason vacates that office, the Cluster Board shall appoint or elect a successor who shall serve as director for the remaining term of the vacating director.

Section 4. Intentionally Deleted

Section 5. Removal of Members of the Board. At any duly held regular or special meeting of the Directors, and upon the express prior notice as provided in Article III, Section 5 hereof, any one or more Directors may be removed with or without cause by the vote of thirteen members of the Board. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies on the Board shall be filled by appointment of the Board of Directors of the Cluster Association which the vacating Director represents, in the same manner as a vacancy in the office of member of the Board of the Cluster Association board is filled; provided, however, that the person removed shall not be eligible to be reappointed to the vacancy. Each Director thus appointed to the Master Association Board shall be a member of the Board until a successor shall be elected by the Cluster Association in accordance with the governing documents of that association.

Section 7. Meetings of the Board; Notices; Waiver of Notice. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings, of the Board shall be given to each Director by telephone, mail or telegram at least five (5) business days prior to the day of the meeting.

Any Director, at any time, may waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by Directors at any meeting of the Board shall constitute a waiver of notice by him 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. Meetings of the Board shall be open to the Members except as to matters involving personnel issues, litigation, or issues which would damage the reputation of Members if discussed in public.

Section 8. Quorum and Adjourned Meetings. At all meetings of the Board, the presence of eight of the fourteen Directors shall constitute a quorum for the transaction of business and the votes of a majority of the Directors present and voting at a meeting at which a quorum is present shall constitute a valid decision. If at any meeting of the Board there shall be less than a quorum present, the majority of those present shall adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice. The vote of a majority of those present at a Board meeting at which a quorum is present shall be necessary for valid action by the Board.

Section 9. Joinder in Meetings by Approval of Minutes. The transaction of any business at any meeting of the Board however called and noticed or wherever held, shall be valid as though a meeting duly held after regular call and notice, if a quorum is present; and, each Director either before or after the meeting signs one of the following: (a) a written waiver of notice, (b) a consent to the holding of the meeting, (c) an approval of minutes of the meeting, (d) a resolution or act adopted at the meeting. All such waivers, consents or approval, shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

Section 10. Non-Waiver. All the right, duties and privileges of the Board shall be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the same extent, the failure to use or employ any remedy or rights hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the Board.

Section 11. Regular Meetings. Regular meetings of the Board may be held at such times and places as shall be determined from time to time by a majority of the Board, but at least quarterly meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each Director personally, by mail, telephone or telegraph, at least five (5) days prior to the date named for such meeting.

Section 12. Special Meetings. Special meetings of the Board may be called by the President on two (2) days notice to each Director given personally, by mail, telephone or email, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board 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.

## **ARTICLE V - POWERS AND DUTIES OF BOARD OF DIRECTORS**

**Section 1. General Powers.** The property, affairs and business of the Homeowners' Association shall be managed by the Board of Directors, which shall have all those powers granted to it by law, the Articles of Incorporation of the Homeowners' Association, the Master Declaration and by these By-Laws or any Cluster Declaration or other instrument which vests any rights or powers in the Homeowners' Association with respect to the Community or otherwise. In addition, it shall have the following powers herein granted or necessarily implied which it shall exercise in its sole discretion:

(a) Employ, by contract or otherwise, a manager, managing agent or an independent contractor, to oversee, supervise and carry out the responsibilities of the Board. Said manager or said independent contractor shall be compensated upon such terms as the Board deems appropriate; and

(b) Employ any person, firm or corporation to repair, maintain or renovate the Common Property or portions of the Property for which it is responsible; and

(c) Employ professional counsel and obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers and accountants; and

(d) Employ or contract for water and sewer, electricity and gas or other forms of utilities, cable or master antenna television; and

(e) Employ all managerial personnel necessary, or enter into a managerial contract for the efficient discharge of the duties of the Board; and

(f) Adopt, amend, and publish Rules and Regulations covering the details of the operation and use of the Property including, but not limited to, pet controls; and

(g) Secure full performance by Members of all items of maintenance for which they are responsible; and

(h) Arrange for security protection as necessary; and

(i) Enforce obligations of the Members and do anything and everything else necessary and proper for the sound management of the

Property, including the right to bring or defend lawsuits to enforce the terms, conditions and restrictions contained in the Master Declaration, these By-Laws and any Rules and Regulations governing the Property or Members. The Board shall also have the power to levy fines against any Member(s) for violations of any of the foregoing. Except with regard to late payments, before any fine is imposed by the Board, the Member accused shall have been given notice and afforded an opportunity to be heard with respect to the alleged violation in a manner consistent with the principles of due process of law; and

(j) Borrow and repay monies giving (subject to restrictions in the Declaration) notes, mortgages or other security upon such term or terms as it deems necessary; and

(k) Invest and reinvest monies, sue and be sued; collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or concessions; make and execute any and all proper affidavits for various purposes;

(l) Grant and obtain easements, licenses and other property rights with respect to the Common Property and contiguous lands; and

(m) Purchase or lease, or otherwise acquire, in the name of the Association or its designees, corporate or otherwise, on behalf of all Members, Homes and Lots offered for sale or lease or surrendered by their Owners to the Board; and

(n) Purchase Homes and Lots at foreclosure or other judicial sales in the name of the Association or its designees, corporate or otherwise, on behalf of all Members; and

(o) Sell, lease, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Homes and Lots acquired by the Association, and sublease any such Homes and Lots leased by the Association or its designees, on behalf of all Members; and

(p) Bring and defend actions by or against one or more Owners pertinent to the health, safety or general welfare of the Members, or any other legal action to which the Owners may consent in accordance with these By-Laws; and

(q) Appoint an Insurance Trustee, who shall not be a Member of the Association, an employee of the Declarant, or the manager, who shall discharge its duties in accordance with these By-Laws. In the absence of such an appointment, the Board shall be responsible for the disposition of all insurance proceeds; and



(r) Create, appoint members to, and disband such committees as shall from time to time be deemed appropriate or necessary to aid the Board in the discharge of its duties, functions and powers; and

(s) Do all things necessary or desirable in order to perform its duties and responsibilities.

## Section 2. Duties and Responsibilities.

(a) In General. It shall be the affirmative and perpetual obligation and duty of the Board to perform the following for and on behalf of all Members:

(i) Cause the Common Property to be operated and maintained according to reasonable standards adopted by the Board and as set forth in the Declaration and these By-Laws; and

(ii) Maintain, repave, replace and repair roadways, curbs and street lights as may be necessary and clear snow and ice from roadways as deemed appropriate by the Board to the extent such roadways are not dedicated and such functions are not performed by Newtown Township and apportioning the costs thereof for purpose of General or Cluster Annual Assessments in an equitable manner; and

(iii) To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, in order to properly maintain and operate the Common Property and perform its other duties as contemplated by the Declaration and these By-Laws; and

(iv) Cause to be kept a complete record of all its acts and corporate affairs and to present a summary report thereof to the Delegates at the annual meeting or any special meeting when requested in writing at least fifteen (15) days in advance by Delegates entitled to cast at least twenty-five (25%) percent of the total votes of the Homeowners' Association; and

(v) Make repairs, additions, improvements to, or restoration of the Common Property in accordance with the provisions of these By-Laws and the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; and

(vi) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Common Property placed thereon by any federal, state, county or municipal authority having jurisdiction thereover, and order of the Board of Fire underwriters or other similar bodies; and

(vii) Place and keep in force all insurance coverages required to be maintained by the Homeowners' Association applicable to its Common Property and Directors, Officers and Members, including, but not limited to:

(A) Physical Damage Insurance. Broad form insurance against loss by fire and against loss by lightning, windstorm and other risks normally included within all risk extended coverage, including vandalism and malicious mischief, insuring all improvements existing on the Common Property, together with all service machinery appurtenant thereto, and covering the interest of the Homeowners' Association, the Board and all Members and mortgagees as their respective interests may appear, in an amount equal to the full replacement cost of such improvements (exclusive of foundations and footings), without deduction for depreciation. Unless a higher maximum amount is required by-state law, the maximum, deductible amount is the lesser of \$10,000 or 1% of the policy face amount. All such policies shall provide that the adjustment of loss shall be made by the Board of Directors and that the net proceeds thereof shall be payable to the Board of Directors. To the extent obtainable, the policy shall contain an agreed amount and inflation guard endorsement, construction code endorsements, demolition cost endorsements, contingent liability from operation of building laws endorsement, increased cost of construction endorsement and steam boiler and machinery coverage endorsement.

(B) Public Liability Insurance. To the extent obtainable, comprehensive general liability insurance for personal injury and death from accidents occurring within the Common Property, (and any other areas which the Board may deem advisable), and for the defense of any actions brought by reason of injury or death of a person or damage to property, occurring within such areas. Said insurance shall be in such limits as the Board may, from time to time, determine, covering the Association, each member of the Board, the managing agent, the manager, and each Member, and shall also cover cross-liability claims of one insured against another with severability of interests. Such public liability insurance shall be in amounts of not less than \$2,000,000.00 per occurrence for claims of personal injury, or for property damage. The Board shall review such limits periodically.

(C) Directors and Officers Liability Insurance. Liability insurance indemnifying the Directors and officers of the Homeowners' Association against the liability for errors and omissions occurring in connection with the performance of their duties, with policy limits and deductible amounts to be determined in the sole discretion of the Board.

Deductible amounts shall be paid by the Homeowners' Association and shall be deemed a Common Expense.

(D) Workers' Compensation Insurance. Workers' compensation and Pennsylvania disability benefits insurance as required by law.

(E) Fidelity Bonds. The Association shall maintain blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The Association bonds shall name the Association as the obligee.

A management agent that handles funds for the Association shall be covered by its own fidelity bond, which must provide the same coverage required of the Homeowners' Association. The Association shall be named as an additional obligee in the management agent's bond.

The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. In addition, the fidelity bond coverage must at least equal the sum of 3 months' Assessments on all Homes, plus the Association's reserve funds.

The bonds shall include a provision that calls for 10 days' written notice to the Association before the bond can be cancelled or substantially modified for any reason. This same notice must also be given to each Participating Mortgagee.

(F) Other Insurance. Such other insurance as the Board may determine.

All policies to the extent appropriate shall: (i) to the extent obtainable, contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured; and (ii) provide that such policies may not be cancelled without at least thirty (30) days prior written notice to all of the named insureds, including all Owners and Participating Mortgagees. The proceeds from any casualty loss shall be utilized and deemed to be a trust fund for the purpose of rebuilding, restoring and repairing the damaged or destroyed portions of the Common Property in conformance with the original plans and specifications therefor and in accordance with all applicable building codes. In the event there is any deficiency in the amount of insurance proceeds necessary to effect such repair or reconstruction, then the Homeowners' Association may levy a special assessment upon all Home Owners which shall be a contribution to the capital of the Homeowners' Association in order to make up such deficiency. Any assessment levied

hereunder as a contribution to the capital of the Homeowners' Association to compensate for any deficiency in the insurance proceeds must be applied to the rebuilding, restoration or repair of the damaged or destroyed portions of the Common Property with respect to which the insurance proceeds were paid, and which shall be treated as a contribution on the books and records of the Homeowners' Association. Any excess of insurance proceeds shall be utilized to reduce Common Expenses.

The premiums for all insurance and fidelity bonds carried by the Homeowners' Association for its own account shall be Homeowners' Association Expenses assessable as General Annual Expenses.

(viii) To manage the fiscal affairs of the Association as hereinafter provided in Article VI; and

(ix) Cause utility installations, facilities and areas permitted on the Common Property and on Cluster Common Elements to be operated, maintained, repaired and replaced and allocable costs regarding the same among Clusters benefited as Cluster Assessments.

(b) Regarding Clusters. It shall be the affirmative and perpetual obligation and duty of the Board to accept and discharge all or any of the management, administrative or operational powers, duties and responsibilities of the Cluster Associations to the extent provided in a Cluster Declaration or requested by a Cluster Association, the costs regarding the same to be allocated and assessed as Cluster Annual or Special Assessments payable by Owners of Homes in the Cluster.

Section 3. Non-Waiver. All the rights, duties and privileges of the Board shall be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the same extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future or shall any custom bind the Board.

## **ARTICLE V-A**

Section 1. In General - The governance of the Master Association, including the exercise of Association powers and the performance of its duties shall be exercised by the Board of Directors, the Committees and the Managing Agent in accordance with the Bylaws and the principles set forth herein.

Section 2. The Board of Directors

(a) The Board of Directors shall be responsible for the overall management of the business of the Master Association. It shall establish policies, adopt and amend rules and regulations, and oversee the general operations of the Association. The Board of Directors shall have final authority with respect to the powers and duties of the Board stated in Article V hereof.

(b) The Board of Directors shall meet not less than quarterly to adopt policies, to approve actions proposed by the Committees and to review the operations of the Association.

(c) The Board of Directors may delegate to the Committees hereafter established, and to the Managing Agent, the performance of one or more of its duties and the exercise of one or more of its powers as provided herein.

### Section 3. The Committees:

(a) The Board shall establish from time to time, such committees as it deems necessary and convenient to performing the duties of the Association.

(b) The Committees shall develop, subject to approval of the Board, policies and procedures as to the areas of delegated responsibility provided for herein. The Committee shall implement approved policies and procedures and shall exercise the powers and authority hereafter specifically delegated to each committee.

(c) The Committee Members shall be appointed by the Board and shall serve at the pleasure of the Board. The Board shall have the power to form additional Committees when, in its judgment, it is necessary or convenient to do so. The Board shall have the authority to dissolve any Committee, when, in the sole discretion of the Board, it is expedient to do so.

(d) At least one Board member shall sit on each Committee. The Chair of the Committee shall be elected by the Executive Committee.

### Section 4. The Managing Agent.

The Managing Agent shall perform those duties and exercise those powers delegated to it by a management contract approved by the Board and the Managing Agent. The management contract shall be subject to the provisions of the Declaration and the Bylaws.



Section 3. Disbursements. The Board shall take and hold the Association funds as collected and shall disburse the same for the purposes and in the manner set forth herein and as required by the Declaration, Articles of Incorporation, and applicable law.

Section 4. Depositories. The depository of the Homeowners' Association shall be such insured bank or savings and loan institution as shall be designated from time to time by the Board and in which the monies of the Homeowners' Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such party or parties as are authorized by the Board, provided that a management agreement may include among its provisions authority for the manager to sign checks on behalf of the Homeowners' Association for payment of the obligations of the Homeowners' Association, if the proper fidelity bond is furnished to the Homeowners' Association.

Section 5. Accounts. The receipts and expenditures of the Homeowners' Association shall be credited and charged to general or separate Cluster accounts under the following classifications as required pursuant to the Declaration or these By-Laws or, as to Cluster Assessments, as required by the Cluster Declaration and Bylaws and otherwise as the Board shall deem appropriate:

(a) Current expenses, which shall include all expenditures within the year for which the budget is made, including reasonable allowances for operational contingencies. Current expenses shall not include expenditures chargeable to reserves, or to additional improvements, or to operations. At the end of each year the unexpended amount remaining in this account shall be applied to reduce the assessments for current expenses for the succeeding year, or may be distributed to the membership or those owning Homes with regard to which assessments were made giving use to such amount (i. e., a particular Cluster or group of individuals), as the Board shall determine

(b) Reserve for replacement, which shall include funds for replacement of the Common Property and those portions of the improvements located on the Common Property which the Association is obligated to maintain or repair which is required because of damage, depreciation or obsolescence; the amounts in this account shall be allocated among each of the separate categories of replacement items. If the Board assumes responsibility with regard to a budget for a Cluster Association, similar accounts shall be maintained for such Cluster Association with regard to Cluster Common Elements.



(c) Reserve for deferred maintenance and repair, which shall include funds for maintenance and repair items regarding the Common Property that occur less frequently than annually. If the Board has budget responsibility for a Cluster Association, similar accounts shall be maintained for such Cluster with regard to Cluster Common Elements.

(d) Reserve for capital improvements, which shall include funds to be used for capital expenditures or for the acquisition of additional personal property that will be part of the Common Property. If the Board has budget responsibility for a Cluster Association, similar accounts shall be maintained for such Cluster with regard to Cluster Common Elements.

(e) Operations, which shall include all funds from the use of the Common Property or from any other sources. Only the additional direct expense required by any revenue producing operation will be charged to this account. At the end of each year, any unexpended amount remaining in this account may be applied to reduce the assessments for current Common Expenses for the succeeding year or may be distributed to the membership, to the extent that the Board shall determine and shall be allocated in the same manner that expenses with regard to such facilities or operations are assessed. Losses from the operations or otherwise shall be met by loans or by levying special assessments against the Members, which assessments may be made in advance in order to provide a working fund. If the Board has budget responsibility for a Cluster Association, similar accounts shall be maintained for any Cluster having such facilities and operations.

The Board shall not be required to physically segregate the funds held in the above accounts but may, in its sole discretion, maintain the funds in one or more consolidated accounts. As to each consolidated account, the division into the various shares or accounts set forth above need be made only on the Association's records.

Section 6. Reserves. The Board shall not be obligated to expend all of the revenues collected under this Article VI in any accounting period, and shall maintain for itself and, if assuming fiscal responsibilities for a Cluster Association, each such Cluster reasonable reserves for, among other things, repairs, replacements, emergencies, contingencies of bad weather or uncollected accounts. Notwithstanding anything herein to the contrary, the Board in its determination of the Homeowners' Association Expenses and the preparation of a budget shall specifically designate and identify for itself and each such Cluster that portion of the Homeowners' Association Expenses which is to be assessed against the Members as a capital contribution and is allocable to reserves for capital improvement of and to Common Property or



Cluster Common Elements, as the case may be. The amounts assessed and collected for the reserves shall be kept in one or more interest-bearing savings accounts or certificates of deposit, and shall not be utilized for any purpose other than that which was contemplated at the time of assessment. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of its functions.

Section 7. Notice. The Board shall give at least thirty (30) days advance notice to each Member, in writing, and to any Participating Mortgagee of the amount estimated by the Board for the management and operation of the Homeowners' Association for the next ensuing period.

Section 8. Annual Assessment. If an Annual Homeowners' Association Expense Assessment is not made as required, an Annual General, Cluster and Individual Assessment shall be presumed to have been made in the amount of 110% of the last prior year's Assessment, and monthly installments on such Annual Assessment shall be due upon each installment payment date until changed by an amended Annual Assessment. In the event the Annual Homeowners' Association Expense Assessments prove to be insufficient, the budget and Assessments may be amended at any time by the Board, provided that nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum Special Assessment in the case of any immediate need or emergency which cannot be met by reserve funds earmarked for such contingency.

Section 9. Acceleration of Assessment Installment Upon Default. If an Owner shall be in default in the payment of an installment of a Homeowners' Association Expense Assessment, the Board may accelerate the remaining installments of the Assessment upon notice to the Owner and, if the delinquent installment has not been theretofore paid, the then unpaid balance of the Homeowners' Association Expense Assessment shall become due upon the date stated in the notice, which date shall not be less than five (5) days after delivery of the notice to Member, or not less than seven (7) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur. A lien for such accelerated Assessments shall exist as with any other Assessments. The Board may also notify any mortgagee or publish appropriate notice of such delinquency to the membership of the Association. If said default continues for a period of ninety (90) days, then the Board shall have the right to foreclose the Assessment lien pursuant to law and/or commence a suit against the appropriate parties to collect said Assessment.

Section 10. Interest and Counsel Fees. The Board, at its option, shall have the right in connection with the collection of any Homeowners' Association Expense Assessment, or other charge, to impose a late charge of any reasonable amount and/or interest not to exceed the maximum rate permitted by law in the event that the Board shall attempt to effectuate collection of said Assessments or charges by resort to counsel, and/or the filing of a lien, the Board may add to the aforesaid Assessments or charges a sum or sums for counsel fees, plus the reasonable costs for the preparation, filing and discharge of the lien, in addition to such other costs as may be allowable by law.

Section 11. Power of Attorney to Lender. In the event the Board shall not cause the enforcement procedures provided in Section 9 above to be implemented within the time provided, any Participating Mortgagee holding a mortgage on any Lot or Home as to which there shall be such unpaid Homeowners' Association Expense Assessments is hereby irrevocably granted a power of attorney to commence such actions and to invoke such other remedies, all in the name of the Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

Section 12. Annual Audit. The Board shall submit the books, records, and memoranda of the Master Association to an annual review or audit by an independent certified public accountant who shall audit or review the same and render a report thereon in writing to the Board and, upon request, to each Member and participating mortgagees, or other persons, firms, or corporation as may be entitled to same.

Section 13. Examination of Books. Each Member shall be permitted to examine the books of account of the Board at a reasonable time on business days; provided, however, that the Treasurer has been given at least ten (10) days prior written notice of the Member's desire to make such an examination. The Board of Directors may impose reasonable charges and regulations regarding such examinations to prevent harassment and undue cost.

Section 14. Fidelity Bonds. Fidelity bonds shall be required by the Board from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board. The premiums on such bonds shall be paid by the Association.

Section 15. Cluster Association to Collect Master Association Assessments.

(a) In accordance with the provisions of Article IV, Section 11 of the Declaration, each Cluster Association shall collect, in the same

manner as it is empowered to collect common expenses regarding the Cluster, General, Cluster, Individual, and Special assessments levied by the Master Association;

(b) Each Cluster Association shall include in the annual assessment notice of the Cluster Association as a separate item, the assessments made by the Master Association for any of the following:

- i. Master Association assessments (representing expenses incurred by the Master Association to perform its duties under the Declaration);
- ii. Cluster Association assessments (representing expenses incurred by the Association to perform services to the clusters);
- iii. Individual annual assessments; and
- iv. Special assessments.

(c) Each Cluster Association shall maintain a record as to each member of the amount of the Master Association assessed to the member and the amount of Master Association assessments collected together with a record of any late fee or other costs assessed against a member on account of any delinquency or other charge payable by the member to the Master Association. Records shall be maintained on a monthly basis in a format approved by the Board of Directors of the Master Association.

(d) Each Cluster Association shall turn over to the Master Association by the 15th of each month, the amount of Master Association assessments and charges collected by the Cluster on behalf of the Master Association together with an accounting of the amounts paid in accordance with the provisions of subsection (c) hereof.

(e) The Cluster Board shall exercise due diligence to collect any delinquent Master Association assessments or charges and shall utilize the same collection procedures to collect Master Association assessments as it utilizes to collect assessments imposed by the Cluster Association.

(f) In the event Master Association assessments or other charges are delinquent and uncollected for a period of ninety (90) days, the Board of the Master Association shall have the right to institute proceedings in its own name to collect such delinquencies and to charge the member legal fees and other costs incurred in collecting delinquent assessments. In such a case the Cluster Board shall cooperate fully in Master Association's collection efforts including providing the Master Association records of the members account and making available a

director or agent of the Cluster to provide testimony concerning the delinquency, if required.

(g) In the event the Master Association is unable to collect delinquent assessments from a member due to the failure of the Cluster Association to comply with the provisions hereof, including maintaining proper records and assisting the Master Association in its collection efforts, the Master Association shall have the right to collect any uncollectable amount from the Cluster Association.

## **ARTICLE VII - OFFICERS**

Section 1. Designation. The principal officers of the Homeowners' Association shall be a President, a Vice-President, a Secretary and a Treasurer, each of whom shall be a Member of the Board. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as in their judgment may be necessary. Any two offices, except that of President and Vice-President, may be held by one person. All officers must be Members of the Homeowners' Association.

Section 2. Election of Officers. The officers of the Homeowners' Association shall be elected annually by the Board at the first Board meeting following each annual meeting of Delegates and such officers shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a two-thirds majority of the entire membership of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Homeowners' Association. He shall preside at all meetings of the Delegates and of the Board. He shall have all of the general powers and duties which are usually vested to the office of President of a homeowners' association including, but not limited to, the power to appoint committees from among the Members of the Homeowners' Association, from time to time as he may in his discretion deem appropriate, to assist in the conduct of the affairs of the Homeowners' Association.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Member to do so on an

interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the members of the Homeowners' Association; he shall have charge of all books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of the Secretary.

Section 7. Treasurer. The Treasurer shall have the responsibility of all the Homeowners' Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Homeowners' Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Homeowners' Association in such depositories as may from time to time be authorized by the Board.

Section 8. Other Duties and Powers. The officers shall have such other duties, powers, and responsibilities as shall, from time to time, be authorized by the Board.

Section 9. Eligibility of Board Members. Nothing herein contained shall prohibit a Director from being an officer.

## **ARTICLE VIII - COMPENSATION, INDEMNIFICATION AND EXCULPABILITY OF OFFICERS, DIRECTORS AND COMMITTEE MEMBERS**

Section 1. Compensation. No compensation shall be paid to any Director or Committee member for acting as an Officer or Director. The Secretary and/or Treasurer may be compensated for their services, if the Board determines that such compensation is appropriate. Nothing herein stated shall prevent any Officer, Director or Committee Member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association; provided, however, that any such expenses incurred or services rendered shall have been authorized in advance by the Board.

Section 2. Indemnification. Each Director, Officer or Committee Member of the Homeowners' Association shall be indemnified by the Homeowners' Association against the actual amount of net loss, including counsel fees, reasonably incurred by or imposed upon him in connection with any action, suit, or proceeding to which he may be a party by reason of his being or having been a Director, Officer or

Committee Member of the Homeowners' Association, or Delegate, except as to matters as to which he shall be ultimately found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Homeowners' Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

Section 3. Exculpability. Unless acting in bad faith, neither the Board as a body nor any Director, Officer or Committee Member of the Homeowners' Association shall be personally liable to any Member in any respect for any action or lack of action arising out of the execution of his office. Each Lot Owner and Home Owner shall be bound by the good faith actions of the Board, Officers and Committee Members of the Homeowners' Association, in the execution of the duties of said Directors, Officers and Committee Members. Nothing contained herein to the contrary shall serve to exculpate members of the Board of Directors appointed by the Sponsor from their fiduciary responsibilities.

## **ARTICLE IX - EXECUTIVE COMMITTEE**

Section 1. Purpose. The Executive Committee shall have the responsibility of assuring that the Property is always maintained in a manner:

- (1) providing for visual harmony and soundness of repair;
- (2) avoiding activities deleterious to the aesthetic or property values of the Property;
- (3) furthering the comfort of the Owners, their guests, invitees and lessees; and
- (4) promoting the general welfare and safety of the Community.

Section 2. Powers. The Executive Committee shall regulate the external design, appearance, use and maintenance of the Property to the extent provided in the Declaration. Jurisdiction may overlap with Cluster Association boards and committees and jurisdiction of one shall not deem to supercede jurisdiction of the other. Cluster delegation of responsibilities to the Homeowners' Association does not include dealing with Cluster Rules and Regulations, or the operation of a Cluster covenant, environmental control or similar committee, except with regard

to enforcement against violations. Written decisions of the Executive Committee shall be subject to a right of appeal to the Board.

The Executive Committee shall have the power to issue a cease and desist request to an Owner, his guests, invitees or lessees whose actions are inconsistent with the provisions of the Declaration, the By-Laws, the Rules & Regulations or resolutions of the Board (upon petition of any Owner or upon its own motion). The Executive Committee shall from time to time, as required and if necessary, with the advice of legal counsel, provide interpretations of the Declarations, Articles of Incorporation, By-Laws, Rules & Regulations and resolutions. Any action, ruling or decision of the Executive Committee may be appealed to the Board by any party deemed by the Board to have standing as an aggrieved party and a vote of the majority of the full authorized membership of the Board may modify or reverse any such action, ruling or decision.

The Executive Committee shall have the obligation to act upon any written application received by it from an Owner for approval of a proposed alteration or improvement which is subject to prior approval of the Executive Committee within sixty (60) days after receipt of such application in properly completed form. If the Owner of the property involved has not received notice of the Executive Committee's decision within 30 days of the date on which he delivered the completed application pursuant hereto, he may notify the Executive Committee of that fact within 45 days of the date on which such Owner so delivered such completed application and, if such second notice is given, the Executive Committee's approval shall be deemed to have been granted unless notice to the contrary is given to the Owner of the property involved within 60 days of the date on which the original completed application was so delivered. If no such second notice is given to the Executive Committee and no action is taken within the 60-day period after the completed application is received, the application shall be deemed automatically denied. However, such denial shall not prohibit resubmission to the Executive Committee or appeal to the Board.

The Owner of the property involved may, within 30 days of; the date on which such Owner is given notice of a decision of the Executive Committee denying a requested approval, in whole or in part, or imposing conditions on an approval, give notice to the Board of Directors that such Owner wishes the request to be submitted for decision to the Board. Thereupon, unless the request has already been submitted for decision to the Board pursuant to the provisions hereof (in which event the Board shall so notify the Owner), the Executive Committee shall submit such request to the Board and the decision of a majority of the entire membership of the Board shall be the decision of the Board, which

shall promptly notify the Owner of the property thereof. If the Owner of the property involved has not received notice of the Board's decision within 20 days of the date on which he gave a notice to the Board, pursuant to this subparagraph he may notify the Board of that fact within 25 days of the date on which such Owner gave such notice to the Board and, if such second notice is received by the Board within such 25-day period, the request shall be deemed to have been granted unless notice to the contrary is given to the Owner of the property involved within 30 days of the date on which the original notice was received by the Board. If no such second notice is so received by the Board and no action is taken within the 30-day period after the date the original notice was received by the Board, the application shall be deemed automatically denied. "Owner" as used in this Section. 2 includes a Cluster Association with regard to Cluster Common Elements.

Section 3. Authority. The Executive Committee shall have such additional duties, power and authority as the Board may from time to time provide by resolution, including the right to impose fines pursuant to the Declaration and these By-Laws. The Board may relieve the Executive Committee of any of its duties, powers and authority either generally or on a case by case basis by vote of a majority of its fully authorized membership. The Executive Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board. Notwithstanding the foregoing, no action may be taken by the Executive Committee without giving the Owner(s) involved at least ten (10) days' prior written notice and affording such Owner(s) the opportunity to be heard, with or without counsel, with respect to the violation(s) asserted.

Further, any Owner who is aggrieved by any decision of the Executive Committee shall have the right to appeal such decision to the Board, which appeal shall be in writing sent by certified mail to the Secretary of the Homeowners' Association within thirty (30) days after the Executive Committee has sent written notice by certified mail of its decision to the aggrieved Owner. Such Home Owner shall be afforded an opportunity to be heard by the Board upon at least ten (10) days' prior written notice, and shall have the right to be represented by counsel, all in accordance with any policies or procedures established by the Board. All decisions of the Board shall be final and in order to reverse or modify any decision of the Executive Committee, there must be a vote of a majority of the full membership of the Board. In the case of any failure to appeal to the Board in strict accordance with the foregoing procedure, the decision of the Executive Committee shall be final.





(a) Within ten (10) days after written request and payment of a reasonable charge determined by the Board, the Association shall furnish to a Member a copy of the Declaration, the Articles of Incorporation, the By-Laws, the Rules and Regulations of the Association and a certificate containing:

(i) A statement setting forth the amount of the monthly Homeowners' Association Expense Assessment and any unpaid Homeowners' Association Expense Assessment currently due and payable from the Home Owner.

(ii) A statement of any other fees payable to the Association by Home Owners.

(iii) A statement of any capital expenditures proposed by the Association for the current and two next succeeding fiscal years.

(iv) A statement of the amount of any reserves for capital expenditures and of any portions of those reserves designated by the Association for any specified project.

(v) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association.

(vi) The current operating budget of the Association.

(vii) A statement of any judgments against the Association and the status of any pending suits to which the Association is a party.

(viii) A statement as to whether the Board has knowledge that any alterations or improvements to the Home violate any provision of the Declaration, By-Laws or Rules and Regulations.

(b) A Home purchaser is not liable for any unpaid assessment or fee greater than the amount set forth in the certificate prepared by the Association.

#### **ARTICLE XIV - AMENDMENTS**

Subject to the provisions set forth in the Declaration, these By-Laws, or any of them, may be altered or repealed, or new By-Laws may be made, at any Delegates meeting of the Homeowners' Association duly constituted for such purpose, and previous to which written notice to Members and the Delegates of the exact language of the amendment or of

the repeal shall have been sent, by an affirmative vote of 51% of all the votes entitled to be cast in person or by proxy.

Additionally, if any amendment is necessary in the judgment of the Board to cure any ambiguity or to correct or supplement any provision of these By-Laws that is defective, missing or inconsistent with any other provision hereof, or with the Declaration, or if such amendment is necessary to conform to the then current requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veteran's Administration or the Federal Housing Administration with respect to similar projects, then at any time, and from time to time, the Board may effect an appropriate corrective amendment without the approval of the Delegates, Members or the holders of any liens on all or any part of the Property.

### **ARTICLE XV - ENFORCEMENT**

The Homeowners' Association shall have the power, at its sole option but subject to the requirements and restrictions set forth herein and in the Declaration, to enforce the terms of this instrument or any of the Rules and Regulations promulgated pursuant thereto, by any or all of the foregoing: self-help at the cost and expense of the offending party; by sending notice to the offending party to cause certain things to be done or undone; by restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; by taking any other action before any court, summary or otherwise, as may be provided by law; by complaint to the duly constituted authorities; or by pursuing any other remedy available at law or in equity.

### **ARTICLE XVI - NOTICES**

Any notice required to be sent to any Member or Delegate or Board Member under the provisions of the Declaration or the Articles of Incorporation or there By-Laws shall be deemed to have been properly sent, and notice thereby given, when delivered personally or when mailed, by regular post, with postage prepaid, addressed to the Member or Delegate or Board Member at the last known address at the time of such mailing. Notice to one of two or more co-owners of a Home or Lot shall constitute notice to all co-owners. It shall be the obligation of every Member or Delegate or Board Member to immediately notify the Secretary of the Homeowners' Association in writing of any change of address.

### **ARTICLE XVII - CONFLICT**

Anything to the contrary herein notwithstanding, if any provision of this Instrument is in conflict with or in contradiction of the Declaration, or with the requirements of any law, then the requirements of said Declaration or law shall be deemed controlling.

### **ARTICLE XVIII - CORPORATE SEAL**

The Homeowners' Association shall have a seal in circular form having within its circumference the words "The Newtown Grant Homeowners' Association."

**SECOND AMENDMENT TO BY-LAWS OF THE NEWTOWN  
GRANT HOMEOWNERS ASSOCIATION**

**BACKGROUND**

A. Newtown Grant Homeowners Association is a master association which administers, operates, maintains and repairs certain common facilities in the Newtown Grant Development (the "Master Association").

B. Newtown Grant is a development consisting of 1,760 homes in Newtown Township, Bucks County, Pennsylvania.

C. A Declaration of Covenants, Conditions and Restrictions for Newtown Grant was recorded by F.P.A. Corporation in the office of the Recorder of Deeds of Bucks County in Deed Book 2649 at pages 886 et seq.

D. By-Laws of the Newtown Grant Homeowners Association were adopted on the 12<sup>th</sup> day of November, 1985 and provide for the management and administration of the Master Association. In addition to the Master Association, there are 14 Cluster Associations within the Newtown Grant community which administer, operate, maintain and repair certain common facilities pertinent to the Cluster Association Communities.

E. Article XIV of the By-Laws of the Master Association provide that the By-Laws may be amended by an affirmative vote of fifty one percent (51%) of the delegates which votes may be cast in person or by proxy.

F. The delegates of the Master Association by the affirmative vote of 11 members consisting of 78% percent of the delegates to the Master Association has approved the following Amendment to the By-Laws as evidenced by the Certification attached hereto.

**IN CONSIDERATION OF THE ABOVE STATED PREMISES**, the By-Laws of the Newtown Grant Homeowners Association are hereby amended as follows:

1 Article IV, Section 8. is revised and restated as follows:

Section 8. Quorum and Adjourned Meetings. At all meetings of the Board, the presence of five (5) of the fourteen (14) Directors shall constitute a quorum for the transaction of business and the votes of a majority of the Directors present and voting at a meeting at which a quorum is present shall constitute a valid decision. If at any meeting of the Board there shall be less than a quorum present, the majority of those present shall adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which

may have been transacted at the original meeting may be transacted without further notice. The vote of a majority of those present at a Board meeting at which a quorum is present shall be necessary for valid action by the Board.

CERTIFICATION OF APPROVAL

The undersigned being the President of the Newtown Grant Homeowners Association hereby certifies that the Amendment to By-Laws of the Newtown Grant Homeowners Association to which this Certification is attached has been duly approved by the vote of eleven 11 delegates representing in excess of 51% of the delegates to the Newtown Grant Homeowners Association. The vote meets the requirements for approval of an Amendment to the By-Laws as provided in Article XIV of the By-Laws.

*Dr. Carol E. Deard*

*CDR State of Tenn*  
COMMONWEALTH OF PENNSYLVANIA

COUNTY OF BUCKS *Williamson*

SS.

On this the *25* day of *APRIL*, 2006, before me, a Notary Public in and for the Commonwealth of Pennsylvania, personally appeared *Dr. Carol E. Deard* known to me, or satisfactorily proven to be the person whose name is subscribed to the within instrument, and who acknowledged that he executed the within instrument for the purposes contained therein.

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

*Lois Roark*  
Notary Public

